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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

OR

o **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: 1-14267

REPUBLIC SERVICES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**65-0716904**
(State of Incorporation)	(I.R.S. Employer Identification No.)
18500 North Allied Way **Phoenix, Arizona** (Address of Principal Executive Offices)	**85054** (Zip Code)

Registrant's telephone number, including area code: **(480) 627-2700**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on which Registered**
Common Stock, par value $.01 per share	**The New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑

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 o

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

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 o	Non-accelerated filer o	Smaller reporting company o
		(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 Exchange Act). Yes o No ☑

As of June 30, 2008, the aggregate market value of the shares of the Common Stock held by non-affiliates of the registrant was $5.4 billion.

As of February 19, 2009, the registrant had outstanding 378,785,623 shares of Common Stock (excluding treasury shares of 14,894,412)

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement relative to the 2009 Annual Meeting of Stockholders are incorporated by reference in Part III hereof.

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Unless the context requires otherwise, all references in this Form 10-K to “Republic”, “the company,” “we,” “us” and “our” refer to Republic Services, Inc. and its consolidated subsidiaries including Allied Waste Industries, Inc. and its subsidiaries (Allied) for periods on or after December 5, 2008.

PART I

ITEM 1. BUSINESS

Overview

As of December 31, 2008, we are the second largest provider of services in the domestic non-hazardous solid waste industry. We provide non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 400 collection companies in 40 states and Puerto Rico. We also own or operate 242 transfer stations, 213 active solid waste landfills and 78 recycling facilities. We were incorporated as a Delaware corporation in 1996.

Based on analysts’ reports and industry trade publications, we believe that the United States non-hazardous solid waste services industry generates annual revenue of approximately $52.0 billion, of which approximately 58% is generated by publicly owned waste companies. For 2008, and after giving effect to the merger described below, we and one other company generated a significant percentage of the publicly owned companies’ total revenue. Additionally, industry data indicates that the non-hazardous waste industry in the United States remains fragmented as privately held companies and municipal and other local governmental authorities generate approximately 16% and 26% respectively, of total industry revenue. In general, growth in the solid waste industry is linked to growth in the overall economy, including the level of new households and business formation and is subject to changes in residential and commercial construction activity.

On December 5, 2008, we completed our merger with Allied. On the effective date of the merger each share of Allied common stock outstanding was converted into .45 shares of our common stock. We issued approximately 195.8 million shares of common stock to Allied stockholders in the transaction. As a condition to the merger, we agreed to divest of certain assets as required by the Antitrust Division of the U.S. Department of Justice (DOJ) under the Hart-Scott-Rodino Antitrust Act (HSR Act). In February 2009, we announced an agreement to sell Waste Connections, Inc. the majority of the assets we are required to divest. The assets being divested include six municipal solid waste landfills, six collection operations and three transfer stations across seven markets. This transaction is subject to closing conditions regarding due diligence, regulatory approval and other customary matters. Closing is expected to occur in the second quarter of 2009. However, the timing and proceeds received from the divestiture to Waste Connections, and the divestiture of the remaining assets as required by the DOJ, cannot be predicted. In addition, the merger is expected to generate total annual run-rate integration synergies, primarily resulting from operating efficiencies, economies of scale, and leveraging corporate and overhead resources of approximately $150.0 million by the end of 2010. We have identified and are on track to realize in 2009 approximately $100.0 million, or 67% of the total expected annual run-rate synergies. Our financial results for 2008 include Allied’s operating results from the date of the merger, and have not been retroactively restated to include Allied’s historical financial position or results of operations.

Our operations are national in scope, but the physical collection and disposal of waste is very much a local business; therefore, the dynamics and opportunities differ in each of our markets. By combining local operating management with standardized business practices, we can drive greater overall operating efficiency across the company, while maintaining day-to-day operating decisions at the local level, closest to the customer. We facilitate the implementation of this strategy through an organizational structure that groups our operations within a corporate, region and area structure. We manage our operations through four geographic operating segments which are also our reportable segments: Eastern, Central, Southern and Western. Due to the timing of our acquisition of Allied, management reviewed and we have presented Allied as a separate operating segment in our consolidated financial statements. Additionally, during the first quarter of 2008, we realigned our reporting segments and consolidated our previous Southwestern

operations into our Western operations. The boundaries of our operating segments may change from time to time. Each of our regions is organized into several operating areas and each area contains multiple operating locations. Each of our regions and substantially all our areas provide collection, transfer, recycling and disposal services. We believe this structure facilitates the integration of our operations within each region, which is a critical component of our operating strategy, and allows us to maximize the growth opportunities in each of our markets and to operate the business efficiently, while maintaining effective controls and standards over operational and administrative matters, including financial reporting. See Note 14, *Segment Reporting,* to our consolidated financial statements in Item 8 of this Form 10-K for further discussion of our operating segments.

We had revenue of $3.7 billion and $3.2 billion and operating income of $283.2 million and $536.0 million for the years ended December 31, 2008 and 2007, respectively. In addition to our merger with Allied, there were a number of items that impacted our 2008 financial results. For a description of these items, see Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview of Our Business and Consolidated Results of Operations* included elsewhere in this Annual Report on Form 10-K.

Our presence in markets with growing populations throughout the Sunbelt, including California, Arizona and Texas, and in other domestic markets that have experienced higher than average population growth during the past several years, supports our internal growth strategy. We believe that our presence in these markets positions us to experience growth at rates that are generally higher than the industry's overall growth rate.

We continue to focus on enhancing shareholder value by implementing our financial, operating and growth strategies as described below.

Financial Strategy

Key components of our financial strategy include our ability to generate free cash flow and sustain or improve our return on invested capital. Our definition of free cash flow, which is not a measure determined in accordance with United States generally accepted accounting principles (GAAP), is cash provided by operating activities less purchases of property and equipment, plus proceeds from sales of property and equipment as presented in our consolidated statements of cash flows. We believe that free cash flow is a driver of shareholder value and provides useful information regarding the recurring cash provided by our operating activities after expenditures for property and equipment, net of proceeds from sales of property and equipment. It also demonstrates our ability to execute our financial strategy, which includes reinvesting in capital assets to ensure a high level of customer service, investing in capital assets to facilitate growth in our customer base and services provided, maintaining our investment grade ratings and minimizing debt, paying cash dividends and maintaining and improving our market position through business optimization. In addition, free cash flow is a key metric used to determine compensation.

Furthermore, we expect to generate total annual run-rate integration synergies, in connection with the merger with Allied, of approximately $150.0 million by the end of 2010, primarily by achieving greater operating efficiencies, capturing inherent economies of scale, and leveraging corporate and overhead resources. We have identified and are on track to realize $100.0 million of annual run-rate integration benefits by the end of 2009. We are confident that we will be able to realize the balance of the targeted $150.0 million in synergies in the second year following the merger despite the economic slowdown. Consequently, we have developed and implemented incentive programs that help focus our entire company on the realization of key financial metrics of increasing free cash flow, achieving targeted earnings, maintaining and improving returns on invested capital, as well as achieving integration synergies.

The presentation of free cash flow has material limitations. Free cash flow does not represent our cash flow available for discretionary expenditures because it excludes certain expenditures that are required or to which we have committed, such as debt service requirements and dividend payments. Our definition of free cash flow may not be comparable to similarly titled measures presented by other companies.

We manage our free cash flow primarily by ensuring that capital expenditures and operating asset levels are appropriate in light of our existing business and growth opportunities and by closely managing our working capital, which consists primarily of accounts receivable and accounts payable.

We have used and will continue to use our cash flow to maximize shareholder value as well as our return on investment. This includes the following:

- ***Customer Service.*** We will continue to reinvest in our existing fleet of vehicles, equipment, landfills and facilities to ensure the highest level of service to our customers and the communities we serve. We continue to focus on innovative waste disposal processes and programs to help our customers obtain their goals around sustainability and environmentally sound waste practices. We believe that these in turn will help us achieve profitable growth.
- ***Internal Growth —***

  Price Growth. Growth through price increases helps ensure that we obtain an adequate return on our substantial capital investment and the business risk associated with such investment. Price increases also allow us to recover historical and current year increases in operating costs, which ultimately enhances our operating margins.

  Volume Growth. Growth through increases in our customer base and services provided is the most capital efficient means for us to build our business. This includes not only expanding landfill and transfer capacity and investing in trucks and containers, but also includes investing in information tools and training needed to ensure high productivity and quality service throughout all functional areas of our business. We work to increase collection and disposal volumes while insuring that prices charged for such services provide an appropriate return on our capital investment.
- ***Maintain Our Credit Ratings.*** We believe that a key component of our financial strategy includes maintaining investment grade ratings on our senior debt, which was rated BBB by Standard & Poor's, BBB- by Fitch and Baa3 by Moody's as of December 31, 2008. Such ratings have allowed us, and should continue to allow us, to readily access capital markets at competitive rates. As such, we intend to continue to use our free cash flow and proceeds from sale of operations to reduce our debt.
- ***Dividends.*** In July 2003, our Board of Directors initiated a quarterly cash dividend of $.04 per share. The dividend has been increased each year thereafter, the latest increase occurring in the third quarter of 2008, representing an average annualized growth rate of approximately 36%. Our current quarterly dividend per share is $.19. We may consider increasing our quarterly cash dividend if we believe it will enhance shareholder value.
- ***Market Growth and Optimization.*** Within our markets, our goal is to deliver sustainable, long-term profitable growth while efficiently operating our assets to generate acceptable rates of return. We allocate capital to businesses, markets and development projects to support growth while achieving acceptable rates of return. We develop previously non-permitted, non-contiguous landfill sites (greenfield landfill sites). We also expand our existing landfill sites, when possible. We supplement this organic growth with acquisitions of operating assets, such as landfills, transfer stations, and tuck-in acquisitions of collection and disposal operations in existing markets. We continuously evaluate our existing operating assets and their deployment within each market to determine if we have optimized our position and to ensure appropriate investment of capital. Where operations are not generating acceptable returns, we examine opportunities to achieve greater efficiencies and returns through the integration of additional assets. If such enhancements are not possible, we may ultimately decide to divest the existing assets and reallocate resources to other markets.

For certain risks related to our financial strategy, see Item 1A. *Risk Factors*.

Operating Strategy

We seek to leverage existing assets and revenue growth to increase operating margins and enhance shareholder value. Our operating strategy for accomplishing this goal includes the following:

- utilize the extensive industry knowledge and experience of our executive management team,
- utilize a decentralized management structure in overseeing day-to-day operations,
- integrate waste operations,
- improve operating margins through economies of scale, cost efficiencies and asset utilization,
- achieve high levels of customer satisfaction, and
- utilize business information systems to improve consistency in financial and operational performance.

- ***Experienced Executive Management Team.*** We believe that we have one of the most experienced executive management teams in the solid waste industry.

  James E. O'Connor, who has served as our Chief Executive Officer (CEO) since December 1998, also became our Chairman in January 2003. He worked at Waste Management, Inc. from 1972 to 1978 and from 1982 to 1998. During that time, he served in various management positions, including Senior Vice President in 1997 and 1998, and Area President of Waste Management of Florida, Inc. from 1992 to 1997. Mr. O'Connor has 34 years of experience in the solid waste industry.

  Donald W. Slager became our President & Chief Operating Officer (COO) upon our merging with Allied in December 2008. Prior to the merger, Mr. Slager worked for Allied from 1992 through 2008 and served in various management positions, including President & COO from 2004 through 2008 and Executive Vice President and COO from 2003 to 2004. From 2001 to 2003, Mr. Slager served as Senior Vice President, Operations. He held various management positions at Allied from 1992 to 2003, and was previously General Manager at National Waste Services, where he served in various management positions since 1985. Mr. Slager has over 23 years of experience in the solid waste industry.

  Tod C. Holmes has served as our Chief Financial Officer (CFO) since August 1998. Mr. Holmes served as our Vice President of Finance from June 1998 until August 1998 and as Vice President of Finance of our former parent company's Solid Waste Group from January 1998 until June 1998. From 1987 to 1998, Mr. Holmes served in various management positions with Browning-Ferris Industries, Inc., including Vice President, Investor Relations from 1996 to 1998, Divisional Vice President, Collection Operations from 1995 to 1996, Divisional Vice President and Regional Controller — Northern Region from 1993 to 1995, and Divisional Vice President and Assistant Corporate Controller from 1991 to 1993. Mr. Holmes has over 21 years of experience in the solid waste industry.

  Our regional senior vice presidents have an average of 21 years of experience in the industry.

- ***Merger Integration Strategy.*** As previously mentioned, on December 5, 2008 we completed our merger with Allied. We believe this merger is different than historical attempts to consolidate the waste industry for a number of reasons including the following:

  - *Two Mature Companies.* Most previous attempts to consolidate the waste industry focused on a "roll up" strategy often involving relatively young companies solely focused on increasing revenue through acquisitions. Our merger with Allied involved two mature companies with similar business practices and performance metrics that have been developed and refined over the course of a number of years. We believe that the combination of our maturity and proven business practices and performance metrics will be a critical component of our future success.
  - *Best Practices.* Our merger also affords us the opportunity to select the best tools and systems and to adopt the best practices of two successful companies. Republic has a history of financial discipline evident in the consistent generation of increasing levels of free cash flow. Allied is noted for its

integrated operations and focus on procurement. We believe that our merger gives us a unique opportunity to combine the strengths of these two successful organizations and create a best-in-class waste management company.

- *Timely and Focused Integration Process.* We are acutely aware that previous acquisitions in the waste management and other industries failed because of a lack of focus on integration. As such, we began to develop our integration process and strategy in June 2008, long before our merger was consummated. Our process identified specific integration related tasks focused on all levels of the organization, especially our individual business units. We have engaged employees at all levels of the company in this process to develop a detailed integration plan and ensure that each of our employees understands their role in the process.
- *Strong Operating Platform.* The combination of Republic and Allied creates a company with a strong, national operating platform. The foundation of this platform is our large network of disposal sites. This disposal network provides us with a far stronger vertically integrated operating structure than either company would be able to achieve on its own. We believe that our improved vertically integrated operations will be a key driver of our future profitability.
- *Complementary Operations.* The overlay of our operating locations reflects another compelling attribute of our merger. We operate complementary geographies. We also share very similar cultures that are centered on a shared commitment to providing “industry-leading solid waste and environmental services that exceed our customers’ highest expectations.”
- *Significant Synergies.* We have identified approximately $150.0 million of annual run-rate synergies associated with the merger. These synergies focus on right sizing our combined corporate and field staff. They also take advantage of our complementary operations which allows us to eliminate duplicative facilities and collection routes. All of our employees are focused on the achievement of our operating strategies. In addition, certain employees whose role is considered critical will be incentivized based upon the timely achievement of our synergy goal. We believe that such incentives help to further focus our management team on increasing shareholder value.
- *Strong Capital Structure.* Unlike many other mergers or acquisitions in the waste management and other industries, Republic Services enjoys a strong capital structure and investment grade credit ratings post-merger. Our combination with Allied creates a company that will produce substantial annual free cash flow. This strong cash producing characteristic will allow us to pursue our mission of increasing shareholder value by focusing on investing in our business, paying down our debt and funding dividends.

- ***Decentralized Management Structure.*** We maintain a relatively small corporate headquarters staff, relying on a decentralized management structure to minimize administrative overhead costs and to manage our day-to-day operations more efficiently. Our local management has extensive industry experience in growing, operating and managing solid waste companies and has substantial experience in their local geographic markets. Each regional management team includes a senior vice president of operations, vice president-controller, vice president of human resources, vice president of sales, vice president of operations support, director of safety, director of engineering and environmental management, and director of market planning and development. We believe that our strong regional management teams allow us to more effectively and efficiently drive our initiatives and help ensure consistency throughout our organization. Our regional management teams and our area presidents have extensive authority, responsibility and autonomy for operations within their respective geographic markets. Compensation for our area management teams is primarily based on the improvement in operating income produced and the free cash flow and return on invested capital generated in each manager’s geographic area of responsibility. In addition, through long-term incentive programs, including stock options, we believe we have one of the lowest turnover levels in the industry for our local management teams. As a result of retaining experienced managers with extensive knowledge of and involvement in their local communities, we are proactive in anticipating our customers’ needs and adjusting to changes in our markets. We also seek to implement the best practices of our various regions and areas throughout our operations to improve operating margins.

- ***Integrated Operations.*** We seek to achieve a high rate of internalization by controlling waste streams from the point of collection through disposal. We expect that our fully integrated markets generally will have a lower cost of operations and more favorable cash flows than our non-integrated markets. Through acquisitions, landfill operating agreements and other market development activities, we create market-specific, integrated operations typically consisting of one or more collection companies, transfer stations and landfills. We consider acquiring companies that own or operate landfills with significant permitted disposal capacity and appropriate levels of waste volume. We also seek to acquire solid waste collection companies in markets in which we own or operate landfills. In addition, we generate internal growth in our disposal operations by developing new landfills and expanding our existing landfills from time to time in markets in which we have significant collection operations or in markets that we determine lack sufficient disposal capacity. During December 2008, subsequent to our acquisition of Allied, approximately 67% of the total volume of waste that we collected was disposed of at landfills we own or operate. In a number of our larger markets, we and our competitors are required to take waste to government-controlled disposal facilities. This provides us with an opportunity to effectively compete in these markets without investing in landfill capacity. Because we do not have landfill facilities or government-controlled disposal facilities for all markets in which we provide collection services, we believe that through landfill and transfer station acquisitions, operating agreements, and market development, we have the opportunity to increase our waste internalization rate and further integrate our operations. By further integrating operations in existing markets through acquisitions, operating agreements and development of landfills and transfer stations, we may be able to reduce our disposal costs.
- ***Economies of Scale, Cost Efficiencies and Asset Utilization.*** We continue to identify and implement best practices throughout our organization with the goal of permanently improving overall operating and financial results. These best practice initiatives focus on critical areas of our operations such as landfill operations, truck routing, maintenance and related service efficiencies, purchasing and administrative activities. The consolidation of acquired businesses into existing operations reduces costs by decreasing capital and expenses used for truck routing, personnel, equipment and vehicle maintenance, inventories and back-office administration. Generally, we consolidate our acquired administrative centers to reduce our general and administrative costs. Of particular benefit are the opportunities associated with the blending of operations as a result of the Allied merger. Scheduled for completion by early 2010, these markets offer the potential for marked improvement in operating results. Generally speaking, there are significant opportunities in these markets to leverage economies of scale and the existing asset base, while realizing improved operating efficiencies. Upon the completion of the integration of Allied, our goal is to maintain our selling, general and administrative costs at no more than 10.0% of revenue, which we believe is appropriate given our existing business platform. In addition, our procurement initiatives ensure that we negotiate the best volume discounts for goods and services purchased, including waste disposal rates at landfills operated by third parties. Furthermore, we have taken steps to maximize the utilization of our assets. For example, to reduce the number of collection vehicles and maximize the efficiency of our fleet and drivers, we use a route optimization program to minimize drive times and improve operating density. By using assets more efficiently, operating expenses can be reduced.
- ***High Levels of Customer Satisfaction.*** We strive to provide the highest level of service to our customer base. Our policy is to periodically visit each commercial account to ensure customer satisfaction and to verify that we are providing the appropriate level of service. In addition to visiting existing customers, a salesperson develops a base of prospective customers within each market. We also have municipal marketing representatives in most service areas that are responsible for working with each municipality or community to which we provide residential service to ensure customer satisfaction. Additionally, the municipal representatives organize and drive the effort to obtain new or renew municipal contracts in their service areas.
- ***Focus on Systems Utilization.*** We continue to invest in the integration and expansion of our information systems and technology platform. Our future platform will consist of best-in-class

legacy systems from both Republic and Allied. Our initiatives will include customer relationship management, billing, productivity, maintenance, general ledger and human resource systems. We believe that the combination of these systems will prove to be a competitive advantage for our company.

For certain risks related to our operating strategy, see Item 1A. *Risk Factors.*

Growth Strategy

Our growth strategy focuses on increasing revenue, gaining market share and enhancing shareholder value through internal growth and acquisitions. We manage our growth strategy as follows:

§ ***Internal Growth.*** Our internal growth strategy focuses on retaining existing customers and obtaining commercial, municipal and industrial customers through our well-managed sales and marketing activities.

Pricing Activities. We seek to secure price increases necessary to offset increased costs, to improve our operating margins and to obtain adequate returns on our substantial investments in assets such as our landfills. During 2008, we continued to secure broad-based price increases across all lines of our business to offset various escalating capital and operating costs. Price increases will remain a major component of our overall future operating strategy.

Long-Term Contracts. We seek to obtain long-term contracts for collecting solid waste in markets with growing populations. These include exclusive franchise agreements with municipalities as well as commercial and industrial contracts. By obtaining such long-term agreements, we have the opportunity to grow our contracted revenue base at the same rate as the underlying population growth in these markets. We believe it is important to have secured exclusive, long-term franchise agreements in market areas in some of the fastest growing states according to the U.S. Census Bureau, for example, Arizona, Texas and California. We believe that this positions us to experience internal growth rates that are generally higher than our industry's overall growth rate. In addition, we believe that by securing a base of long-term recurring revenue in growing population markets, we are better able to protect our market position from competition and our business may be less susceptible to downturns in economic conditions.

Sales and Marketing Activities. We seek to manage our sales and marketing activities to enable us to capitalize on our leading position in many of the markets in which we operate. We provide a National Accounts program in response to the needs of our national clients, centralizing services to effectively manage their needs, such as minimizing their procurement costs. We currently have approximately 1,200 sales and marketing employees in the field who are compensated using a commission structure that is focused on generating high levels of quality revenue. For the most part, these employees directly solicit business from existing and prospective commercial, industrial, municipal and residential customers. We emphasize our rate and cost structures when we train new and existing sales personnel. In addition, we utilize a customer relationship management system that assists our sales people in tracking leads. It also tracks renewal periods for potential commercial, industrial and franchise contracts.

Development Activities. We seek to identify opportunities to further our position as an integrated service provider in markets where we provide services for a portion of the waste stream. Where appropriate, we seek to obtain permits to build transfer stations and landfills that would provide vertically integrated waste services or expand the service areas for our existing disposal sites. Development projects, while generally less capital intensive, typically require extensive permitting efforts that can take years to complete with no assurance of success. We undertake development projects when we believe there is a reasonable probability of success and where reasonably priced acquisition opportunities are not available.

§ ***Acquisition Growth.*** We look to acquire businesses that complement our existing business platform. Our acquisition growth strategy focuses primarily on privately held solid waste companies and the waste operations of municipal and other local governmental authorities. We believe that our ability to

acquire privately held companies is enhanced by increasing competition in the solid waste industry, increasing capital requirements as a result of changes in solid waste regulatory requirements, and the limited number of exit strategies for these privately held companies' owners and principals. We also seek to acquire operations and facilities from municipalities that are privatizing, as they seek to increase available capital and reduce risk. In addition, we will continue to evaluate opportunities to acquire operations and facilities that are being divested by other publicly owned waste companies. In sum, our acquisition growth strategy focuses primarily on the following:

- § acquiring privately held businesses that position us for growth in existing and new markets,
- § acquiring well-managed companies and, when appropriate, retaining local management, and
- § acquiring operations and facilities from municipalities that are privatizing and publicly owned companies that are divesting of assets.

We also seek to acquire landfills, transfer stations and collection companies that operate in markets that we are already servicing in order to fully integrate our operations from collection to disposal. In addition, we have in the past and may continue in the future to exchange businesses with other solid waste companies if by doing so there is a net benefit to our business platform. These activities allow us to increase our revenue and market share, lower our cost of operations as a percentage of revenue, and consolidate duplicative facilities and functions to maximize cost efficiencies and economies of scale.

On December 5, 2008, we completed our merger with Allied. We expect to achieve total annual run-rate integration synergies, primarily relating to operating efficiencies, inherent economies of scale, and leveraging corporate and overhead resources of approximately $150.0 million by the end of 2010. We have identified and are on track to realize in 2009 approximately $100.0 million, or 67%, of the total expected annual run-rate synergies.

For certain risks related to our growth strategy, see Item 1A. *Risk Factors.*

Operations

Our operations primarily consist of the collection, transfer and disposal of non-hazardous solid waste.

§ ***Collection Services.*** We provide solid waste collection services to commercial, industrial, municipal and residential customers through 400 collection companies. In 2008, 77.7% of our revenue was derived from collection services. Within the collection line of business, 33.7% of our revenue is from services provided to municipal and residential customers, 40.6% is from services provided to commercial customers, and 25.7% is from services provided to industrial and other customers.

Our residential collection operations involve the curbside collection of refuse from small containers into collection vehicles for transport to transfer stations or directly to landfills. Residential solid waste collection services are typically performed under contracts with municipalities, which we generally secure by competitive bid and which give us exclusive rights to service all or a portion of the homes in their respective jurisdictions. These contracts or franchises usually range in duration from one to five years, although some of our exclusive franchises are for significantly longer periods. Residential solid waste collection services may also be performed on a subscription basis, in which individual households contract directly with us. The fees received for subscription residential collection are based primarily on market factors, frequency and type of service, the distance to the disposal facility and cost of disposal. In general, subscription residential collection fees are paid quarterly in advance by the residential customers receiving the service.

In our commercial and industrial collection operations, we supply our customers with waste containers of varying sizes. We also rent compactors to large waste generators. Commercial collection services are generally performed under one- to three-year service agreements, and fees are determined by considerations such as market factors, collection frequency, type of equipment furnished, the type and volume or weight of the waste collected, the distance to the disposal facility, and the cost of disposal.

We also provide waste collection services to industrial and construction facilities on a contractual basis with terms ranging from a single pickup to one year or longer. Our construction services are provided to the commercial construction and home building sectors. We collect the containers or compacted waste and transport the waste either to a landfill or a transfer station for disposal.

We also provide recycling services in certain markets in compliance with local laws or the terms of our franchise agreements. These services include the curbside collection of residential recyclable waste and the provision of a variety of recycling services to commercial and industrial customers.

§ ***Transfer and Disposal Services.*** We own or operate 242 transfer stations. We deposit waste at these transfer stations, as do other private haulers and municipal haulers, for compaction and transfer to trailers for transport to disposal sites or recycling facilities.

As of December 31, 2008, we owned or operated 213 active landfills, which had approximately 36,900 permitted acres and total available permitted and probable expansion disposal capacity of approximately 4.9 billion in-place cubic yards. The in-place capacity of our landfills is subject to change based on engineering factors, requirements of regulatory authorities, our ability to continue to operate our landfills in compliance with applicable regulations, and our ability to successfully renew operating permits and obtain expansion permits at our sites. Some of our landfills accept non-hazardous special waste, including utility ash, asbestos and contaminated soils.

Most of our active landfill sites have the potential for expanded disposal capacity beyond the currently permitted acreage. We monitor the availability of permitted disposal capacity at each of our landfills and evaluate whether to pursue an expansion at a given landfill based on estimated future waste volumes and prices, market needs, remaining capacity and likelihood of obtaining an expansion. To satisfy future disposal demand, we are currently seeking to expand permitted capacity at certain of our landfills. However, no assurances can be made that all proposed or future expansions will be permitted as designed.

We also have responsibility for 126 closed landfills, for which we have associated closure and post-closure liabilities.

§ ***Recycling Facilities and Other Services.*** We own or operate 78 materials recovery facilities and other recycling operations. These facilities sort recyclable paper, aluminum, glass and other materials. Most of these recyclable materials are internally collected by our residential collection operations. In some areas, we receive commercial and industrial solid waste that is sorted at our facilities into recyclable materials and non-recyclable waste. The recyclable materials are salvaged, repackaged and sold to third parties, and the non-recyclable waste is disposed of at landfills or incinerators.

Sales and Marketing

We seek to provide quality services that will enable us to maintain high levels of customer satisfaction. We derive our business from a broad customer base, which we believe will enable us to experience stable growth. We focus our marketing efforts on continuing and expanding business with existing customers, as well as attracting new customers.

We employ approximately 1,200 sales and marketing employees. Our sales and marketing strategy is to provide high-quality, comprehensive solid waste collection, recycling, transfer and disposal services to our customers at competitive prices. We target potential customers of all sizes, from small quantity generators to large “Fortune 500” companies and municipalities.

Most of our marketing activity is local in nature. However, we also provide a National Accounts program in response to the needs of some of our national and regional customers. Our National Accounts program is designed to provide the best total solution to our customers’ evolving waste management needs in an environmentally responsible manner. We partner with our national clients to reach their sustainability goals, optimize waste streams, balance equipment and service intervals and provide customized reporting. The National Accounts program centralizes services to effectively manage customer needs, while helping minimize procurement costs. With our extended geographic reach, our national program

effectively serves 40 states and Puerto Rico. As industry leaders, our mission is to utilize our strengths and expertise to exceed customer expectations by consistently delivering the best national program available.

We generally do not change the tradenames of the local businesses we acquire, and therefore we do not operate nationally under any one mark or tradename.

Customers

We provide services to commercial, industrial, municipal and residential customers. No one customer has individually accounted for more than 10% of our consolidated revenue or of our reportable segment revenue in any of the last three years.

Competition

We operate in a highly competitive industry. Entry into our business and the ability to operate profitably in the industry requires substantial amounts of capital and managerial experience.

Competition in the non-hazardous solid waste industry comes from a few large, national publicly owned companies, including Waste Management, Inc. (Waste), several regional publicly and privately owned solid waste companies, and thousands of small privately owned companies. In any given market, competitors may have larger operations and greater resources. In addition to national and regional firms and numerous local companies, we compete with municipalities that maintain waste collection or disposal operations. These municipalities may have financial advantages due to the availability of tax revenue and tax-exempt financing.

We compete for collection accounts primarily on the basis of price and the quality of our services. From time to time, our competitors may reduce the price of their services in an effort to expand market share or to win a competitively bid municipal contract. Our ability to increase prices in certain markets may be impacted by the pricing policies of our competitors. This may have an impact on our future revenue and profitability.

Seasonality and Severe Weather

Our operations can be adversely affected by periods of inclement or severe weather which could increase the volume of waste collected under our existing contracts (without corresponding compensation), delay the collection and disposal of waste, reduce the volume of waste delivered to our disposal sites, or delay the construction or expansion of our landfill sites and other facilities.

Regulation

Our facilities and operations are subject to a variety of federal, state and local requirements that regulate the environment, public health, safety, zoning and land use. Operating and other permits, licenses and other approvals are generally required for landfills and transfer stations, certain solid waste collection vehicles, fuel storage tanks and other facilities that we own or operate, and these permits are subject to revocation, modification and renewal in certain circumstances. Federal, state and local laws and regulations vary, but generally govern wastewater or stormwater discharges, air emissions, the handling, transportation, treatment, storage and disposal of hazardous and non-hazardous waste, and the remediation of contamination associated with the release or threatened release of hazardous substances. These laws and regulations provide governmental authorities with strict powers of enforcement, which include the ability to revoke or decline to renew any of our operating permits, obtain injunctions, or impose fines or penalties in the case of violations, including criminal penalties. The U.S. Environmental Protection Agency (EPA) and various other federal, state and local environmental, public and occupational health and safety agencies and authorities administer these regulations.

We strive to conduct our operations in compliance with applicable laws and regulations. However, in the existing climate of heightened environmental concerns, from time to time, we have been issued citations or notices from governmental authorities that have resulted in the need to expend funds for remedial work

and related activities at various landfills and other facilities. There is no assurance that citations and notices will not be issued in the future despite our regulatory compliance efforts. We have established final capping, closure, post-closure and remediation liabilities that we believe, based on currently available information, will be adequate to cover our current estimates of regulatory costs. However, we cannot assure you that actual costs will not exceed our reserves.

Federal Regulation. The following summarizes the primary environmental, public and occupational health and safety-related statutes of the United States that affect our facilities and operations:

(1) *The Solid Waste Disposal Act, as amended, including the Resource Conservation and Recovery Act* (RCRA). RCRA establishes a framework for regulating the handling, transportation, treatment, storage and disposal of hazardous and non-hazardous solid waste, and requires states to develop programs to ensure the safe disposal of solid waste in sanitary landfills.

Subtitle D of RCRA establishes a framework for regulating the disposal of municipal solid waste. Regulations under Subtitle D currently include minimum comprehensive solid waste management criteria and guidelines, including location restrictions, facility design and operating criteria, final capping, closure and post-closure requirements, financial assurance standards, groundwater monitoring requirements and corrective action standards, many of which had not commonly been in effect or enforced in the past in connection with municipal solid waste landfills. Each state was required to submit to the EPA a permit program designed to implement Subtitle D regulations by April 9, 1993. All of the states in which we operate have implemented permit programs pursuant to RCRA and Subtitle D. These state permit programs may include landfill requirements which are more stringent than those of Subtitle D. Our failure to comply with the environmental requirements of federal, state and local authorities at any of our locations may lead to temporary or permanent loss of an operating permit.

All of our planned landfill expansions and new landfill development projects have been engineered to meet or exceed Subtitle D requirements. Operating and design criteria for existing operations have been modified to comply with these regulations. Compliance with Subtitle D regulations has resulted in increased costs and may in the future require substantial additional expenditures in addition to other costs normally associated with our waste management activities.

(2) *The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended* (CERCLA). CERCLA, among other things, provides for the cleanup of sites from which there is a release or threatened release of a hazardous substance into the environment. CERCLA may impose strict joint and several liability for the costs of cleanup and for damages to natural resources upon current owners and operators of a site, parties who were owners or operators of a site at the time the hazardous substances were disposed of, parties who transported the hazardous substances to a site and parties who arranged for the disposal of the hazardous substances at a site. Under the authority of CERCLA and its implementing regulations, detailed requirements apply to the manner and degree of investigation and remediation of facilities and sites where hazardous substances have been or are threatened to be released into the environment. Liability under CERCLA is not dependent on the existence or disposal of only “hazardous wastes” but can also be based upon the existence of small quantities of more than 700 “substances” characterized by the EPA as “hazardous,” many of which may be found in common household waste.

Among other things, CERCLA authorizes the federal government to investigate and remediate sites at which hazardous substances have been or are threatened to be released into the environment or to order (or offer an opportunity to) persons potentially liable for the cleanup of the hazardous substances to do so. In addition, the EPA has established a National Priorities List of sites at which hazardous substances have been or are threatened to be released and which require investigation or cleanup.

Liability under CERCLA is not dependent on the intentional disposal of hazardous waste. It can be founded upon the release or threatened release, even as a result of unintentional, non-negligent or lawful action, of thousands of hazardous substances, including very small quantities of such

substances. Thus, even if we have never knowingly transported or received hazardous waste as such, it is possible that one or more hazardous substances may have been deposited or "released" at landfills or other properties owned by third parties where we have transported to and disposed of waste or at our landfills or at other properties which we currently own or operate or may have owned or operated. Therefore, we could be liable under CERCLA for the cost of cleaning up such hazardous substances at such sites and for damages to natural resources, even if those substances were deposited at our facilities before we acquired or operated them. The costs of a CERCLA cleanup can be very expensive. Given the difficulty of obtaining insurance for environmental impairment liability, such liability could have a material impact on our business, financial condition or results of operations.

(3) *The Federal Water Pollution Control Act of 1972, as amended* (the Clean Water Act). This act regulates the discharge of pollutants from a variety of sources, including solid waste disposal sites, into streams, rivers and other waters of the United States. Point source runoff from our landfills and transfer stations that is discharged into surface waters must be covered by discharge permits that generally require us to conduct sampling and monitoring, and, under certain circumstances, reduce the quantity of pollutants in those discharges. Storm water discharge regulations under the Clean Water Act require a permit for certain construction activities and discharges from industrial operations and facilities, which may affect our operations. If a landfill or transfer station discharges wastewater through a sewage system to a publicly owned treatment works, the facility must comply with discharge limits imposed by that treatment works. In addition, states may adopt groundwater protection programs under the Clean Water Act or the Safe Drinking Water Act that could affect solid waste landfills. Furthermore, development which alters or affects wetlands must generally be permitted prior to such development commencing, and certain mitigation requirements may be required by the permitting agencies.

(4) *The Clean Air Act, as amended* (the Clean Air Act). The Clean Air Act imposes limitations on emissions from various sources, including landfills. In March 1996, the EPA promulgated regulations that require large municipal solid waste landfills to install landfill gas monitoring systems. These regulations apply to landfills that commenced construction, reconstruction or modification on or after May 30, 1991, and, principally, to landfills that can accommodate 2.5 million cubic meters or more of municipal solid waste. The regulations apply whether the landfill is active or closed. The date by which each affected landfill is required to have a gas collection and control system installed and made operational varies depending on calculated emission rates at the landfill. Many state regulatory agencies also currently require monitoring systems for the collection and control of certain landfill gas.

(5) *The Occupational Safety and Health Act of 1970, as amended* (OSHA). OSHA authorizes the Occupational Safety and Health Administration of the U.S. Department of Labor to promulgate occupational safety and health standards. A number of these standards, including standards for notices of hazardous chemicals and the handling of asbestos, apply to our facilities and operations.

State and Local Regulation. Each state in which we operate has its own laws and regulations governing solid waste disposal, water and air pollution, and, in most cases, releases and cleanup of hazardous substances and liabilities for such matters. States also have adopted regulations governing the design, operation, maintenance and closure of landfills and transfer stations. Some counties, municipalities and other local governments have adopted similar laws and regulations. Our facilities and operations are likely to be subject to these types of requirements. In addition, our solid waste collection and landfill operations may be affected by the trend in many states toward requiring the development of solid waste reduction and recycling programs. For example, several states have enacted laws that require counties or municipalities to adopt comprehensive plans to reduce, through solid waste planning, composting, recycling or other programs, the volume of solid waste deposited in landfills. Additionally, laws and regulations restricting the disposal of certain waste in solid waste landfills, including yard waste, newspapers, beverage containers, unshredded tires, lead-acid batteries and household appliances, have been promulgated in several states and are being considered in others. Legislative and regulatory measures to mandate or encourage waste reduction at the source and waste recycling also are or have been under consideration by the U.S. Congress and the EPA, respectively.

In order to construct, expand and operate a landfill, one or more construction or operating permits, as well as zoning and land use approvals, must be obtained. These permits and approvals may be difficult and time-consuming to obtain and to operate in compliance with, are often opposed by neighboring landowners and citizens' groups, may be subject to periodic renewal, and are subject to modification, non-renewal and revocation by the issuing agency. In connection with our acquisition of existing landfills, it may be and on occasion has been necessary for us to expend considerable time, effort and money to bring the acquired facilities into compliance with applicable requirements and to obtain the permits and approvals necessary to increase their capacity.

Many of our facilities own and operate underground storage tanks which are generally used to store petroleum-based products. These tanks are generally subject to federal, state and local laws and regulations that mandate their periodic testing, upgrading, closure and removal, and that, in the event of leaks, require that polluted groundwater and soils be remediated. We believe that all of our underground storage tanks currently meet all applicable regulations. If underground storage tanks we own or operate leak, we could be liable for response costs and, if the leakage migrates onto the property of others, we could be liable for damages to third parties. We are unaware of facts indicating that issues of compliance with regulations related to underground storage tanks will have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Finally, with regard to our solid waste transportation operations, we are subject to the jurisdiction of the Surface Transportation Board and are regulated by the Federal Highway Administration, Office of Motor Carriers, and by regulatory agencies in states that regulate such matters. Various states and local government authorities have enacted or promulgated, or are considering enacting or promulgating, laws and regulations that would restrict the transportation of solid waste across state, county, or other jurisdiction lines. In 1978, the U.S. Supreme Court ruled that a law that restricts the importation of out-of-state solid waste was unconstitutional; however, states have attempted to distinguish proposed laws from those involved in and implicated by that ruling. In 1994, the Supreme Court ruled that a flow control law, which attempted to restrict solid waste from leaving its place of generation, imposed an impermissible burden upon interstate commerce, and, therefore, was unconstitutional. In 2007, the Supreme Court upheld the right of a local government to direct the flow of solid waste to a publicly owned waste facility. A number of county and other local jurisdictions have enacted ordinances or other regulations restricting the free movement of solid waste across jurisdictional boundaries. Other governments may enact similar regulations in the future. These regulations may, in some cases, cause a decline in volumes of waste delivered to our landfills or transfer stations and may increase our costs of disposal, thereby adversely affecting our operations.

We have established liabilities for landfill and environmental costs, which include landfill site final capping, closure and post-closure costs. We periodically reassess such costs based on various methods and assumptions regarding landfill airspace and the technical requirements of Subtitle D of RCRA and adjust our rates used to expense final capping, closure and post-closure costs accordingly. Based on current information and regulatory requirements, we believe that our liabilities recorded for such landfill and environmental expenditures are adequate. However, environmental laws may change, and there can be no assurance that our recorded liabilities will be adequate to cover requirements under existing or new environmental laws and regulations, future changes or interpretations of existing laws and regulations, or the identification of adverse environmental conditions previously unknown to us.

Liability Insurance and Bonding

The nature of our business exposes us to the risk of liabilities arising out of our operations, including possible damages to the environment. Such potential liabilities could involve, for example, claims for remediation costs, personal injury, property damage and damage to the environment in cases where we may be held responsible for the escape of harmful materials; claims of employees, customers or third parties for personal injury or property damage occurring in the course of our operations; or claims alleging negligence or other wrongdoing in the planning or performance of work. We could also be subject to fines and civil and criminal penalties in connection with alleged violations of regulatory requirements. Because

of the nature and scope of the possible environmental damages, liabilities imposed in environmental litigation can be significant. Our solid waste operations have third party environmental liability insurance with limits in excess of those required by permit regulations, subject to certain limitations and exclusions. However, we cannot assure you that such environmental liability insurance would be adequate, in scope or amount, in the event of a major loss, nor can we assure you that we would continue to carry excess environmental liability insurance should market conditions in the insurance industry make such coverage costs prohibitive.

We have general liability, vehicle liability, employment practices liability, pollution liability, directors and officers liability, workers' compensation and employer's liability coverage, as well as umbrella liability policies to provide excess coverage over the underlying limits contained in these primary policies. We also carry property insurance. Although we try to operate safely and prudently and while we have, subject to limitations and exclusions, substantial liability insurance, no assurance can be given that we will not be exposed to uninsured liabilities which could have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

Our insurance programs for workers' compensation, general liability, vehicle liability and employee-related health care benefits are effectively self-insured. Claims in excess of self-insurance levels are fully insured subject to policy limits. Accruals are based on claims filed and actuarial estimates of claims development and claims incurred but not reported. Due to the variable condition of the insurance market, we have experienced, and may continue to experience in the future, increased self-insurance retention levels and increased premiums. As we assume more risk for self-insurance through higher retention levels, we may experience more variability in our self-insurance reserves and expense.

In the normal course of business, we may be required to post performance bonds, insurance policies, letters of credit, or cash or marketable securities deposits in connection with municipal residential collection contracts, the operation, closure or post-closure of landfills, environmental remediation, environmental permits, and business licenses and permits as a financial guarantee of our performance. To date, we have satisfied financial responsibility requirements by making cash or marketable securities deposits or by obtaining bank letters of credit, insurance policies or surety bonds.

Employees

As of December 31, 2008, we employed approximately 35,000 full-time employees, approximately 27% of whom were covered by collective bargaining agreements. From time to time, our operating locations may experience union organizing efforts. We have not historically experienced any significant work stoppages. We currently have no disputes or bargaining circumstances that we believe could cause significant disruptions in our business. Our management believes that we have good relations with our employees.

Compensation

We believe that our compensation program effectively aligns our field and corporate management team with our overall goal of generating increasing amounts of free cash flow while achieving targeted earnings and returns on invested capital. This is done by utilizing simple and measurable metrics on which incentive pay is based. At the field level, these metrics are based on free cash flow, earnings and return on invested capital for each manager's geographic area of responsibility. Great effort is taken to ensure that these goals agree with our overall goals. Incentive compensation at the corporate level is based on the obtainment of our overall goals. Furthermore, in conjunction with the merger with Allied, we have developed integration metrics to be achieved by our executive management team and key employees based upon targeted annual run-rate synergies of approximately $150.0 million by the end of 2010. In addition, certain field and corporate employees also participate in a long-term incentive program. We believe this program aligns our short- and long-term goals and helps ensure that our long-term success is not sacrificed for the obtainment of short-term goals.

Availability of Reports and Other Information

Our corporate website is http://www.republicservices.com. We make available on this website, free of charge, access to our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A and amendments to those materials filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 as soon as reasonably practicable after we electronically submit such material to the Securities and Exchange Commission (SEC). Our corporate website also contains our Corporate Governance Guidelines, Code of Ethics and Charters of the Nominating and Corporate Governance Committee, Audit Committee, Integration Committee and Compensation Committee of the Board of Directors. In addition, the SEC website is http://www.sec.gov. The SEC makes available on this website, free of charge, reports, proxy and information statements, and other information regarding issuers, such as us, that file electronically with the SEC. Information on our website or the SEC website is not part of this document. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K and applicable New York Stock Exchange (NYSE) rules regarding amendments to or waivers of our Code of Ethics by posting this information on our website at www.republicservices.com.

In 2008, our CEO provided to the NYSE the annual CEO certification regarding our compliance with the corporate governance listing standards of that exchange. In addition, our CEO and CFO filed with the SEC all required certifications regarding the quality of our disclosures in our fiscal 2008 SEC reports, including the certifications required to be filed with this Annual Report on Form 10-K. There were no qualifications to these certifications.

ITEM 1A. RISK FACTORS

This Annual Report on Form 10-K contains certain forward-looking information about us that is intended to be covered by the safe harbor for “forward-looking statements” provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as “expect,” “will,” “may,” “anticipate,” “plan,” “estimate,” “intend,” “should,” “can,” “likely,” “could” and similar expressions are intended to identify forward-looking statements. These statements include statements about the expected benefits of the merger, our plans, strategies and prospects. Forward-looking statements are not guarantees of performance. These statements are based upon the current beliefs and expectations of our management and are subject to risk and uncertainties, including the risks set forth below in these risk factors, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

In light of these risks, uncertainties, assumptions and factors, the results anticipated by the forward-looking statements discussed in this Annual Report on Form 10-K may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. Except to the extent required by applicable law or regulation, we undertake no obligation to update or publish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

We may experience difficulties integrating Allied’s business.

Achieving the anticipated benefits of the merger with Allied will depend significantly on whether we can integrate Allied’s business in an efficient and effective manner. Although Republic and Allied were able to conduct some planning regarding the integration of the two companies prior to the merger, we might not have determined the exact nature of how the businesses and operations of the two companies will be combined after the merger. The actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. We may not be able to accomplish the integration process smoothly, successfully or on a timely basis. The necessity of coordinating geographically separated organizations, information systems and facilities, and addressing possible differences in business backgrounds, corporate cultures and management philosophies, may increase the difficulties of integration. We and Allied operate numerous systems and controls, including those

involving information management, purchasing, accounting and finance, sales, billing, employee benefits, payroll and regulatory compliance. The integration of operations following the merger will require the dedication of significant management and external resources, which may temporarily distract management's attention from our day-to-day business and be costly. Employee uncertainty and lack of focus during the integration process may also disrupt our business. The inability of our management to successfully and timely integrate the operations of Republic and Allied could have a material adverse effect on the business and results of operations of the combined company.

We may not realize the anticipated synergies and related benefits from the merger with Allied fully or within the timing anticipated.

We entered into the merger agreement with Allied because we believe that the merger will be beneficial to our stockholders primarily as a result of the anticipated synergies resulting from the combined operations. We may not be able to achieve the anticipated operating and cost synergies or the long-term strategic benefits of the merger fully or within the timing anticipated. For example, elimination of duplicative costs may not be fully achieved or may take longer than anticipated. For at least the first year after an acquisition, and possibly longer, the benefits from the acquisition will be offset by the costs incurred in integrating the businesses and operations. The inability to realize the full extent of, or any of, the anticipated synergies or other benefits of the merger, or our encountering delays in the integration process (which may delay the timing of such synergies or other benefits), could have a material adverse effect on our business and results of operations.

Future expenses resulting from the application of the purchase method of accounting may adversely affect the market value of our common stock following the merger.

In accordance with GAAP, we are considered the acquirer of Allied for accounting purposes. We have accounted for the merger using the purchase method of accounting. There may be future expenses related to the acquisition that are required to be recorded in our earnings that could adversely affect the market value of our common stock following the completion of the merger. Under the purchase method of accounting, we have allocated the total purchase price to the assets (including identifiable intangible assets) and liabilities acquired from Allied based on their fair values as of the effective date of the merger, and we have recorded the excess of the purchase price over those fair values as goodwill. For certain tangible and intangible assets, and for our capping, closure and post-closure asset retirement obligations, revaluing them to their fair values as of the merger completion date will result in additional depreciation, depletion and amortization and accretion expense that will exceed the combined amounts recorded by Republic and Allied prior to the merger. Interest expense will increase significantly as a result of revaluing Allied's debt and other long-term liabilities, including, for example, self-insurance reserves and environmental liabilities. In addition, as discussed in the following risk factor, to the extent the value of goodwill or other intangible assets were to become impaired after the merger, we may incur material non-cash charges to our results of operations.

Our goodwill and other intangible assets may become impaired, which could result in material non-cash charges to our results of operations.

We have a substantial amount of goodwill and other intangible assets resulting from the merger with Allied. At least annually, or whenever events or changes in circumstances indicate a potential impairment in the carrying value as defined by GAAP, we evaluate this goodwill for impairment based on the fair values of each of our operating segments. The estimated fair value of our operating segments could change if there are changes in our capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows or market capitalization, or in general economic conditions. Impairments of goodwill or other intangible assets could require material non-cash charges to our results of operations.

We may incur significant unexpected transaction- and integration-related costs in connection with the merger.

We have incurred and may continue to incur costs associated with combining the operations of Republic and Allied, including charges and payments to some employees pursuant to “change in control” contractual obligations. The substantial majority of these expenses resulting from the merger are comprised of transaction costs related to the merger, facilities and systems consolidation costs, and employee-related costs. Additional unanticipated costs may be incurred in the integration of the two companies’ businesses or may result from the application of purchase accounting used to effectuate the merger. The elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may not offset incremental transaction- and other integration-related costs in the near term.

The timing of and proceeds received from the mandatory divestiture of certain assets of the company may result in additional expenditures of money and resources or reduce the benefit of the merger.

Completion of the merger is predicated on divesting of certain assets as required by the Antitrust Division of the DOJ under the HSR Act. In February 2009, we announced an agreement with Waste Connections, Inc. to sell them a majority of the assets we are required to divest. The assets being divested to Waste Connections include six municipal solid waste landfills, six collection operations and three transfer stations across seven markets. This transaction is subject to closing conditions regarding due diligence, regulatory approval and other customary matters. Closing is expected to occur in the second quarter of 2009. However, the timing of and proceeds we will receive from the divestiture to Waste Connections and the divestiture of the remaining assets as required by the DOJ cannot be predicted. Delays in divesting of these assets may result in additional expenditures of money and resources which would reduce the financial benefit we expect from the merger. In addition, the amount of proceeds received from such divestitures cannot be guaranteed. An unanticipated shortfall in proceeds may limit our ability to execute our financial strategy, including repaying our debt.

We have substantial indebtedness as a result of the merger, which may limit our financial flexibility.

As of December 31, 2008, we have approximately $7.7 billion in total debt outstanding. This amount of indebtedness and our debt service requirements may limit our financial flexibility to access additional capital and make capital expenditures and other investments in our business, to withstand economic downturns and interest rate increases, to plan for or react to changes in our business and our industry, and to comply with the financial and other restrictive covenants of our debt instruments. Further, our ability to comply with the financial and other covenants contained in our debt instruments may be affected by changes in economic or business conditions or other events that are beyond our control. If we do not comply with these covenants and restrictions, we may be required to take actions such as reducing or delaying capital expenditures, reducing dividends, selling assets, restructuring or refinancing all or part of our existing debt, or seeking additional equity capital.

The downturn in the U.S. economy may have an adverse impact on our operating results.

A weak economy generally results in decreases in the volumes of waste generated. In the past, weakness in the U.S. economy has had a negative effect on our operating results, including decreases in revenue and operating cash flows. Previous economic slowdowns have negatively impacted the portion of our collection business servicing the manufacturing and construction industries and our proceeds from sales of recycled commodities. As a result of the global economic crisis, we may experience the negative effects of increased competitive pricing pressure and customer turnover as well. There can be no assurance that worsening economic conditions or a prolonged or recurring recession will not have a significant adverse impact on our results of operations or cash flows. Further, there can be no assurance that an improvement in economic conditions will result in an immediate, if at all positive, improvement in our results of operations or cash flows.

The downturn in the U.S. economy may expose us to credit risk for amounts due from governmental agencies, large national accounts and others.

The weak U.S. economy has reduced the amount of taxes collected by various governmental agencies. We provide services to a number of these agencies including numerous municipalities. These governmental agencies may suffer financial difficulties resulting from a decrease in tax revenue and may ultimately be unable or unwilling to pay amounts owed to us. In addition, the weak economy may cause other customers, including our large national accounts, to suffer financial difficulties and ultimately be unable or unwilling to pay amounts owed to us. This could have a negative impact on our results of operations and cash flows.

The downturn in the U.S. economy and in the financial markets could expose us to counter-party risk associated with our derivatives.

To reduce our exposure to fluctuations in various commodities and interest rates, we have entered into a number of derivative agreements. These derivative agreements require us or the counter-party to such agreements to make payments to the other party if the price of certain commodities or interest rates exceed a specified amount. A continued downturn in the U.S. economy or in the financial markets could adversely impact the financial stability of the counter-parties with which we do business, potentially limiting their ability to fulfill their obligations under our derivative agreements. This could have a negative impact on our results of operations and cash flows.

The waste industry is highly competitive and includes competitors that may have greater financial and operational resources, flexibility to reduce prices and other competitive advantages that could make it difficult for us to compete effectively.

We principally compete with large national waste management companies, municipalities and numerous regional and local companies for collection and disposal accounts. Competition for collection accounts is primarily based on price and the quality of services. Competition for landfill business is primarily based on disposal costs, geographic location and quality of operations. Some of our competitors may have greater financial and operational resources than us. Many counties and municipalities that operate their own waste collection and disposal facilities have the benefits of tax revenue or tax-exempt financing. Our ability to obtain solid waste volume for our landfills may also be limited by the fact that some major collection companies also own or operate landfills to which they send their waste. In markets in which we do not own or operate a landfill, our collection operations may operate at a disadvantage to fully integrated competitors. As a result of these factors, we may have difficulty competing effectively from time to time or in certain markets. If we were to lower prices to address these competitive issues, it could negatively impact our revenue growth and profitability.

Price increases may not be adequate to offset the impact of increased costs and may cause us to lose volume.

We compete for collection accounts primarily on the basis of price and the quality of services. In addition, we seek to secure price increases necessary to offset increased costs (including fuel costs), to improve operating margins and to obtain adequate returns on our substantial investments in assets such as our landfills. From time to time, our competitors may reduce the price of their services in an effort to expand their market share. Contractual, general economic or market-specific conditions may also limit our ability to raise prices. As a result of these factors, we may be unable to offset increases in costs, improve our operating margins and obtain adequate investment returns through price increases. We may also lose volume to lower-cost competitors.

Increases in the cost of fuel or oil will increase our operating expenses, and there can be no assurance that we will be able to recover fuel or oil cost increases from our customers.

Our operations are dependent on fuel to run our collection and transfer trucks and other equipment used for collection, transfer, and disposal. We buy fuel in the open market. Fuel prices are unpredictable and can

fluctuate significantly based on events beyond our control, including geopolitical developments, actions by the Organization of the Petroleum Exporting Countries, and other oil and gas producers, supply and demand for oil and gas, war, terrorism and unrest in oil-producing countries, and regional production patterns. We may not be able to offset such volatility through fuel surcharges. For example, our fuel costs were $235.3 million in 2008, representing 9.7% of our cost of operations compared to $180.3 million in 2007, representing 9.0% of our cost of operations. This increase primarily reflects an increase in the price of fuel.

In addition, regulations affecting the type of fuel our trucks use are changing and could materially increase the cost and consumption of our fuel. Our operations also require the use of certain petroleum-based products (such as liners at our landfills) whose costs may vary with the price of oil. An increase in the price of oil could increase the cost of those products, which would increase our operating and capital costs. We are also susceptible to increases in indirect fuel surcharges from our vendors.

Fluctuations in prices for recycled commodities that we sell to customers may adversely affect our revenue, operating income and cash flows.

We process recyclable materials such as paper, cardboard, plastics, aluminum and other metals for sale to third parties. Our results of operations may be affected by changing prices or market requirements for recyclable materials. The resale and purchase prices of, and market demand for, recyclable materials can be volatile due to changes in economic conditions and numerous other factors beyond our control. These fluctuations may affect our future revenue, operating income and cash flows.

Adverse weather conditions may limit our operations and increase the costs of collection and disposal.

Our collection and landfill operations could be adversely impacted by extended periods of inclement weather, which could increase the volume of waste collected under our existing contracts (without corresponding compensation), may interfere with collection and landfill operations, delay the development of landfill capacity or reduce the volume of waste generated by our customers. In addition, weather conditions may result in the temporary suspension of our operations, which can significantly affect our operating results in the affected regions during those periods.

We currently have matters pending with the DOJ and Internal Revenue Service (IRS), which could result in large cash expenditures and could have a material adverse impact on our operating results and cash flows.

As a result of the merger with Allied, we are currently under examination by the IRS with regard to Allied's federal income tax returns for tax years 2000 through 2006.

An Allied subsidiary, Browning-Ferris Industries, LLC (BFI, f/k/a Browning-Ferris Industries, Inc.), currently has a tax matter in litigation for the tax years ended September 30, 1997 through July 30, 1999 related to a capital loss deduction. A portion of this loss was subsequently carried forward to Allied's 1999 through 2002 tax years. We are currently engaged in two refund suits related to this matter. The BFI tax years September 30, 1997 through July 30, 1999 are currently before the U.S. Court of Federal Claims, while the Allied tax year ended December 31, 1999 is currently before the U.S. District Court of Arizona. All future tax years impacted by the BFI capital loss deduction and subsequent carryforward by Allied are presently in various stages of the IRS examination or appeals process. Any resolution or final determination on the merits for an earlier tax year will also resolve the issue for all subsequent periods.

During its examination of Allied's 2002 tax year, the IRS asserted that a 2002 redemption of four partnership interests in waste-to-energy businesses should have been recharacterized as disguised sale transactions. This issue is currently before the Appeals Division of the IRS.

For both of the matters described above, the potential tax and interest through December 31, 2008 (to the extent unpaid) has been fully reserved for in our consolidated balance sheet. A disallowance would not

materially affect our consolidated results of operations; however, a deficiency payment would adversely impact our cash flow in the period the payment was made. In addition, for the capital loss deduction matter described above, the potential penalty and penalty-related interest through December 31, 2008 has also been fully reserved for in our consolidated balance sheet. The successful assertion by the IRS of penalty and penalty-related interest in this matter would not materially affect our consolidated results of operations; however, a payment of penalty and penalty-related interest would adversely impact our cash flows in the period such payment was made. The accrual of additional interest charges through the time these matters are resolved will affect our consolidated results of operations. In addition, the successful assertion by the IRS of penalty and penalty-related interest in connection with Allied's 2002 exchange of partnership interests could have a material adverse impact on our consolidated results of operations and cash flows.

Additionally, during its examination of Allied's 2000 through 2003 tax years, the IRS proposed that certain landfill costs be allocated to the collection and control of methane gas that is naturally emitted from landfills. The IRS' position is that the methane gas emitted by a landfill constitutes a joint product resulting from landfill operations and, therefore, associated costs should not be expensed until the methane gas is sold or otherwise disposed. We believe we have several meritorious defenses, including the fact that methane gas is not actively produced for sale by us but rather arises naturally in the context of providing disposal services. Therefore, we believe that the resolution of this issue will not have a material adverse impact on our consolidated financial position, results of operations or cash flows.

For additional information on these matters, see Note 10, *Income Taxes,* to our consolidated financial statements in Item 8 of this Form 10-K.

Other matters may also arise in the course of tax audits that could adversely impact our consolidated financial condition, results of operations or cash flows.

We may be unable to execute our financial strategy.

Our ability to execute our financial strategy is dependent on our ability to maintain investment grade ratings on our senior debt. The credit rating process is contingent upon a number of factors, many of which are beyond our control. There can be no assurance that we will be able to maintain our investment grade ratings in the future. Our interest expense would increase and our ability to obtain financing on favorable terms may be adversely affected should we fail to maintain investment grade ratings.

Our financial strategy is also dependent on our ability to generate sufficient cash flow to reinvest in our existing business, fund internal growth, acquire other solid waste businesses, pay dividends, reduce indebtedness and minimize borrowings, and take other actions to enhance shareholder value. There can be no assurance that we will be successful in executing our broad-based pricing program, that we will generate sufficient cash flow to execute our financial strategy, that we will be able to pay cash dividends at our present rate or that we will be able to increase the amount of such dividends.

A downgrade in our bond ratings could adversely affect our liquidity by increasing the cost of debt and financial assurance instruments.

While downgrades of our bond ratings may not have an immediate impact on our cost of debt or liquidity, they may impact our cost of debt and liquidity over the near to medium term. If the rating agencies downgrade our debt, this may increase the interest rate we must pay to issue new debt, and it may even make it prohibitively expensive for us to issue new debt. If our debt ratings are downgraded, future access to financial assurance markets at a reasonable cost, or at all, also may be adversely impacted.

The solid waste industry is a capital-intensive industry and the amount we spend on capital expenditures may exceed current expectations, which could require us to obtain additional funding for our operations or impair our ability to grow our business.

Our ability to remain competitive and to grow and expand our operations largely depends on our cash flow from operations and access to capital. If our capital efficiency programs are unable to offset the impact of inflation and business growth, it may be necessary to increase the amount we spend. Additionally, if we make acquisitions or further expand our operations, the amount we expend on capital, capping, closure, post-closure and environmental remediation expenditures will increase. Our cash needs will also increase if the expenditures for capping, closure, post-closure and remediation activities increase above our current estimates, which may occur over a long period due to changes in federal, state or local government requirements and other factors beyond our control. Increases in expenditures would negatively impact our cash flows.

Further, federal regulations have tightened the emission standards on class A vehicles, which includes the collection vehicles we purchase. As a result, we could experience an increase in capital costs and a reduction in operating efficiency. This could also cause an increase in vehicle operating costs. We may reduce the number of vehicles we purchase until manufacturers adopt the new standards to increase efficiency.

We may be unable to obtain or maintain required permits or to expand existing permitted capacity of our landfills, which could decrease our revenue and increase our costs.

There can be no assurance that we will successfully obtain or maintain the permits we require to operate our business because permits to operate non-hazardous solid waste landfills and to expand the permitted capacity of existing landfills have become more difficult and expensive to obtain and maintain. Permits often take years to obtain as a result of numerous hearings and compliance requirements with regard to zoning, environmental and other regulations. These permits are also often subject to resistance from citizen or other groups and other political pressures. Local communities and citizen groups, adjacent landowners or governmental agencies may oppose the issuance of a permit or approval we may need, allege violations of the permits under which we currently operate or laws or regulations to which we are subject, or seek to impose liability on us for environmental damage. Responding to these challenges has, at times, increased our costs and extended the time associated with establishing new facilities and expanding existing facilities. In addition, failure to receive regulatory and zoning approval may prohibit us from establishing new facilities, maintaining permits for our facilities or expanding existing facilities. Our failure to obtain the required permits to operate our non-hazardous solid waste landfills could have a material adverse impact on our future results of operations or cash flows. In addition, we may have to dispose collected waste at landfills operated by our competitors or haul the waste long distances at a higher cost to one of our landfills, either of which could significantly increase our waste disposal costs.

The waste industry is subject to extensive government regulation, and existing or future regulations may restrict our operations, increase our costs of operations or require us to make additional capital expenditures.

If we inadequately accrue for landfill capping, closure and post-closure costs, our financial condition and results of operations may be adversely affected.

A landfill must be closed and capped, and post-closure maintenance commenced once the permitted capacity of the landfill is reached and additional capacity is not authorized. We have significant financial obligations relating to capping, closure and post-closure costs at our existing owned or operated landfills, and will have material financial obligations with respect to any future owned or operated disposal facilities. We establish accruals for the estimated costs associated with capping, closure and post-closure financial obligations. We could underestimate such accruals, and our financial obligations for capping, closure or post-closure costs could exceed the amount accrued and reserved or amounts otherwise receivable pursuant to trust funds established for this purpose. Such a shortfall could result in significant

unanticipated charges to income. Additionally, if a landfill is required to be closed earlier than expected or its remaining airspace is reduced for any other reason, the accruals for capping, closure and post-closure could be required to be accelerated, which could have a material adverse impact our results of operations and cash flows.

We cannot assure you that we will continue to operate our landfills at currently estimated volumes due to the use of alternatives to landfill disposal caused by state requirements or voluntary initiatives.

Most of the states in which we operate landfills require counties and municipalities to formulate comprehensive plans to reduce the volume of solid waste deposited in landfills through waste planning, composting and recycling, or other programs. Some state and local governments mandate waste reduction at the source and prohibit the disposal of certain types of wastes, such as yard waste, at landfills. Although such actions are useful in protecting our environment, these actions, as well as voluntary private initiatives by customers to reduce waste or seek disposal alternatives, have and may in the future reduce the volume of waste going to landfills in certain areas. If this occurs, there can be no assurance that we will be able to operate our landfills at their current estimated volumes or charge current prices for landfill disposal services due to the decrease in demand for such services.

The possibility of landfill and transfer station site development projects, expansion projects or pending acquisitions not being completed or certain other events could result in a material charge to income.

We capitalize certain expenditures relating to development, expansion and other projects. If a facility or operation is permanently shut down or determined to be impaired, or a development or expansion project is not completed or is determined to be impaired, we will charge any unamortized capitalized expenditures to income relating to such facility or project that we are unable to recover through sale, transfer or otherwise. In future periods, we may incur charges against earnings in accordance with this policy, or other events may cause impairments. Such charges could have a material adverse impact on our financial condition and results of operations.

We are subject to costly environmental regulations and flow-control regulations that may affect our operating margins, restrict our operations and subject us to additional liability.

Complying with laws and regulations governing the use, treatment, storage, transfer and disposal of solid and hazardous wastes and materials, air quality, water quality and the remediation of contamination associated with the release of hazardous substances is costly. Laws and regulations often require us to enhance or replace our equipment and to modify landfill operations or initiate final closure of a landfill. There can be no assurance that we will be able to implement price increases sufficient to offset the costs of complying with these laws and regulations. In addition, environmental regulatory changes could accelerate or increase expenditures for capping, closure and post-closure, and environmental and remediation activities at solid waste facilities and obligate us to spend sums in addition to those presently accrued for such purposes.

Our collection, transfer, and landfill operations are, and may in the future continue to be, affected by state or local laws or regulations that restrict the transportation of solid waste across state, county or other jurisdictional lines. Such laws and regulations could negatively affect our operations resulting in declines in landfill volumes and increased costs of alternate disposal.

In addition to the costs of complying with environmental regulations, we incur costs to defend against litigation brought by government agencies and private parties who may allege we are in violation of our permits and applicable environmental laws and regulations, or who assert claims alleging environmental damage, personal injury or property damage. As a result, we may be required to pay fines or implement corrective measures, or we may have our permits and licenses modified or revoked. A significant judgment

against us, the loss of a significant permit or license, or the imposition of a significant fine could have a material adverse impact on our consolidated financial condition, results of operations and cash flows.

We establish accruals for our estimates of the costs associated with our environmental obligations. We could underestimate such accruals and remediation costs could exceed amounts accrued. Such shortfalls could result in significant unanticipated charges to income.

We may have potential environmental liabilities that are not covered by our insurance. Changes in insurance markets may also impact our financial results.

We may incur liabilities for the deterioration of the environment as a result of our operations. We maintain high deductibles for our environmental liability insurance coverage. If we were to incur substantial liability for environmental damage, our insurance coverage may be inadequate to cover such liability. This could have a material adverse impact on our consolidated financial condition, results of operations and cash flows.

Also, due to the variable condition of the insurance market, we may experience future increases in self-insurance levels as a result of increased retention levels and increased premiums. As we assume more risk for self-insurance through higher retention levels, we may experience more variability in our self-insurance reserves and expense.

Despite our efforts, we may incur additional hazardous substances liability in excess of amounts presently known and accrued.

We are a potentially responsible party at many sites under CERCLA, which provides for the remediation of contaminated facilities and imposes strict, joint and several liability for the cost of remediation on current owners and operators of a facility at which there has been a release or a threatened release of a “hazardous substance,” on parties who were site owners and operators at the time hazardous substance(s) was disposed of, and on persons who arrange for the disposal of such substances at the facility (i.e., generators of the waste and transporters who selected the disposal site). Hundreds of substances are defined as “hazardous” under CERCLA and their presence, even in minute amounts, can result in substantial liability. Notwithstanding our efforts to comply with applicable regulations and to avoid transporting and receiving hazardous substances, we may have additional liability under CERCLA or similar laws in excess of our current reserves because such substances may be present in waste collected by us or disposed of in our landfills, or in waste collected, transported or disposed of in the past by companies we have acquired. Actual costs for these liabilities could be significantly greater than amounts presently accrued for these purposes, which could have a material adverse impact on our consolidated financial position, results of operations and cash flows.

Currently pending or future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements.

We are, and from time to time become, involved in lawsuits, regulatory inquiries, and governmental and other legal proceedings arising out of the ordinary course of our business. Many of these matters raise difficult and complicated factual and legal issues and are subject to uncertainties and complexities. The timing of the final resolutions to these types of matters is often uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting our results of operations and cash flows.

We may be unable to manage our growth effectively.

Our growth strategy places significant demands on our financial, operational and management resources. In order to continue our growth, we may need to add administrative and other personnel, and will need to make additional investments in operations and systems. There can be no assurance that we will be able to find and train qualified personnel, or do so on a timely basis, or expand our operations and systems to the extent, and in the time, required.

We may be unable to execute our acquisition growth strategy.

Our ability to execute our growth strategy depends in part on our ability to identify and acquire desirable acquisition candidates as well as our ability to successfully consolidate acquired operations into our business. The consolidation of our operations with those of acquired companies may present significant challenges to our management. In addition, competition among our competitors for acquisition candidates may prevent us from acquiring certain acquisition candidates. As such, we cannot assure you that:

- Desirable acquisition candidates exist or will be identified,
- We will be able to acquire any of the candidates identified,
- We will effectively consolidate companies we acquire, or
- Any acquisitions will be profitable or accretive to our earnings.

If any of the aforementioned factors force us to alter our growth strategy, our growth prospects could be adversely affected.

Businesses we acquire may have undisclosed liabilities.

In pursuing our acquisition strategy, our investigations of the acquisition candidates may fail to discover certain undisclosed liabilities of the acquisition candidates. If we acquire a company having undisclosed liabilities such as environmental, remediation or contractual, as a successor owner we may be responsible for such undisclosed liabilities. We expect to try to minimize our exposure to such liabilities by obtaining indemnification from each of the sellers of the acquired companies, by deferring payment of a portion of the purchase price as security for the indemnification and by acquiring only specified assets. However, there can be no assurance that we will be able to obtain indemnifications or that they will be enforceable, collectible or sufficient in amount, scope or duration to fully offset any undisclosed liabilities arising from our acquisitions.

Our consolidated financial statements are based on estimates and assumptions that may differ from actual results.

Our consolidated financial statements have been prepared in accordance with GAAP and necessarily include amounts based on estimates and assumptions made by management. Actual results could differ from these amounts. Significant items requiring management to make subjective or complex judgements about matters that are inherently uncertain include the carrying value of long-lived assets, the depletion and amortization of landfill development costs, accruals for final capping, closure and post-closure costs, valuation allowances for accounts receivable and deferred tax assets, liabilities for potential litigation, claims and assessments, and liabilities for environmental remediation, employee benefit and pension plans, deferred taxes, uncertain tax positions and self-insurance.

There can be no assurance that the liabilities recorded for landfill and environmental costs will be adequate to cover the requirements of existing environmental regulations, future changes to or interpretations of existing regulations, or the identification of adverse environmental conditions previously unknown to management.

The introduction of new accounting rules, laws or regulations could adversely impact our results of operations.

Complying with new accounting rules, laws or regulations could adversely impact our financial condition, results of operations or funding requirements, or cause unanticipated fluctuations in our results of operations in future periods.

We may be subject to workforce influences, including work stoppages, which could increase our operating costs and disrupt our operations.

As of December 31, 2008, approximately 27% of our workforce was represented by various local labor unions. If, in the future, our unionized workers were to engage in a strike, work stoppage or other slowdown, we could experience a significant disruption of our operations and an increase in our operating costs, which could have an adverse impact on our results of operations and cash flows. In addition, if a greater percentage of our workforce becomes unionized, our business and financial results could be materially and adversely impacted due to the potential for increased operating costs.

Our obligation to fund multi-employer pension plans to which we contribute may have an adverse impact on us.

We contribute to at least 25 multi-employer pension plans covering at least 22% of our current employees. We do not administer these plans and generally are not represented on the boards of trustees of these plans. The Pension Protection Act enacted in 2006 requires under-funded pension plans to improve their funding ratios. We do not have current plan financial information for the multi-employer plans to which we contribute but, based on the information available to us, we believe that some of them are under-funded. We cannot determine at this time the amount of additional funding, if any, we may be required to make to these plans and, therefore, have not recorded any related liabilities. However, plan assessments could have an adverse impact on our results of operations or cash flows for a given period. Furthermore, under current law, upon the termination of a multi-employer pension plan, or in the event of a mass withdrawal of contributing employers, we would be required to make payments to the plan for our proportionate share of the plan's unfunded vested liabilities. There can be no assurance that there will not be a termination of, or mass withdrawal of employers contributing to, any of the multi-employer pension plans to which we contribute or that, in the event of such a termination or mass withdrawal, the amounts we would be required to contribute would not have a material adverse impact on our results of operations or cash flows.

The costs of providing for pension benefits and related funding requirements are subject to changes in pension fund values and fluctuating actuarial assumptions, and may have a material adverse impact on our results of operations and cash flows.

We sponsor a defined benefit pension plan which is funded with trustee assets invested in a diversified portfolio of debt and equity securities. Our costs for providing such benefits and related funding requirements are subject to changes in the market value of plan assets. The recent significant decline in the markets resulted in our recording a value for the plan assets that significantly differed from the plan asset value Allied had recorded in its financial statements prior to the merger. A continuation or further decline in the value of these investments could increase our pension expenses and related funding requirements in the future. Additionally, our pension expenses and related funding requirements are also subject to various actuarial calculations and assumptions, which may differ materially from actual results due to changing market and economic conditions, interest rates and other factors. A significant increase in our pension obligations and funding requirements could have a material adverse impact on our results of operations and cash flows.

The loss of key personnel could have material adverse effect on our financial condition, results of operations and growth prospects.

Our future success depends on the continued contributions of several key employees and officers. The loss of the services of key employees and officers, whether such loss is through resignation or other causes, or the inability to attract additional qualified personnel, could have a material adverse effect on our financial condition, results of operations and growth prospects.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters is located at 18500 North Allied Way, Phoenix, Arizona 85054 where we currently lease approximately 145,000 square feet of office space. We also maintain regional administrative offices in all of our regions.

Our principal property and equipment consists of land, landfills, buildings, vehicles and equipment. We own or lease real property in the states in which we conduct operations. At December 31, 2008, we owned or operated 400 collection companies, 242 transfer stations, 213 active solid waste landfills and 78 recycling facilities within 40 states and Puerto Rico. In aggregate, our active solid waste landfills total approximately 110,200 acres, including approximately 36,900 permitted acres. We also own or have responsibilities for 126 closed landfills. We believe that our property and equipment are adequate for our current needs.

ITEM 3. LEGAL PROCEEDINGS

We are involved in routine judicial and administrative proceedings that arise in the ordinary course of business and that relate to, among other things, personal injury or property damage claims, employment matters and commercial and contractual disputes. We are subject to federal, state and local environmental laws and regulations. Due to the nature of our business, we are also often routinely a party to judicial or administrative proceedings involving governmental authorities and other interested parties related to environmental regulations or liabilities. From time to time, we may also be subject to actions brought by citizens' groups, adjacent landowners or others in connection with the permitting and licensing of our landfills or transfer stations, or alleging personal injury, environmental damage, or violations of the permits and licenses pursuant to which we operate.

We are subject to various federal, state and local tax rules and regulations. These rules are extensive and often complex, and we are required to interpret and apply them to our transactions. Positions taken in tax filings are subject to challenge by taxing authorities. Accordingly, we may have exposure for additional tax liabilities if, upon audit, any positions taken are disallowed by the taxing authorities.

The following is a discussion of certain proceedings against us. Although the ultimate outcome of any legal matter cannot be predicted with certainty, except as identified below, we do not believe that the outcome of our pending legal and administrative proceedings will have a material adverse impact on our consolidated, financial position, results of operations or cash flows.

Litigation Related to the Merger with Allied

On July 25, 2008, a putative class action was filed, and on August 15, 2008 was amended, in the Court of Chancery of the State of Delaware by the New Jersey Carpenters Pension and the New Jersey Carpenters Annuity Funds against us and the members of our Board of Directors, individually.

On August 21, 2008, a second putative class action was filed in the Court of Chancery of the State of Delaware by David Shade against us, the members of Republic's Board of Directors, individually, and Allied. On September 22, 2008, the New Jersey Carpenters and the Shade cases were consolidated by the Court of Chancery, and on September 24, 2008, the plaintiffs in the Delaware case, now known as In Re: Republic Services Inc. Shareholders Litigation, filed a verified consolidated amended class action complaint in the Court of Chancery of the State of Delaware.

On September 5, 2008, a putative class action was filed in the Circuit Court in and for Broward County, Florida, by the Teamsters Local 456 Annuity Fund against us and the members of Republic's Board of Directors, individually.

Both the Delaware consolidated action and the Florida action were brought on behalf of a purported class of our stockholders and primarily sought, among other things, to enjoin the proposed transaction between Republic and Allied, as well as damages and attorneys' fees. The actions also sought to compel us to

accept the unsolicited proposals made by Waste, or at least compel our Board of Directors to further consider and evaluate the Waste proposals, which proposals were subsequently withdrawn.

On September 24, 2008, the defendants in the Florida litigation filed a Motion to Stay or to Dismiss the lawsuit in light of the consolidated Delaware class action.

On October 17, 2008, plaintiffs in the consolidated Delaware action filed a motion for a preliminary injunction seeking to require the defendants to make certain additional disclosures prior to the stockholder vote on the merger.

On October 29, 2008, the defendants entered into a memorandum of understanding with plaintiffs regarding the settlement of the Delaware and Florida actions. As part of this memorandum of understanding, we agreed to make certain additional disclosures to our stockholders and such disclosures were made by us in our Current Report on Form 8-K filed with the SEC on October 30, 2008. As of January 16, 2009, following completion of certain confirmatory discovery by counsel to plaintiffs, the parties executed a stipulation of settlement. The stipulation of settlement is subject to customary conditions, including court approval following notice to our stockholders. The stipulation of settlement provides that a hearing will be scheduled at which the court will consider the fairness, reasonableness and adequacy of the settlement which, if finally approved by the court, will resolve all of the claims that were or could have been brought in the actions being settled, including all claims relating to the merger transaction, the merger agreement, our rejections of the unsolicited Waste proposals, and any disclosures made in connection therewith. The stipulation of settlement also provides that plaintiffs' counsel may petition the court for an award of attorneys' fees and expenses to be paid by us. On February 20, 2009, the court preliminarily approved the settlement agreed to in the stipulation and set a final hearing to consider the fairness of the settlement for May 19, 2009. There can be no assurance that the court will approve the settlement agreed to in the stipulation of settlement. In such event, the settlement may be terminated.

On December 3, 2008, the DOJ and seven state attorneys general filed a complaint, Hold Separate Stipulation and Order, and competitive impact statement, together with a proposed final judgment, in the United States District Court for the District of Columbia, in connection with approval under the HSR Act of our merger with Allied. The court entered the Hold Separate Stipulation and Order on December 4, 2008, which terminated the waiting period under the HSR Act and allowed the parties to close the transaction subject to the conditions described in the Hold Separate Stipulation and Order. These conditions include the divestiture of certain assets. However, the final judgment can only be approved by the court after the DOJ publishes a notice in the Federal Register and considers comments it receives. During this period, if the DOJ believes that the final judgment is no longer in the public interest, the DOJ may withdraw its support of the final judgment and seek to prevent the final judgment from becoming final in its present form. Likewise, the court may, in its discretion, modify the divestitures or other relief sought by the DOJ if the court believes that such modification is in the public interest. The precise timing for the confirmation of the final judgment is not known. Management believes that the court will enter the final judgment and that modifications to the final judgment, if any, will not be material.

Landfill and Environmental

We have been notified that we are considered a potentially responsible party at a number of sites under CERCLA or other environmental laws. In all cases, such alleged responsibility is due to the actions of companies prior to the time we acquired them. We continually review our status with respect to each site, taking into account the alleged connection to the site and the extent of the contribution to the volume of waste at the site, the available evidence connecting the entity to that site, and the number and financial soundness of other potentially responsible parties at the site. The ultimate amounts for environmental liabilities at sites where we may be a potentially responsible party cannot be determined and estimates of such liabilities made by us require assumptions about future events subject to a number of uncertainties, including the extent of the contamination, the appropriate remedy, the financial viability of other potentially responsible parties and the final apportionment of responsibility among the potentially responsible parties.

Where we have concluded that our share of potential liabilities is probable and can be reasonably estimated, a provision has been made in the consolidated financial statements. Since the ultimate outcome of these matters may differ from the estimates used in our assessments to date, the recorded liabilities are periodically evaluated as additional information becomes available to ascertain that the accrued liabilities are adequate. We have liabilities recorded for environmental matters as of December 31, 2008 of approximately $389.9 million. It is reasonably possible that we could have adjustments to our estimates for these matters in the near term that could have a material effect on our consolidated financial position, results of operations or cash flows. For more information about our potential environmental liabilities see Note 8, *Landfill and Environmental Costs*, to our consolidated financial statements in Item 8 of this Form 10-K.

Countywide Matter

On March 26, 2007, the Ohio Environmental Protection Agency (OEPA) issued Final Findings and Orders (F&Os) to Republic Services of Ohio II, LLC (Republic-Ohio), an Ohio limited liability company and our wholly owned subsidiary. The F&Os relate to environmental conditions attributed to a chemical reaction resulting from the disposal of certain aluminum production waste at the Countywide Recycling and Disposal facility (Countywide) in East Sparta, Ohio. The F&Os, and certain other remedial actions Republic-Ohio agreed with the OEPA to undertake to address the environmental conditions, include, without limitation, the following actions: (a) prohibiting leachate recirculation, (b) refraining from the disposal of solid waste in certain portions of the site, (c) updating engineering plans and specifications and providing further information regarding the integrity of various engineered components at the site, (d) performing additional data collection, (e) taking additional measures to address emissions, (f) expanding the gas collection and control system, (g) installing a “fire” break, (h) removing liquids from gas extraction wells, and (i) submitting a plan to the OEPA to suppress the chemical reaction and, following approval by the OEPA, implementing such plan. We also paid approximately $.7 million in sanctions to comply with the F&Os during the three months ended March 31, 2007. Republic-Ohio has performed certain interim remedial actions required by the OEPA, but the OEPA has not approved Republic-Ohio’s plan to suppress the chemical reaction.

Republic-Ohio received additional orders from the OEPA requiring certain actions to be taken by Republic-Ohio, including additional air quality monitoring and the installation and continued maintenance of gas well dewatering systems. Republic-Ohio has also entered into an Agreed Order on Consent (AOC) with the EPA requiring the reimbursement of costs incurred by the EPA and requiring Republic-Ohio to (a) design and install a temperature and gas monitoring system, (b) design and install a composite cap or cover, and (c) develop and implement an air monitoring program. The AOC became effective on April 17, 2008 and Republic-Ohio has complied with the terms of the AOC. Republic-Ohio also is in the process of constructing an additional “fire” break under the authority and supervision of the EPA.

We had learned that the Commissioner of the Stark County Health Department (Commission) recommended that the Stark County Board of Health (Board of Health) suspend Countywide’s 2007 annual operating license. We had also learned that the Commissioner intended to recommend that the Board of Health deny Countywide’s license application for 2008. Republic-Ohio obtained a preliminary injunction on November 28, 2007 prohibiting the Board of Health from suspending its 2007 operating license. Republic-Ohio also obtained a preliminary injunction on February 15, 2008 prohibiting the Board of Health from denying its 2008 operating license application. The litigation with the Board of Health is pending in the Stark County Court of Common Pleas. We and the Board of Health have been participating in discussions regarding facility licensing that have resulted in an agreement whereby Republic-Ohio will secure its operating license and pay $10.0 million to resolve the issues at Countywide. The specific terms of the agreement are being finalized.

We believe that we have performed or are diligently performing all actions required under the F&Os and the AOC and that Countywide does not pose a threat to the environment. Additionally, we believe that we satisfy the rules and regulations that govern the operating license at Countywide.

We are vigorously pursuing financial contributions from third parties for our costs to comply with the F&Os and the other required remedial actions.

In a suit filed on October 8, 2008 in the Tuscarawas County Ohio Court of Common Pleas, approximately 700 plaintiffs have named Republic Services, Inc. and Republic-Ohio as defendants. The claims alleged are negligence and nuisance and arise from the operation of Countywide. Republic-Ohio has owned and operated Countywide since February 1, 1999. Waste Management, Inc. and Waste Management Ohio, Inc., previous owners and operators of Countywide, have been named as defendants as well. Plaintiffs are individuals and businesses located in the geographic area around Countywide. They claim that due to the acceptance of a specific waste stream and operational issues and conditions, the landfill has generated odors and other unsafe emissions which have allegedly impaired the use and value of their property. There are also allegations that the emissions from the landfill may have adverse health effects. The relief requested includes compensatory damages, punitive damages, costs for medical monitoring and screening, interest on damages, costs and disbursements, and reasonable attorney and expert witness fees. We intend to vigorously defend against the plaintiffs' allegations.

Sunrise Matter

On August 1, 2008, Republic Services of Southern Nevada (RSSN), our wholly owned subsidiary, signed a Consent Decree with the EPA, the Bureau of Land Management and Clark County, Nevada related to the Sunrise Landfill. Under the Consent Decree, RSSN has agreed to perform certain remedial actions at the Sunrise Landfill for which RSSN and Clark County were otherwise jointly and severally liable. We were also assessed $1.0 million in sanctions related to the Consent Decree. RSSN is currently working with the Clark County Staff and Board of Commissioners to develop a mechanism to fund the costs to comply with the Consent Decree. However, we have not recorded any potential recoveries.

It is reasonably possible that we will need to adjust the remediation liabilities recorded to reflect the effects of new or additional information, to the extent that such information impacts the costs, timing or duration of the required actions. Future changes in our estimates of the costs, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Luri Matter

On August 17, 2007, a lawsuit was filed against us and certain of our subsidiaries relating to an alleged retaliation claim by a former employee, Ronald Luri v. Republic Services, Inc., Republic Services of Ohio Hauling LLC, Republic Services of Ohio I LLC, Jim Bowen and Ron Krall in the Cuyahoga County Common Pleas Court in Ohio. On July 3, 2008, a jury verdict was awarded against us in the amount of $46.6 million, including $43.1 million in punitive damages. On September 24, 2008, the Court awarded pre-judgement interest of $.3 million and attorney fees and litigation costs of $1.1 million. Post-judgement interest is presently accruing at a rate of 8% for 2008 and 5% for 2009. Management anticipates that post-judgement interest could accrue through the middle of 2010 for a total of $5.4 million. Post-judgment motions filed on our behalf and certain of our subsidiaries were denied, and on October 1, 2008, we filed a notice of appeal. It is reasonably possible that a final, non-appealable judgment of liability for compensatory and punitive damages may be assessed against us related to this matter. Although it is not possible to predict the ultimate outcome, management believes that the amount of any final, non-appealable judgment will not be material.

Forward Matter

On November 23, 2005, Allied received a letter from the San Joaquin District Attorney's Office, Environmental Prosecutions Unit (the District Attorney), alleging violations of California permit and regulatory requirements relating to Forward, Inc. (Forward), its wholly owned subsidiary, and the operation of its landfill. The District Attorney is investigating whether Forward may have (i) mixed green waste with food waste as "alternative daily cover," (ii) exceeded the daily and weekly tonnage

intake limits, (iii) allowed a concentration of methane gas well in excess of 5 percent, or (iv) accepted hazardous waste at a landfill which is not authorized to accept hazardous waste. Such conduct allegedly violates provisions of Business and Professions Code sections 17200, et seq, by virtue of violations of Public Resources Code Division 30, Part 4, Chapter 3, Article 1, sections 44004 and 44014(b); California Code of Regulations Title 27, Chapter 3, Subchapter 4, Article 6, sections 20690(11) and 20919.5; and Health and Safety Code sections 25200, 25100, et seq, and 25500, et seq. On December 7, 2006, Forward received a subpoena and interrogatories from the District Attorney and responded to both as of February 15, 2007. On October 1, 2008, the District Attorney served suit against Allied alleging violations of the California Business and Professional Code sections 17200, et seq. and is seeking monetary sanctions of up to $2,500 per violation and a permanent injunction to obey all applicable laws and regulations. We intend to vigorously defend the allegations.

Sycamore Matter

On July 10, 2008, the State of West Virginia Department of Environmental Protection filed suit against Allied's subsidiary, Allied Waste Sycamore Landfill, LLC (Sycamore Landfill), in Putnam County Circuit Court alleging thirty-eight violations of the Solid Waste Management Act, W. Va. Code sec. 22-15-1 et seq, the Water Pollution Control Act, W. Va. Code Sec. 22-11-1 et seq and the Groundwater Protection Act, W. Va. Code sec. 22-12-1 et seq (collectively, the Applicable Statues) between January 2007 and August 2007. The State of West Virginia is seeking injunctive relief requiring the Sycamore Landfill to comply with the Applicable Statutes as well to eliminate all common law public nuisances, and is seeking monetary sanctions of up to $25,000 per day for each violation. We are currently negotiating a settlement with the State which we believe will include monetary sanctions below $200,000.

20 Atlantic Avenue Matter

On October 3, 2008, a jury in federal district court in Boston, Massachusetts, returned a verdict in favor of the plaintiff and against the defendant, Allied, in a breach of contract action. The jury concluded that, between 1997 and 2002, Allied had failed to deliver as much fiber recyclables as required under a contract and the jury stated that damages were approximately $10.4 million. Under applicable law, prejudgment interest of 12% per year (approximately $10.5 million through December 31, 2008) is automatically added to the verdict amount when judgment is entered by the court. The jury verdict did not address all the claims pending in the lawsuit. A hearing before the judge on some of the remaining claims was scheduled to begin January 6, 2009. On January 5, 2009, the parties reached a settlement in which all claims in the lawsuit will be dismissed in exchange for a payment of $18.0 million from us to the plaintiff, which we have recorded as a liability. The payment will be made in three installments during the first three quarters of 2009 and the second and third installments will bear interest at 3% per annum.

Carter Valley Matter

On April 12, 2006, federal agents executed a search warrant at BFI Waste Systems of Tennessee, LLC's Carter Valley Landfill (the Landfill) and seized information regarding the Landfill's receipt of special waste from one of its commercial customers. On the same date, the U.S. Attorney's Office for the Eastern District of Tennessee served a grand jury subpoena on us seeking related documents (the 2006 Subpoena). Shortly thereafter, the government agreed to an indefinite extension of our time to respond to the subpoena, and there were no further communications between us and the federal government until 2008. In 2007, while the federal investigation was pending, the Tennessee Department of Environment and Conservation investigated the Landfill's receipt of the same special waste, determined that there was not a sufficient basis to conclude that the Landfill had disposed of hazardous waste, and took no enforcement action. On April 2, 2008, the US Attorney's Office issued a new grand jury subpoena seeking the same categories of documents requested in the 2006 Subpoena. We are currently producing documents in response to the 2008 subpoena. On January 21, 2009, the DOJ sent a letter to us stating that it believed, based on its initial investigation, that certain unnamed employees at the Landfill had violated the RCRA and that we were liable for these criminal violations under the theory of *respondeat superior*. If convicted, pursuant to applicable law, we could be subject to a wide range of criminal or civil

penalties. Criminal penalties may not be more than the greatest of a maximum of $50,000 for each day of violation, a calculation of twice the gross pecuniary gain from the offense or a maximum of $500,000. We could also be subject to civil penalties of $32,500 per day per violation. We intend to meet with the DOJ as soon as practicable to discuss the government's investigation and understand the basis for the government's belief that our employees violated RCRA.

Tax Matters

We and our subsidiaries are subject to income tax in the U.S. and Puerto Rico as well as income tax in multiple state jurisdictions. We acquired Allied's open tax periods as part of the acquisition. Allied is currently under examination or administrative review by various state and federal taxing authorities for certain tax years, including federal income tax audits for calendar years 2000 through 2006. We are also engaged in tax litigation as a result of our risk management companies. These matters are further discussed below.

Risk Management Companies

Prior to Allied's acquisition of BFI on July 30, 1999, BFI operating companies, as part of a risk management initiative to manage and reduce costs associated with certain liabilities, contributed assets and existing environmental and self-insurance liabilities to six fully consolidated BFI risk management companies (RMCs) in exchange for stock representing a minority ownership interest in the RMCs. Subsequently, the BFI operating companies sold that stock in the RMCs to third parties at fair market value which resulted in a capital loss of approximately $900.0 million for tax purposes, calculated as the excess of the tax basis of the stock over the cash proceeds received.

On January 18, 2001, the IRS designated this type of transaction and other similar transactions as a "potentially abusive tax shelter" under IRS regulations. During 2002, the IRS proposed the disallowance of all of this capital loss. At the time of the disallowance, the primary argument advanced by the IRS for disallowing the capital loss was that the tax basis of the stock of the RMCs received by the BFI operating companies was required to be reduced by the amount of liabilities assumed by the RMCs even though such liabilities were contingent and, therefore, not liabilities recognized for tax purposes. Under the IRS interpretation, there was no capital loss on the sale of the stock since the tax basis of the stock should have approximated the proceeds received. Allied protested the disallowance to the Appeals Office of the IRS in August 2002.

In April 2005, the Appeals Office of the IRS upheld the disallowance of the capital loss deduction. As a result, in late April 2005 Allied paid a deficiency to the IRS of $22.6 million for BFI tax years prior to the acquisition. Allied also received a notification from the IRS assessing a penalty of $5.4 million and interest of $12.8 million relating to the asserted $22.6 million deficiency. In July 2005, Allied filed a suit for refund in the United States Court of Federal Claims (CFC). The government thereafter filed a counterclaim in the case for the $5.4 million penalty and $12.8 million of interest claimed by the IRS. In December 2005, the IRS agreed to suspend the collection of this penalty and interest until a decision is rendered on Allied's suit for refund.

In July 2006, while the CFC case was pending, Allied discovered what it construed to be a jurisdictional defect in the case that could have prevented its recovery of the refund amounts claimed even if Allied would have been successful on the underlying merits. Accordingly, in September 2006, Allied filed a motion to dismiss the case without prejudice on jurisdictional grounds. In March 2007, the CFC granted Allied's motion dismissing the case. Thereafter, in July 2007, the government appealed the decision to the United States Court of Appeals for the Federal Circuit (Federal Circuit). In April 2008, the Federal Circuit reversed the lower court's decision and remanded the case back to the CFC for further proceedings. In May 2008, Allied filed a petition for panel rehearing with the Federal Circuit, requesting that the court reconsider its ruling. In June 2008, the Federal Circuit denied Allied's petition.

In December 2008, a hearing was held in the CFC. At this hearing, we informed the judge of our intention to withdraw our suit from the CFC in order to continue to litigate the merits of our position in the U.S. District

Court of Arizona. We believe the decisional law applicable to this matter is more favorable to taxpayers in the U.S. District Court of Arizona than in the CFC.

To expedite the withdrawal from the CFC, in January 2009, we paid the government's counterclaim for penalty and penalty-related interest of approximately $11.0 million. Prior to December 31, 2008, Allied had already paid $51.0 million in tax and related interest relating to the 1997 through 1999 BFI tax years. As a result, we have paid all tax, interest, and penalty related to the 1997 through 1999 BFI tax years, which are the tax years under CFC jurisdiction. If, in response to our decision to withdraw our suit from the CFC, the court issues an order dismissing the case with prejudice, the tax, interest and penalty amounts paid by us will not be recoverable in any subsequent action. However, if the court issues an order dismissing the case without prejudice, we will not be entirely prevented from asserting a claim contesting the IRS tax adjustment applicable to the 1997 through 1999 BFI tax years and seeking the recovery of some or all of the tax, interest and penalty amounts previously paid, although some of our claim may be barred by the applicable statute of limitations.

In addition, Allied has a second refund suit currently pending in Arizona. In August 2008, Allied received from the IRS a Statutory Notice of Deficiency (Notice) related to its utilization of BFI's capital loss carryforward on Allied's 1999 tax return. Because of the high rate of interest associated with this matter, Allied previously paid all tax and interest related to this tax year. Consequently, the Notice related only to the IRS' asserted penalty for Allied's 1999 tax year. On October 30, 2008, Allied filed a suit for refund in the U.S. District Court of Arizona. We anticipate that the DOJ will file a counterclaim for the asserted penalty and consequently the IRS will suspend collection of the penalty, as occurred in connection with the CFC action. However, there can be no assurance that the IRS will suspend collection efforts.

If the capital loss deduction is fully disallowed for all applicable years, we estimate that it would have a total cash impact (including amounts already paid to the IRS as described below) of approximately $457.0 million related to federal taxes, state taxes and interest, and, approximately $164.0 million related to penalty and penalty-related interest. These amounts have been fully accrued on our consolidated balance sheet, and disallowance would not materially affect our consolidated results of operations; however, a payment beyond the amounts already paid would adversely impact our cash flows in the period such payment was made. The accrual of additional interest charges through the time these matters are resolved will affect our consolidated results of operations. Due to the high rate of interest associated with this matter, we have previously paid the IRS and various state tax authorities $369.0 million related to capital loss deductions taken on BFI's 1997 through 1999 and Allied's 1999 through 2002 tax returns. In addition, we have paid approximately $11.0 million of penalty and penalty-related interest for our refund suit in the CFC. Although we have fully accrued all tax, interest, penalty and penalty-related interest relating to this matter, we intend to vigorously pursue our claim for refund of the tax and interest and our defense to the IRS' claims for penalties and penalty-related interest. While there can be no assurances, we anticipate that the final resolution of the dispute, through adjudication or settlement, may be more favorable than the full amount currently accrued for tax, interest, penalty and penalty-related interest.

Exchange of Partnership Interests

In April 2002, Allied exchanged minority partnership interests in four waste-to-energy facilities for majority partnership interests in equipment purchasing businesses, which are now wholly owned subsidiaries. In November 2008, the IRS issued a formal disallowance to Allied contending that the exchange was instead a sale on which a corresponding gain should have been recognized. Although we intend to vigorously defend our position on this matter, if the exchange is treated as a sale, we estimate it could have a potential federal and state cash tax impact of approximately $156.0 million plus accrued interest through December 31, 2008 of approximately $48.0 million. In addition, the IRS has asserted a penalty of 20% of the additional income tax due. The potential tax and interest (but not penalties or penalty-related interest) of a full adjustment for this matter have been fully reserved on our consolidated balance sheet at December 31, 2008. The successful assertion by the IRS of penalty and penalty-related interest in

connection with this matter could have a material adverse impact on our consolidated cash flows and results of operations.

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

On November 14, 2008, our stockholders voted to approve our merger with Allied Waste Industries, Inc. at a special meeting held for that purpose.

Results of the voting at that meeting are as follows:

	Affirmative	Against	Abstentions
(1) To issue shares of Republic common stock and other securities convertible into or exercisable for shares of Republic common stock, contemplated by the Agreement and Plan of Merger, dated as of June 22, 2008, as amended July 31, 2008, among Republic, RS Merger Wedge, Inc,, a wholly owned subsidiary of Republic, formed for the purpose of the merger, and Allied Waste Industries, Inc.	141,728,743	297,976	156,165
(2) To adjourn the Special Meeting, if necessary, to solicit additional proxies in favor of the foregoing proposal	134,081,897	8,068,370	32,617

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information, Holders and Dividends

Our common stock trades on the New York Stock Exchange.

In January 2007, our Board of Directors approved a 3-for-2 stock split effective on March 16, 2007 for stockholders of record on March 5, 2007. Our share and per share amounts have been retroactively restated to reflect the stock split.

The following table sets forth the range of the high and low sale prices of our common stock and the cash dividends declared per share of common stock for the periods indicated:

	High	Low	Dividends Declared
Year Ended December 31, 2008:			
First Quarter	$ 32.00	$ 27.30	$ .1700
Second Quarter	34.44	29.09	.1700
Third Quarter	36.52	27.29	.1900
Fourth Quarter	29.96	18.25	.1900
Year Ended December 31, 2007:			
First Quarter	$ 29.67	$ 26.22	$ .1067
Second Quarter	31.09	27.05	.1067
Third Quarter	33.26	27.93	.1700
Fourth Quarter	35.00	30.90	.1700

There were approximately 930 record holders of our common stock at February 19, 2009, which does not include beneficial owners for whom Cede & Co. or others act as nominees.

In February 2009, our Board of Directors declared a regular quarterly dividend of $.19 per share for stockholders of record on April 1, 2009. We expect to continue to pay quarterly cash dividends, and we may consider increasing our quarterly cash dividends if we believe it will enhance shareholder value.

We have the ability under our credit facilities to pay dividends and repurchase our common stock subject to our compliance with the financial covenants in our credit facilities. As of December 31, 2008, we were in compliance with the financial covenants of our credit facilities.

Issuer Purchases of Equity Securities

From 2000 through 2008, our Board of Directors authorized the repurchase of up to $2.6 billion of our common stock. As of December 31, 2008, we had paid $2.3 billion to repurchase 82.6 million shares of our common stock, of which 4.6 million shares were acquired during 2008 for $138.4 million. We suspended our share repurchase program in the second quarter of 2008 due to the pending merger with Allied. We expect that our share repurchase program will continue to be suspended until our credit statistics return to pre-merger levels.

Recent Sales of Unregistered Securities

None

Performance Graph

The following performance graph compares the performance of our common stock to the Standard & Poor's 500 Stock Index (S&P 500 Index), the Dow Jones Waste & Disposal Services Index (DJW&DS Index) and to an index of peer companies as described below.

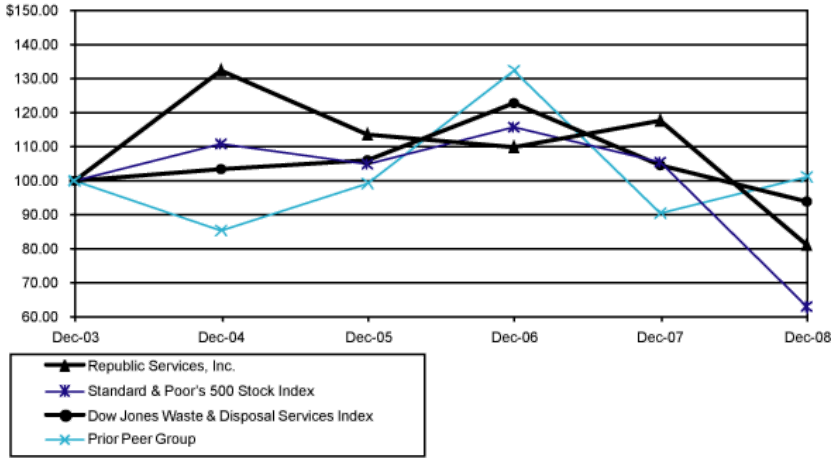
The merger with Allied in December 2008 resulted in the following changes to our performance comparison:

§ We are part of the S&P 500 Index, post merger, therefore, as required by applicable SEC rules, we replaced the NYSE Composite Index comparison with the S&P 500 Index, and

§ We are using the DJW&DS Index to replace the peer group index we used last year. The prior peer group index consisted of Waste and Allied only. Since December 5, 2008, Allied has been our subsidiary as a result of the merger. We believe that comparing ourselves to a single competitor (Waste) going forward would not be meaningful. We believe that the numerous and diversified companies represented by the DJW&DS index provides a more relevant comparison. For purposes of preserving the prior year index we included Allied through the end of November 2008, which approximates the merger date.

The graph covers the period from December 31, 2003 to December 31, 2008 and assumes that the value of the investment in our common stock and in each index was $100 at December 31, 2003 and that all dividends were reinvested.

Comparison of Five Year Cumulative Total Return
Assumes Initial Investment of $100
December 2008



Indexed Returns For Years Ending

	December 31,					
	2003	2004	2005	2006	2007	2008
Republic Services, Inc.	$ 100.00	$ 132.45	$ 113.61	$ 109.91	$ 117.71	$ 81.14
S&P 500 Stock Index	100.00	110.88	104.91	115.80	105.49	63.00
DJW&DS Index	100.00	103.45	106.06	122.88	104.58	93.91
Prior Peer Group	100.00	85.33	99.18	132.41	90.46	101.13(1)

(1) Includes Allied through November 28, 2008.

ITEM 6. SELECTED FINANCIAL DATA

The following Selected Financial Data should be read in conjunction with our consolidated financial statements and notes thereto as of December 31, 2008 and 2007 and for each of the three years in the period ended December 31, 2008 and Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* included elsewhere in this Annual Report on Form 10-K.

Our merger with Allied was effective December 5, 2008 and has been accounted for as an acquisition of Allied by Republic. The consolidated financial statements include the operating results of Allied from the date of the acquisition, and have not been retroactively restated to include Allied's historical financial position or results of operations. In accordance with the purchase method of accounting, the purchase price paid has been allocated to the assets and liabilities acquired based upon their estimated fair values as of the acquisition date, with the excess of the purchase price over the net assets acquired being recorded as goodwill.

Our shares, per share data and weighted average common and common equivalent shares outstanding have been retroactively adjusted for all periods prior to 2007 to reflect a 3-for-2 stock split in the form of a stock dividend that was effective on March 16, 2007.

See Notes 1, 2, 3, 8, 9, 10 and 11 of the notes to our consolidated financial statements in Item 8 of this Form 10-K for a discussion of basis of presentation, significant accounting policies, business acquisitions and divestitures, assets held for sale, restructuring charges, landfill and environmental costs, debt, income taxes and stockholders' equity and their effect on comparability of year-to-year data. These historical results are not necessarily indicative of the results to be expected in the future (in millions, except per share amounts).

	Year Ended December 31,				
	2008	2007	2006	2005	2004
Statement of Operations Data:					
Revenue	$ 3,685.1	$ 3,176.2	$ 3,070.6	$ 2,863.9	$ 2,708.1
Expenses:					
Cost of operations	2,416.7	2,003.9	1,924.4	1,803.9	1,714.4
Depreciation amortization and depletion	354.1	305.5	296.0	278.8	259.4
Accretion	23.9	17.1	15.7	14.5	13.7
Selling, general and administrative	434.7	313.7	315.0	289.5	268.3
Asset impairments	89.8	—	—	—	—
Restructuring charges	82.7	—	—	—	—
Operating income	283.2	536.0	519.5	477.2	452.3
Interest expense	(131.9)	(94.8)	(95.8)	(81.0)	(76.7)
Interest income	9.6	12.8	15.8	11.4	6.9
Other income (expense), net	(1.6)	14.1	4.2	1.6	1.2
Income before income taxes	159.3	468.1	443.7	409.2	383.7
Provision for income taxes	85.4	177.9	164.1	155.5	145.8
Minority interests	.1	—	—	—	—
Net income	$ 73.8	$ 290.2	$ 279.6	$ 253.7	$ 237.9
Basic earnings per share:					
Basic earnings per share	$ .38	$ 1.53	$ 1.41	$ 1.23	$ 1.10
Weighted average common shares outstanding	196.7	190.1	198.2	207.0	217.3
Diluted earnings per share:					
Diluted earnings per share	$ .37	$ 1.51	$ 1.39	$ 1.20	$ 1.08
Weighted average common and common equivalent shares outstanding	198.4	192.0	200.6	210.8	221.1
Cash dividends per common share	$ .7200	$ .5534	$ .4000	$ .3466	$ .2400

	Year Ended December 31,				
	2008	2007	2006	2005	2004
Other Operating Data:					
Cash flows from operating activities	$ 512.2	$ 661.3	$ 511.2	$ 747.8	$ 672.1
Capital expenditures	386.9	292.5	326.7	309.0	289.6
Proceeds from sales of property and equipment	8.2	6.1	18.5	10.1	5.7
Balance Sheet Data:					
Cash and cash equivalents	$ 68.7	$ 21.8	$ 29.1	$ 131.8	$ 141.5
Restricted cash and marketable securities	281.9	165.0	153.3	255.3	275.7
Total assets	19,921.4	4,467.8	4,429.4	4,550.5	4,464.6
Total debt	7,702.5	1,567.8	1,547.2	1,475.1	1,354.3
Total stockholders' equity	7,281.4	1,303.8	1,422.1	1,605.8	1,872.5

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

The following discussion should be read in conjunction with our audited consolidated financial statements and the notes thereto, included elsewhere herein. This discussion may contain forward-looking statements that anticipate results based on management's plans that are subject to uncertainty. We discuss in more detail various factors that could cause actual results to differ from expectations in Item 1A. Risk Factors.

Overview of Our Business

As of December 31, 2008, we are the second largest provider of services in the domestic non-hazardous solid waste industry. We provide non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 400 collection companies in 40 states and Puerto Rico. We also own or operate 242 transfer stations, 213 active solid waste landfills and 78 recycling facilities.

In early 2008, we began to experience the impact of the economic slowdown on our operations. This slowdown intensified during 2008 which, combined with a tightening of the credit markets, resulted in unprecedented changes in the U.S. and global economies. Against this backdrop, consumption in the U.S. slowed dramatically. New housing construction, a primary driver of our temporary industrial collection business, declined in excess of 40% compared to 2007. More recently we are seeing a slowdown in commercial construction. A slowdown in manufacturing has resulted in a decrease in our permanent industrial collection business. Furthermore, volumes in our commercial collection business began to decline in the second half of 2008 as consumers decreased discretionary spending. We are also beginning to see lower commercial volumes due to store closures and increased commercial vacancies. Fuel prices, which reached historic highs in the summer, dropped quickly in the fall of 2008. This decrease in fuel prices was offset by corresponding declines in fuel surcharges and, therefore, did not significantly improve our profitability. In addition, prices for recycling commodities declined in response to a decline in global demand. Although we hedged a portion of our commodity sales, declines in commodity prices have had, and will continue to have, a significant impact on our profitability.

Despite the challenging economic environment, our business performed well during 2008 due in large part to the indispensible nature of our services and the scalability of our business. Our internal revenue growth during 2008 was 2.5%. Increases in core price and fuel recovery fees offset volume declines. This increase in price and fuel recovery fees, together with cost control steps taken by our operations management to scale the business down for lower volumes, also served to moderate profit margin declines associated with rising costs and declining revenue due to decreases in service volumes.

During December 2008, we completed our merger with Allied, forming the second largest waste management company in the U.S. We believe that this merger creates a strong operating platform that will allow us to continue to provide quality service to our customers and superior returns to our stockholders.

We expect that the economic challenges we experienced during the latter part of 2008 will continue throughout 2009. We anticipate a decrease in volumes in all lines of our business. We also anticipate that prices for recycling commodities will remain depressed. However, we believe that we will benefit from our cost control and pricing initiatives. Ours is a capital intensive business. Slower growth allows us to reduce capital spending, thus maintaining strong free cash flow despite a weaker economy. In addition, we intend to focus our attention on integrating our newly merged company and achieving cost synergies as a result of the merger.

Business Acquisitions and Divestitures

We make decisions to acquire, invest in or divest of businesses based on financial and strategic considerations. Businesses acquired are accounted for under the purchase method of accounting and are included in our consolidated financial statements from the date of acquisition.

Merger with Allied Waste Industries, Inc.

On June 22, 2008, Republic entered into an Agreement and Plan of Merger with Allied. Prior to the merger, Allied was the second largest provider of non-hazardous solid waste collection, transfer, recycling and disposal services in the United States, as measured by revenue. The completion of the merger was subject to certain terms and conditions, including, but not limited to, approval of the transaction by the stockholders of both Republic and Allied, regulatory approval from the DOJ, and receipt of credit ratings for the combined company classifying our senior unsecured debt as investment grade. Having met those terms and conditions on December 5, 2008, we completed the merger.

As of the effective date of the merger, each share of Allied common stock outstanding was converted into .45 shares of our common stock. We issued approximately 195.8 million shares of common stock to Allied stockholders in the merger. Allied stockholders received approximately 52% of the outstanding common stock of the combined company in respect of their Allied shares on a diluted basis as a result of the merger, and Republic stockholders retained approximately 48% of the outstanding common stock of the combined company on a diluted basis. The total purchase price paid for Allied, including the value of common stock issued (based on the average closing prices of Republic's common stock for the five-day period around June 23, 2008 (the announcement date)) totaled approximately $11.5 billion.

Republic has been determined to be the acquiring company for accounting purposes in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations* (SFAS 141). Therefore, we have accounted for the merger as an acquisition of Allied by Republic, using the purchase method of accounting in accordance with GAAP. Our consolidated financial statements include the operating results of Allied from the date of the acquisition, and have not been retroactively restated to include Allied's historical financial position or results of operations. In accordance with the purchase method of accounting, the purchase price paid has been allocated to the assets and liabilities acquired based upon their estimated fair values as of the acquisition date, with the excess of the purchase price over the net assets acquired being recorded as goodwill. Republic is in the process of valuing all of the assets and liabilities acquired in the acquisition, and, until we have completed our valuation process, there may be adjustments to our estimates of fair values and the resulting preliminary purchase price allocation.

Cost in excess of fair value of net assets acquired (goodwill) associated with the acquisition of Allied totaled $9.0 billion. In addition, when we acquire landfills as part of a group of assets, we allocate part of the purchase price to airspace based on the estimated fair value of the landfills relative to the fair value of other assets within the acquired group. We allocated $2.6 billion of the total purchase price paid for the acquisition of Allied to landfill airspace. Landfill purchase price is amortized using the units-of-consumption method over total available airspace, which includes probable expansion airspace where appropriate.

As a condition of the merger with Allied, we reached a settlement with the DOJ requiring us to divest of assets serving fifteen metropolitan areas, including Los Angeles and San Francisco, CA; Denver, CO; Atlanta, GA; Northwestern Indiana; Lexington, KY; Flint, MI; Cape Girardeau, MO; Charlotte, NC; Cleveland, OH; Philadelphia, PA; Greenville-Spartanburg, SC; and Fort Worth, Houston and Lubbock, TX. The settlement requires us to divest of 87 commercial waste collection routes, nine municipal solid waste landfills and ten transfer stations, together with ancillary assets and, in three cases, access to landfill disposal capacity. In February 2009, we entered into an agreement to divest certain assets to Waste Connections, Inc. The assets that are being divested under this agreement include six municipal solid waste landfills, six collection operations and three transfer stations across the following seven markets: Los Angeles, CA; Denver, CO; Houston, TX; Lubbock, TX; Greenville-Spartanburg, SC; Charlotte, NC; and Flint, MI. The transaction with Waste Connections is subject to closing conditions regarding due diligence, regulatory approval and other customary matters. Closing is expected to occur in the second quarter of 2009. Combined revenue of the assets being sold is approximately $110.0 million.

During December 2008, we incurred $82.7 million of restructuring charges associated with integrating our operations with Allied. These charges primarily consist of severance and other employee termination and relocation benefits and consulting fees paid to outside parties.

Other Business Acquisitions and Divestitures

In addition to the acquisition of Allied in December 2008, we acquired various other solid waste businesses during the years ended December 31, 2008, 2007 and 2006. The aggregate purchase price we paid for these transactions was $13.4 million, $4.4 million and $4.9 million, respectively.

Cost in excess of fair value of net assets acquired (goodwill) associated with these acquisitions during 2008, 2007 and 2006 totaled $2.2 million, $1.0 million and $1.0 million, respectively.

In November 2007, we divested of our Texas-based compost, mulch and soil business and received proceeds of $36.5 million. A gain of $12.5 million was recorded in 2007 on this divestiture.

Revenue

We generate revenue primarily from our solid waste collection operations. Our remaining revenue is from other services including landfill disposal and recycling.

The following table reflects our revenue by service line for the respective years ended December 31 (in millions):

	2008		2007		2006	
Collection						
Residential	$ 966.0	26.2%	$ 802.1	25.3%	$ 758.3	24.7%
Commercial	1,161.4	31.5	944.4	29.7	883.6	28.8
Industrial	711.4	19.3	645.6	20.3	654.1	21.3
Other	23.2	.7	19.5	.6	22.4	.7
Total Collection	2,862.0	77.7	2,411.6	75.9	2,318.4	75.5
Transfer and disposal	1,343.4		1,192.5		1,182.1	
Less: Intercompany	(683.5)		(612.3)		(588.6)	
Transfer and disposal, net	659.9	17.9	580.2	18.3	593.5	19.3
Other	163.2	4.4	184.4	5.8	158.7	5.2
Revenue	$ 3,685.1	100.0%	$ 3,176.2	100.0%	$ 3,070.6	100.0%

Our revenue from collection operations consists of fees we receive from commercial, industrial, municipal and residential customers. Our residential and commercial collection operations in some markets are based on long-term contracts with municipalities. We generally provide industrial and commercial collection services to individual customers under contracts with terms up to three years. Our revenue from landfill operations is from disposal or tipping fees charged to third parties. In general, we integrate our recycling operations with our collection operations and obtain revenue from the sale of recyclable materials. No one customer has individually accounted for more than 10% of our consolidated revenue or of our reportable segment revenue in any of the last three years.

The cost of our collection operations is primarily variable and includes disposal, labor, self-insurance, fuel and equipment maintenance costs. It also includes capital costs for equipment and facilities. We seek operating efficiencies by controlling the movement of waste from the point of collection through disposal. During December 2008, subsequent to our acquisition of Allied, approximately 67% of the total volume of waste we collected was disposed of at landfills that we own or operate.

Our landfill costs include daily operating expenses, costs of capital for cell development, costs for final capping, closure and post-closure, and the legal and administrative costs of ongoing environmental compliance. Daily operating expenses include leachate treatment and disposal, methane gas and groundwater monitoring and system maintenance, interim cap maintenance, and costs associated with the application of daily cover materials. We expense all indirect landfill development costs as they are incurred. We use life cycle accounting and the units-of-consumption method to recognize certain direct landfill costs related to cell development. In life cycle accounting, certain direct costs are capitalized, and charged to expense based on the consumption of cubic yards of available airspace. These costs include all

costs to acquire and construct a site including excavation, natural and synthetic liners, construction of leachate collection systems, installation of methane gas collection and monitoring systems, installation of groundwater monitoring wells, and other costs associated with the acquisition and development of the site. Obligations associated with final capping, closure and post-closure are capitalized, and amortized on a units-of-consumption basis as airspace is consumed.

Cost and airspace estimates are developed at least annually by engineers. These estimates are used by our operating and accounting personnel to adjust the rates we use to expense capitalized costs. Changes in these estimates primarily relate to changes in costs, available airspace, inflation and applicable regulations. Changes in available airspace include changes in engineering estimates, changes in design and changes due to the addition of airspace lying in expansion areas that we believe have a probable likelihood of being permitted.

Summarized financial information concerning our reportable segments for the years ended December 31, 2008, 2007 and 2006 is shown in the following table (in millions, except percentages):

	Net Revenue	Depreciation, Amortization, Depletion and Accretion Before SFAS 143 Adjustments	SFAS 143 Adjustments to Amortization Expense[1]	Depreciation, Amortization, Depletion and Accretion	Operating Income (Loss)	Operating Margin
2008:						
Eastern	$ 576.1	$ 48.1	$ 5.6	$ 53.7	$ (99.9)	(17.3)%
Central	674.4	85.6	(.8)	84.8	119.5	17.7
Southern	840.2	75.0	(.5)	74.5	177.1	21.1
Western	1,130.6	104.3	(4.2)	100.1	203.6	18.0
Allied	463.7	56.4	—	56.4	29.8	6.4
Corporate entities[3]	.1	8.0	.5	8.5	(146.9)	—
Total	$ 3,685.1	$ 377.4	$ .6	$ 378.0	$ 283.2	7.7
2007[2]:						
Eastern	$ 577.0	$ 50.6	$ 1.0	$ 51.6	$ 66.1	11.5%
Central	647.5	88.0	(6.0)	82.0	119.9	18.5
Southern	828.8	72.8	.4	73.2	180.2	21.7
Western	1,122.2	100.7	7.9	108.6	233.9	20.8
Corporate entities[3]	.7	7.2	—	7.2	(64.1)	—
Total	$ 3,176.2	$ 319.3	$ 3.3	$ 322.6	$ 536.0	16.9
2006[2]:						
Eastern	$ 568.8	$ 44.6	$ (.9)	$ 43.7	$ 92.4	16.2%
Central	635.1	92.6	(1.9)	90.7	111.4	17.5
Southern	798.1	73.8	1.5	75.3	153.6	19.2
Western	1,070.1	97.2	(1.0)	96.2	229.6	21.5
Corporate entities[3]	(1.5)	5.8	—	5.8	(67.5)	—
Total	$ 3,070.6	$ 314.0	$ (2.3)	$ 311.7	$ 519.5	16.9

(1) Consists of adjustments to amortization expense for changes in estimates and assumptions related to our reviews of landfill asset retirement obligations under SFAS No. 143, *Accounting for Asset Retirement Obligations* (SFAS 143).

(2) Certain amounts for 2007 and 2006 have been reclassified to conform with the 2008 presentation.

(3) Corporate functions include legal, tax, treasury, information technology, risk management, human resources, corporate accounts and other typical administrative functions.

Our operations are managed and reviewed through four geographic regions that we designate as our reportable segments. We acquired Allied on December 5, 2008, and, due to the timing of the acquisition, management reviewed and we have presented Allied as a separate reportable segment in our

consolidated financial statements. In addition, during the first quarter of 2008, we consolidated our Southwestern operations into our Western Region and, accordingly, the historical operating results of our Southwestern operations have been consolidated into our Western Region.

2008 compared to 2007:

- ***Eastern Region.*** Revenue in our Eastern Region decreased during 2008 compared to 2007 due to a decrease in volumes in all lines of business and a decrease in the prices of commodities. The decrease in volume is primarily attributable to less temporary work and lower transfer station volumes due to less construction activity. Landfill volumes were also lower. This decrease in revenue was partially offset by price increases in all lines of business.

  The operating loss in 2008 includes remediation charges of $99.9 million related to estimated costs to comply with the F&Os issued by the OEPA and the AOC issued by the EPA related to our Countywide facility and an impairment charge of $75.9 million related to the anticipated loss of permitted airspace at Countywide based upon recent negotiations with the OEPA and EPA. It also includes $11.0 million of settlement reserves for certain legal matters.

  Operating income for 2007 includes a $44.6 million charge to operating expenses associated with environmental conditions at Countywide.

- ***Central Region.*** Revenue increased during 2008 compared to 2007 due to price increases in all lines of business. This increase in revenue was partially offset by lower volumes in all lines of business and lower prices of commodities due to the economic slowdown.

  Operating margins decreased during 2008 compared to 2007 due to an adjustment to landfill amortization expense associated with SFAS 143 during 2007.

- ***Southern Region.*** Price increases in all lines of business resulted in an increase in revenue during 2008 compared to 2007. This increase in revenue was partially offset by volume declines in our industrial and commercial collection lines of business and at our landfills and transfer stations.

  Operating margins decreased during 2008 compared to 2007 due to higher fuel costs partially offset by higher revenue, lower disposal costs and lower insurance costs.

- ***Western Region.*** Price increases in all lines of business resulted in an increase in revenue during 2008 compared to 2007. This increase in revenue was partially offset by a decrease in industrial collection, residential collection, transfer station and landfill volumes resulting from the economic slowdown. This increase in revenue was also partially offset by lower prices of commodities and by the sale of our Texas-based compost, mulch and soil business in November 2007.

  Operating income in 2008 includes a $34.0 million charge related to estimated costs to comply with a Consent Decree and Settlement Agreement signed with the EPA, the Bureau of Land Management and Clark County, Nevada related to the Sunrise Landfill. It also includes a $21.9 million charge recorded during 2008 associated with environmental conditions at our closed disposal facility in Contra Costa County, California.

  Operating income in 2007 includes an $8.1 million increase in landfill operating costs and a $5.2 million increase in SFAS 143 amortization expense associated with environmental conditions at our closed disposal facility in Contra Costa County, California.

- ***Allied.*** The operating results for Allied are included in the consolidated financial statements of Republic from the date of the acquisition of December 5, 2008. These results include $17.2 million of bad debt expense related to conforming Allied's calculation of allowance for doubtful accounts with ours and providing for specific bankruptcy exposures, $3.9 million of restructuring charges for severance and other employee termination benefits and $5.6 million of amortization expense associated with the intangible assets recorded as a result of our merger.

- ***Corporate Entities.*** The increase in operating costs for the Corporate Entities includes professional fees, distributions under cash and equity award programs, and relocation, severance and other employee termination benefits related to our merger with Allied.

2007 compared to 2006:

- ***Eastern Region.*** Revenue increased during 2007 compared to 2006 due to price increases in all lines of business and an increase in the prices of commodities. This increase in revenue was partially offset by lower volumes in the industrial collection line of business primarily due to less temporary work, and lower landfill volumes. These lower volumes resulted from less favorable weather conditions and a general slowdown in residential construction during 2007.

  Operating margins decreased from 16.2% to 11.5% primarily because of a $44.6 million charge to operating income associated with environmental conditions at our Countywide facility.

- ***Central Region.*** Revenue increased during 2007 compared to 2006 due to price increases in all lines of business and an increase in the prices of commodities. This increase in revenue was partially offset by lower volumes in the commercial collection, industrial collection and landfill lines of business. Lower volumes in the collection lines of business are primarily due to less favorable weather conditions during 2007 and the economic slowdown. Lower landfill volumes are primarily due to our decision to limit our acceptance of certain waste streams.

  Operating margins increased due to higher revenue, lower disposal costs and adjustments to landfill amortization expense associated with SFAS 143. This increase in operating margins was partially offset by increases in risk insurance and landfill operating costs.

- ***Southern Region.*** Price increases in all lines of business, increases in the prices of commodities, and increases in commercial collection, residential collection and landfill volumes resulted in an increase in revenue during 2007 compared to 2006. This increase in revenue was partially offset by lower industrial collection volumes. These lower volumes are primarily due to a slowdown in residential construction in 2007, and hurricane-related work that was performed during 2006.

  Operating margins increased primarily due to higher revenue, lower disposal costs due to drier weather, lower truck and equipment maintenance costs, and lower labor costs.

- ***Western Region.*** Price increases in all lines of business, volume increases in the residential collection line of business and increases in the prices of commodities resulted in an increase in revenue during 2007 compared to 2006. This increase in revenue was partially offset by a decrease in industrial collection and landfill volumes resulting from a general slowdown in residential construction in 2007.

  Operating margins decreased because of an $8.1 million increase in landfill operating costs and a $5.2 million increase in SFAS 143 amortization expense associated with environmental conditions at our closed disposal facility in Contra Costa County, California.

- ***Corporate Entities.*** The decrease in operating costs from 2006 to 2007 is due to a $4.3 million reduction to our allowance for doubtful accounts recorded during 2007 as a result of refining our estimate of our allowance based on our historical collection experience, which was partially offset by increases in operating costs associated with the expansion of our business.

2008 Business Performance

During 2008, our internal revenue growth was 2.5% with a 4.0% increase in core price offset by a 3.9% decrease in core volume. During 2008, we experienced lower volumes in all of our lines of business due to the economic slowdown. Revenue growth from fuel surcharges and environmental fees was 1.8% and .4%, respectively. In addition, our merger with Allied in December 2008 resulted in a 13.4% increase in revenue.

The cost of fuel increased significantly during the summer and fall of 2008. The economic slowdown helped to moderate fuel prices in the later part of the year. Fuel ended the year at levels consistent with those experienced during 2007. This decrease in fuel prices was offset by corresponding declines in fuel surcharges and, therefore, did not significantly improve our profitability.

Also during 2008, prices for recycling commodities declined in response to a decline in global demand. Although we hedged a portion of our commodity sales, declines in commodity prices have had, and will continue to have, a significant impact on our profitability.

2009 Business Initiatives

Our business initiatives for 2009 focus on the timely integration of our operations with Allied's, while remaining focused on the aspects of our operations that have made us successful. Our initiatives include:

- *Safety.* Safety remains our highest priority for all of our employees. Both Republic and Allied have long-standing commitments to ensuring a safe working environment for our employees. Our commitment to safety is unwavering and is evident in our mission statement. We will continue to foster a safe work environment for our employees and the communities that we service. In addition, we will continue to reward our people for operating in a safe and conscientious manner.
- *Service Delivery.* We believe that our focus on service delivery differentiates us from others in the waste management industry. During 2009, we will continue to exceed our customers' expectations through the consistent delivery of high quality service. We will also focus on increasing the efficiency of our service delivery. We believe that our attention to efficient delivery of high quality customer service will enhance customer retention.
- *Pricing.* We remain dedicated to effective pricing practices. Our commitment to competitive pricing helps ensure that fees charged to our customers are fair relative to the services they receive. Our focus on pricing also creates long-term value for our company and our stockholders.
- *Integration.* Our merger with Allied provides us with a unique opportunity to integrate two successful operations and create a best-in-class waste management company. During 2009, we will be keenly focused on the seamless integration of our operations and cultures.
- *Synergy Capture.* During 2009, we will remain committed to achieving and surpassing our approximately $150.0 million synergy goal. We have already developed a detailed plan for realizing this goal which includes participation at all levels throughout the company from the drivers of our fleet of collection vehicles to our board of directors. This plan anticipates achieving $100.0 million of annual run-rate integration synergies by the end of fiscal 2009. We expect to incur approximately $135.0 million and $55.0 million of one-time costs directly attributable to achieving our synergy goal during 2009 and 2010, respectively. We believe that our synergy goal is achievable despite the economic slowdown.
- *Return on Invested Capital.* Enhancing our return on invested capital is the culmination of all our 2009 initiatives. We will maintain our focus on disciplined growth and investing in our business to ensure increasing capital returns and shareholder value.

Consolidated Results of Operations

Years Ended December 31, 2008, 2007 and 2006

Our net income was $73.8 million for the year ended December 31, 2008, or $.37 per diluted share, compared to $290.2 million, or $1.51 per diluted share, in 2007 and $279.6 million, or $1.39 per diluted share, in 2006.

In January 2007, our Board of Directors approved a 3-for-2 stock split in the form of a stock dividend, effective on March 16, 2007, to stockholders of record as of March 5, 2007. We distributed approximately 64.5 million shares from treasury stock to effect the stock split. Our shares, per share data and weighted average common and common equivalent shares outstanding have been retroactively adjusted for all periods to reflect the stock split.

During the year ended December 31, 2008, we recorded a number of charges and other expenses that impacted our pre-tax income, net income and diluted earnings per share. These items primarily consist of the following (in millions, except per share data):

	Pre-Tax Income	Net Income	Diluted Earnings per Share
Remediation and related charges[1]	$ 156.8	$ 94.6	$ .48
Asset impairments[2]	89.8	54.1	.27
Restructuring charges[3]	82.7	49.9	.25
Landfill amortization expense[4]	2.8	1.7	.01
Intangible asset amortization expense[5]	5.6	3.4	.02
Bad debt expense[6]	19.6	11.8	.06
Legal settlement reserves[7]	24.3	14.7	.07
Synergy incentive plan[8]	2.9	1.7	.01
Non-cash interest expense[9]	10.1	6.1	.03
Tax impact on non-deductible items[10]	—	31.1	.16

(1) Remediation and related charges of $156.8 million during 2008 were attributable to changes to our estimates of costs incurred at our Countywide facility in Ohio and our closed disposal facility in Contra Costa County, California as well as the Sunrise Landfill in Nevada.

(2) During 2008, asset impairments of $89.8 million primarily relate to our Countywide facility, our former corporate headquarters in Florida and expected losses on sales of Department of Justice required divestitures as a result of our merger with Allied.

(3) During 2008, we incurred restructuring charges of $82.7 million, consisting primarily of severance and other employee termination and relocation benefits attributable to integrating our operations with Allied.

(4) During 2008, we recorded $2.8 million of incremental landfill amortization expense as compared to the amortization expense Allied would have recorded for the same period. The increase in the landfill amortization expense is the result of conforming Allied's policies for estimating the costs and timing for capping, closure and post-closure obligations to Republic's.

(5) During 2008, we recorded $5.6 million of intangible asset amortization expense related to the intangible assets we recorded in the purchase price allocation for the acquisition of Allied.

(6) During 2008, we recorded bad debt expense of $14.2 million related to conforming Allied's methodology for recording the allowance for doubtful accounts for accounts receivable with our methodology and $5.4 million to provide for specific bankruptcy exposures.

(7) During 2008, we incurred $24.3 million of settlement charges related to our estimates of the outcome of various legal matters.

(8) During 2008, we recorded $2.9 million to accrue for the synergy incentive plan pro rata over the periods earned.

(9) During 2008, we incurred $10.1 million of non-cash interest expense primarily associated with amortizing the discount on the debt we acquired from Allied that was recorded at fair value in purchase accounting.

(10) During 2008, our effective tax rate was impacted by several expenses associated with the merger that are not tax deductible.

The following table summarizes our operating revenue, costs and expenses in millions of dollars and as a percentage of our revenue for the years ended December 31, 2008, 2007 and 2006:

	2008		2007		2006	
Revenue	$ 3,685.1	100.0%	$ 3,176.2	100.0%	$ 3,070.6	100.0%
Cost of operations	2,416.7	65.6	2,003.9	63.1	1,924.4	62.7
Depreciation, amortization and depletion of property and equipment	342.3	9.3	299.0	9.4	289.0	9.4
Amortization of intangible assets	11.8	.3	6.5	.2	7.0	.2
Accretion	23.9	.7	17.1	.5	15.7	.5
Selling, general and administrative expenses	434.7	11.8	313.7	9.9	315.0	10.3
Asset impairments	89.8	2.4	—	—	—	—
Restructuring charges	82.7	2.2	—	—	—	—
Operating income	$ 283.2	7.7%	$ 536.0	16.9%	$ 519.5	16.9%

Revenue. Revenue was $3.7 billion, $3.2 billion and $3.1 billion for the years ended December 31, 2008, 2007 and 2006, respectively. Revenue increased $508.9 million, or 16.0%, from 2007 to 2008. Our acquisition of Allied in December 2008 contributed $463.7 million to this increase in revenue. Revenue

increased by $105.6 million, or 3.4%, from 2006 to 2007. The following table reflects the components of our revenue growth for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
Core price	4.0%	4.2%	3.4%
Fuel surcharges	1.8	.2	1.1
Environmental fees	.4	.2	.4
Recycling commodities	.1	.9	(.1)
Total price	6.3	5.5	4.8
Core volume[1]	(3.9)	(1.5)	2.4
Non-core volume	.1	(.1)	—
Total volume	(3.8)	(1.6)	2.4
Total internal growth	2.5	3.9	7.2
Acquisitions, net of divestitures[2]	13.4	(.5)	(.1)
Taxes[3]	.1	—	.1
Total revenue growth	16.0%	3.4%	7.2%

(1) Core volume growth for the year ended December 31, 2006 includes .8% associated with hauling waste from the city of Toronto to one of our landfills in Michigan. This hauling service is provided to the city at a rate that approximates our cost.

(2) Includes the impact of the acquisition of Allied in December 2008.

(3) Represents new taxes levied on landfill volumes in certain states that are passed on to customers.

§ *2008*: During the year ended December 31, 2008, our core revenue growth continued to benefit from a broad-based pricing initiative. In addition, 14.7% of our revenue growth is due to our acquisition of Allied in December 2008. Revenue growth also benefited from higher fuel surcharges and environmental fees. However, during 2008 we experienced lower prices for commodities. We also experienced a decrease in core volumes primarily due to lower commercial and industrial collection volumes and lower landfill volumes resulting from the slowdown in the economy. We expect to continue to experience lower volumes until economic conditions improve.

§ *2007:* During the year ended December 31, 2007, our revenue growth from core pricing continued to benefit from a broad-based pricing initiative. Our revenue growth also benefited from higher prices for commodities. However, we experienced a decrease in core volume growth primarily due to lower industrial collection and landfill volumes resulting from the slowdown in residential construction.

§ *2006:* During the year ended December 31, 2006, our revenue growth continued to benefit from our broad-based pricing initiative. We experienced core volume growth in our collection and landfill lines of business. This core volume growth was partially offset by hurricane clean-up efforts that took place during the fourth quarter of 2005.

§ *2009 Outlook:* We anticipate internal revenue from core operations to decrease approximately 4.0% during 2009. This decrease is the expected net of growth in core pricing of approximately 4.0% and an expected decrease in volume of approximately 8.0%. Our projections assume no deterioration or improvement in the overall economy from that experienced during the fourth quarter of 2008. However, our internal growth may remain flat or may decline in 2009 depending on economic conditions and our success in implementing pricing initiatives.

Cost of Operations. Cost of operations was $2.4 billion, $2.0 billion and $1.9 billion, or, as a percentage of revenue, 65.6%, 63.1% and 62.7%, for the years ended December 31, 2008, 2007 and 2006, respectively.

The increase in cost of operations in aggregate dollars for the year ended December 31, 2008 versus the comparable 2007 period is primarily a result of our acquisition of Allied in December 2008. The remaining increase in cost of operations in aggregate dollars and the increase as a percentage of revenue is primarily due to charges we recorded during 2008 of $98.0 million related to estimated costs to comply with F&Os issued by the OEPA and the AOC issued by the EPA in response to environmental conditions at our Countywide facility in Ohio, $21.9 million related to environmental conditions at our closed disposal facility

in Contra Costa County, California and $34.0 million related to environmental conditions at the Sunrise Landfill. The increase in cost of operations and as a percentage of our revenue for the year ended December 31, 2007 versus the comparable 2006 period is primarily a result of the $41.0 million charge we recorded in cost of operations related to environmental conditions at our Countywide facility and an $8.1 million charge related to our closed disposal facility in Contra Costa County, California.

The following table summarizes the major components of our cost of operations for the years ended December 31, 2008, 2007 and 2006 in millions of dollars and as a percentage of our revenue:

	2008		2007		2006	
Subcontractor, disposal and third-party fees	$ 770.6	20.9%	$ 699.6	22.0%	$ 718.7	23.4%
Labor and benefits	705.5	19.2	620.0	19.5	588.5	19.2
Maintenance and operating expenses	721.8	19.6	511.0	16.1	457.3	14.9
Insurance and other	218.8	5.9	173.3	5.5	159.9	5.2
Cost of operations	$ 2,416.7	65.6%	$ 2,003.9	63.1%	$ 1,924.4	62.7%

A description of our cost categories is as follows:

§ Subcontractor, disposal and third-party fees include costs such as third-party disposal, transportation of waste, host fees and cost of goods sold. The decrease in such expenses as a percentage of revenue for all periods presented is primarily due to higher revenue resulting from improved pricing. In addition, the decrease in such expenses as a percentage of revenue for the year ended December 31, 2008 versus the comparable 2007 period is also due to lower costs of goods sold associated with the sale of our lower margin, Texas-based compost, mulch and soil business in November 2007. During 2007, drier weather, particularly in our Southern Region, resulted in lower disposal costs. The reduction in costs were partially offset by additional third-party hauling costs incurred during 2006 associated with our assuming responsibility for hauling waste from the city of Toronto to one of our landfills in Michigan.

§ Labor and benefits include costs such as wages, salaries, payroll taxes and health benefits for our frontline service employees and their supervisors. Such expenses as a percentage of revenue for the year ended December 31, 2008 versus the comparable 2007 period decreased due to higher revenue resulting from improved pricing and lower labor costs associated with volume decreases in various lines of business. The increase in such expenses as a percentage of revenue for the year ended December 31, 2007 versus the comparable 2006 period is due to increases in benefits including health insurance. In addition, during December 2006, we assumed responsibility for hauling a portion of our transfer station volumes to one of our landfills. This hauling service reduced our third-party fees and increased various other cost categories, the most significant of which was labor.

§ Maintenance and operating includes costs such as fuel, parts, shop labor and benefits, third-party repairs, and landfill monitoring and operating. The increase in such expenses in aggregate dollars and as a percentage of revenue for the year ended December 31, 2008 versus the comparable 2007 period is primarily a result of the $98.0 million charge related to the Countywide facility, the $21.9 million charge related to our closed disposal facility in California and the $34.0 million charge related to the Sunrise Landfill. This increase is partially offset by the $41.0 million of charges related to our Countywide facility and the $8.1 million charge related to our closed disposal facility in California recorded during 2007. The increase in such expenses as a percentage of revenue for the year ended December 31, 2007 versus the comparable 2006 period is primarily due to an increase in landfill operating costs resulting from the charges recorded during the year ended December 31, 2007 of $41.0 million related to our Countywide facility and $8.1 million charge related to our closed disposal facility in California. Excluding these charges in the respective periods, the decrease in expenses in aggregate dollars and as a percentage of revenue for the years ended December 31, 2008 and 2007 are primarily due to increases in fuel prices. Our average cost of fuel per gallon increased approximately 32% from $2.76 per gallon during 2007 to $3.63 per gallon during 2008, and increased approximately 7% from $2.59 per gallon during 2006 to $2.76 per gallon for 2007. Current average fuel prices are $2.12 per gallon.

- Insurance and other includes costs such as workers' compensation, auto and general liability insurance, property taxes, property maintenance and utilities. The increase in such expenses as a percentage of revenue for all of the years presented is primarily due to an increase in the severity of our automobile insurance claims.

The cost categories shown above may change from time to time and may not be comparable to similarly titled categories used by other companies. As such, care should be taken when comparing our cost of operations by cost component to that of other companies.

Depreciation, Amortization and Depletion of Property and Equipment. Depreciation, amortization and depletion expenses for property and equipment were $342.3 million, $299.0 million and $289.0 million, or, as a percentage of revenue, 9.3%, 9.4% and 9.4%, for the years ended December 31, 2008, 2007 and 2006, respectively. The increase in such expenses in aggregate dollars for the year ended December 31, 2008 versus the comparable 2007 is primarily due to our acquisition of Allied in December 2008. The decrease in such expenses as a percentage of revenue for the year ended December 31, 2008 versus the comparable 2007 period is primarily due to a reduction of amortization expense associated with lower landfill volumes. The increase in such expenses in aggregate dollars for the year ended December 31, 2007 versus the comparable 2006 period is partially due to $3.3 million of adjustments to landfill amortization expense for changes in estimates and assumptions related to our reviews of landfill asset retirement obligations under SFAS 143. In addition, during the year ended December 31, 2007, we incurred approximately $3.3 million of additional depletion and amortization expense associated with a reduction of estimated remaining available airspace at our Countywide facility. Depreciation expense during 2007 was also slightly higher due to our ongoing truck and equipment replacement program.

Amortization of Intangible Assets. Intangible assets that have a finite life and are amortized generally consist of customer relationships, long-term contracts and covenants not to compete. Expenses for amortization of intangible assets were $11.8 million, $6.5 million and $7.0 million, or, as a percentage of revenue, .3%, .2% and .2% for the years ended December 31, 2008, 2007 and 2006, respectively. The increase in such expenses in aggregate dollars and as a percentage of revenue for the year ended December 31, 2008 versus the comparable 2007 and 2006 periods is due to the amortization of intangible assets recorded as a result of our acquisition of Allied. We expect this acquisition will increase our intangible asset amortization expense by approximately $65.0 million in 2009.

Accretion Expense. Accretion expense was $23.9 million, $17.1 million and $15.7 million, or, as a percentage of revenue, .7%, .5% and .5% for the years ended December 31, 2008, 2007 and 2006, respectively. The increase in such expenses in aggregate dollars in 2008 versus the comparable 2007 and 2006 periods is primarily due to an increase in asset retirement obligations associated with our acquisition of Allied. The asset retirement obligations acquired from Allied are recorded using a discount rate of 9.75%, which is higher than the credit-adjusted, risk-free rate we have used historically to record such obligations. Our accretion expense in 2009 will reflect the increase in asset retirement obligations recorded in the acquisition of Allied and the impact of using a higher overall average discount rate for recording these liabilities.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $434.7 million, $313.7 million and $315.0 million, or, as a percentage of revenue, 11.8%, 9.9% and 10.3%, for the years ended December 31, 2008, 2007 and 2006, respectively.

The increase in such expenses both in aggregate dollars and as a percentage of revenue for the year ended December 31, 2008 versus the comparable 2007 period is primarily due to $14.2 million of bad debt expense related to conforming Allied's methodology for recording the allowance for doubtful accounts on accounts receivable with ours and $5.4 million to provide for specific bankruptcy exposures. This increase is also due to $24.3 million of settlement charges related to our estimates of the outcome of various legal matters.

Excluding these costs, selling, general and administrative expenses for the year ended December 31, 2008 would have been $390.8 million, or 10.6% as a percentage of revenue. The increase in selling,

general and administrative expenses (excluding the costs mentioned above) in aggregate dollars during 2008 versus the comparable 2007 period is primarily due to our merger with Allied. The increase in such expenses as a percentage of revenue for 2008 versus the comparable 2007 period is primarily due to our merger with Allied and a $4.3 million reduction in our allowance for doubtful accounts which we recorded during the year ended December 31, 2007 as a result of refining our estimate for our allowance based on our historical collection experience.

The increase in such expenses in aggregate dollars for the year ended December 31, 2007 versus the comparable 2006 period is primarily due to the expansion of our business. The decrease in such expenses as a percentage of revenue for 2007 versus 2006 is primarily due to a reduction in incentive compensation costs and the $4.3 million reduction to our allowance for doubtful accounts recorded during 2007.

Upon the completion of the integration of Allied, our goal is to maintain our selling, general and administrative costs at no more than 10.0% of revenue, which we believe is appropriate given our existing business platform.

Asset Impairments. During the year ended December 31, 2008, we recorded a $75.9 million charge related to the impairment of our Countywide facility. This impairment relates to the anticipated loss of permitted airspace associated with complying with F&Os issued by the OEPA and the AOC issued by the EPA based upon recent negotiations with the OEPA and the EPA. During the year ended December 31, 2008, we recorded a loss of $6.1 million for expected losses on asset divestitures mandated by the DOJ. Also during the year ended December 31, 2008, we recorded $7.8 million of other impairment charges, consisting primarily of charges related to our former corporate headquarters in South Florida.

Restructuring Charges. During the year ended December 31, 2008, we incurred $82.7 million of restructuring charges associated with integrating our operations with Allied. These charges primarily consist of severance and other employee termination and relocation benefits and consulting fees paid to outside parties.

Operating Income. Operating income was $283.2 million, $536.0 million and $519.5 million, or, as a percentage of revenue, 7.7%, 16.9% and 16.9%, for the years ended December 31, 2008, 2007 and 2006, respectively. The reduction in operating income as a percentage of revenue for 2008 versus the comparable 2007 and 2006 periods is primarily due to the remediation, asset impairment and restructuring charges noted above.

Interest Expense. We incurred interest expense primarily on our credit facilities, senior notes and tax-exempt bonds. Interest expense was $131.9 million, $94.8 million and $95.8 million for the years ended December 31, 2008, 2007 and 2006, respectively. The increase in interest expense during the year ended December 31, 2008 versus the comparable 2007 period is primarily due to the additional debt we acquired as a result of our acquisition of Allied. In addition, during December 2008, we incurred approximately $10.1 million of non-cash interest expense. This expense relates primarily to a $624.3 million discount we recorded to fair value the debt we acquired from Allied that is being amortized generally over the term of the related debt. It also relates to accretion expenses associated with discounted environmental and risk insurance reserves.

Capitalized interest was $2.6 million, $3.0 million and $2.7 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Interest Income and Other Income (Expense), Net. Interest income and other income, net of other expense, was $8.0 million, $26.9 million and $20.0 million for the years ended December 31, 2008, 2007 and 2006, respectively. The amount in 2007 is primarily due to a $12.5 million gain related to the sale of our compost, mulch and soil business in Texas.

Income Taxes. Our provision for income taxes was $85.4 million, $177.9 million and $164.1 million for the years ended December 31, 2008, 2007 and 2006, respectively. Our effective income tax rate was 53.6%, 38.0% and 37.0% for the years ended December 31, 2008, 2007 and 2006, respectively. During the year ended December 31, 2008, we incurred several expenses that were not tax deductible as a result of the

merger with Allied. In addition, lower pre-tax earnings contributed to the increase in the effective tax rate. During the year ended December 31, 2007, we recorded a net tax benefit of $4.8 million in our provision for income taxes related to the resolution of various income tax matters, including the effective completion of Internal Revenue Service audits of our consolidated tax returns for fiscal years 2001 through 2004. Income tax expense for the year ended December 31, 2006 includes a $5.1 million benefit related to the resolution of various income tax matters, including the effective completion of Internal Revenue Service audits for the years 1998 through 2000.

Landfill and Environmental Matters

Available Airspace

The following tables reflect landfill airspace activity for active landfills owned or operated by us for the years ended December 31, 2008, 2007 and 2006:

	Balance as of December 31, 2007	Acquisition of Allied	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates(1)	Changes in Design(1)	Balance as of December 31, 2008
Permitted airspace:							
Cubic yards (in millions)	1,537.3	3,061.1	22.5	(42.7)	(18.6)	—	4,559.6
Number of sites	58	157	(2)				213
Probable expansion airspace:							
Cubic yards (in millions)	192.0	214.1	(18.9)		—	(1.0)	386.2
Number of sites	11	15	(3)				23
Total available airspace:							
Cubic yards (in millions)	1,729.3	3,275.2	3.6	(42.7)	(18.6)	(1.0)	4,945.8
Number of sites	58	157	(2)				213

	Balance as of December 31, 2006	New Expansions Undertaken	Landfill Operating Contracts, Net	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates(1)	Changes in Design(1)	Balance as of December 31, 2007
Permitted airspace:								
Cubic yards (in millions)	1,597.2	—	.2	1.2	(40.3)	6.9	(27.9)	1,537.3
Number of sites	59		—	(1)				58
Probable expansion airspace:								
Cubic yards (in millions)	124.6	74.4	—	—		.5	(7.5)	192.0
Number of sites	8	3	—	—				11
Total available airspace:								
Cubic yards (in millions)	1,721.8	74.4	.2	1.2	(40.3)	7.4	(35.4)	1,729.3
Number of sites	59		—	(1)				58

	Balance as of December 31, 2005	Permits Granted, Net of Closures	Airspace Consumed	Changes in Engineering Estimates(1)	Balance as of December 31, 2006
Permitted airspace:					
Cubic yards (in millions)	1,577.7	56.6	(43.5)	6.4	1,597.2
Number of sites	59	—			59
Probable expansion airspace:					
Cubic yards (in millions)	177.7	(52.5)		(.6)	124.6
Number of sites	9	(1)			8
Total available airspace:					
Cubic yards (in millions)	1,755.4	4.1	(43.5)	5.8	1,721.8
Number of sites	59	—			59

(1) Changes in engineering estimates typically include minor modifications to the available disposal capacity of a landfill based on a refinement of the capacity calculations resulting from updated information. Changes in design typically include significant modifications to a landfill's footprint or vertical slopes.

As of December 31, 2008, we owned or operated 213 active solid waste landfills with total available disposal capacity estimated to be 4.9 billion in-place cubic yards. Total available disposal capacity represents the sum of estimated permitted airspace plus an estimate of probable expansion airspace. These estimates are developed at least annually by engineers utilizing information provided by annual aerial surveys. As of December 31, 2008, total available disposal capacity is estimated to be 4.5 billion in-place cubic yards of permitted airspace plus .4 billion in-place cubic yards of probable expansion airspace. Before airspace included in an expansion area is determined to be probable expansion airspace and, therefore, included in our calculation of total available disposal capacity, it must meet all of our expansion criteria. See Note 2, *Summary of Significant Accounting Policies,* and Note 8, *Landfill and Environmental Costs*, to our consolidated financial statements in Item 8 of this Form 10-K for further information.

During 2008, total available airspace increased by a net 3.2 billion cubic yards due the merger with Allied in December, which contributed 157 active landfills representing 3.3 billion cubic yards of permitted and probable expansion airspace to our landfill assets. Excluding the merger with Allied, total available airspace decreased by a net .1 billion cubic yards primarily due to airspace consumed, changes in engineering estimates and changes in design. The decrease during 2008 due to changes in engineering estimates is primarily due to a reduction of remaining airspace at our Countywide facility. During 2007, total available airspace increased by a net 7.5 million cubic yards due to new expansions undertaken, changes in engineering estimates and permits granted, partially offset by airspace consumed and changes in design. In addition, during the year ended December 31, 2007, total available airspace increased as a result of obtaining a new contract to operate a landfill in Texas, which was substantially offset by a reduction resulting from not renewing a contract to operate a small landfill in Texas. Changes in design in 2007 are primarily due to a reduction of estimated remaining available airspace at our Countywide facility. During 2006, total available airspace decreased by 33.6 million cubic yards due to airspace consumption, partially offset by permits granted and changes in engineering estimates.

At December 31, 2005, 10.1% of our total available airspace, or 177.7 million cubic yards, consisted of probable expansion airspace at nine of our landfills. At December 31, 2008, 7.8% of our total available airspace, or 386.2 million cubic yards, consisted of probable expansion airspace at 23 of our landfills. Between December 31, 2005 and December 31, 2008, we received permits for eight of our probable expansions, which demonstrates our continued success in obtaining permits for expansion airspace.

As of December 31, 2008, 23 of our landfills meet all of our criteria for including their probable expansion airspace in their total available disposal capacity, 15 of which were added as a result of our acquisition of Allied. At projected annual volumes, these landfills have an estimated remaining average site life of 32 years, including probable expansion airspace. The average estimated remaining life of all of our landfills is 42 years. We have other expansion opportunities that are not included in our total available airspace because they do not meet all of our criteria for probable expansion airspace.

The following table reflects the estimated operating lives of our active landfill sites based on available disposal capacity using current annual volumes as of December 31, 2008:

	Number of Sites without Expansion Airspace	Number of Sites with Expansion Airspace	Total Sites	Percent of Total
0 to 5 years	19	2	21	9.9%
6 to 10 years	17	2	19	8.9
11 to 20 years	64	6	70	32.9
21 to 40 years	43	8	51	23.9
41+ years	47	5	52	24.4
Total	190	23	213	100.0%

Sites with expansion airspace include two landfills with less than five years of remaining permitted airspace.

Final Capping, Closure and Post-Closure Costs

As of December 31, 2008, accrued final capping, closure and post-closure costs were $1.0 billion, of which $130.6 million is current and $910.0 million is long-term as reflected in our consolidated balance sheets in accrued landfill and environmental costs.

Remediation and Other Charges for Landfill Matters

In December 2008, we recorded a preliminary purchase price allocation of $208.1 million for the environmental liabilities we acquired as part of the acquisition of Allied. These liabilities represent our preliminary estimate of our costs to remediate sites that were previously owned or operated by Allied, or sites at which Allied, or a predecessor company that they had acquired, had been identified as a potentially responsible party. The remediation of these sites is in various stages of completion from having received an initial notice from a regulatory agency and commencing investigation to being in the final stages of postremedial monitoring. See Note 2, *Summary of Significant Accounting Policies — Environmental Remediation Liabilities*, to our consolidated financial statements in Item 8 of this Form 10-K for further information.

During 2007, we recorded pre-tax charges of $45.3 million related to estimated costs to comply with F&Os issued by the OEPA in response to environmental conditions at Countywide and to undertake certain other remedial actions that we agreed with the OEPA to perform, including, without limitation, installing a “fire” break and removing liquids from gas extraction wells. We also recorded $3.3 million of additional depletion and amortization expense during the year ended December 31, 2007 associated with a reduction of estimated remaining available airspace at this landfill as a result of the OEPA’s F&Os.

During 2008, Republic-Ohio, an Ohio limited liability company and wholly owned subsidiary of ours and parent of Countywide, entered into an AOC with the EPA requiring the reimbursement of costs incurred by the EPA and requiring Republic-Ohio to (a) design and install a temperature and gas monitoring system, (b) design and install a composite cap or cover, and (c) develop and implement an air monitoring program. The AOC became effective on April 17, 2008 and Republic-Ohio is complying with the terms of the AOC. We received additional orders from the OEPA in 2008. Based upon current information and engineering analyses and discussions with the OEPA and EPA subsequent to the signing of the above-mentioned agreement, we recorded an additional pre-tax charge for remediation costs of $98.0 million during 2008. These costs include placing an enhanced cap (in excess of Countywide’s current permit requirements) over certain portions of the landfill.

We have requested relief with respect to certain requirements of the orders received from the OEPA as we believe the requirements should no longer be considered essential in light of the work we have now agreed with the EPA to perform.

While we are vigorously pursuing financial contributions from third parties for our costs to comply with the F&Os and the additional remedial actions, we have not recorded any receivables for potential recoveries.

In addition, during 2008 we recorded an impairment charge of $75.9 million related to a reduction in our estimated remaining airspace at Countywide.

During 2007, we recorded a pre-tax charge of $9.6 million associated with an increase in estimated leachate disposal costs and costs to upgrade onsite equipment that captures and treats leachate at our closed disposal facility in Contra Costa County, California. These additional costs are attributable to a consent agreement with the California Department of Toxic Substance Control. During 2008, we recorded an additional pre-tax charge of $21.9 million for increases in our estimated leachate disposal costs and leachate treatment equipment costs at this facility.

On August 1, 2008, Republic Services of Southern Nevada (RSSN), a wholly owned subsidiary of ours, signed a Consent Decree and Settlement Agreement (Consent Decree) with the EPA, the Bureau of Land Management and Clark County, Nevada related to the Sunrise Landfill. Under the Consent Decree, RSSN has agreed to perform certain remedial actions at the Sunrise Landfill for which RSSN and Clark County

were otherwise jointly and severally liable. As a result, we recorded, based on management's best estimates, a pre-tax charge of $35.0 million during 2008, of which $34.0 million was recorded for remediation costs associated with complying with the Consent Decree. RSSN is currently working with the Clark County Staff and Board of Commissioners to develop a mechanism to fund the costs to comply with the Consent Decree. However, we have not recorded any potential recoveries. The majority of this remediation liability is expected to be paid during 2009 and 2010.

It is reasonably possible that we will need to adjust the charges noted above to reflect the effects of new or additional information, to the extent that such information impacts the costs, timing or duration of the required actions. Future changes in our estimates of the costs, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

No other significant amounts were charged to income for remediation costs during the years ended December 31, 2008, 2007 and 2006.

We accrue costs related to environmental remediation activities through a charge to income in the period such liabilities become probable and can be reasonably estimated. We accrue costs related to environmental remediation activities associated with acquisitions of properties through business combinations as a charge to cost in excess of fair value of net assets acquired or landfill purchase price allocated to airspace, as appropriate.

Investment in Landfills

The following tables reflect changes in our investment in landfills for the years ended December 31, 2008, 2007 and 2006 and the future expected investment as of December 31, 2008 (in millions):

	Balance as of December 31, 2007	Capital Additions	Acquisition of Allied	Non-Cash Additions for Asset Retirement Obligations	SFAS 143 Adjustments	Additions Charged to Expense	Transfers and Other Adjustments	Impairments and Transfers to Held for Sale	Balance as of December 31, 2008
Non-depletable landfill land	$ 52.7	$ .2	$ 115.7	$ —	$ —	$ —	$ .7	$ —	$ 169.3
Landfill development costs	1,809.1	3.6	2,610.8	20.5	(33.2)	—	74.8	(359.3)	4,126.3
Construction-in-progress – landfill	66.4	105.1	.3	—	—	—	(74.0)	(21.6)	76.2
Accumulated depletion and amortization	(1,039.5)	—	(1.2)	—	0.6	(119.1)	—	155.0	(1,004.2)
Net investment in landfill land and development costs	$ 888.7	$ 108.9	$ 2,725.6	$ 20.5	$ (32.6)	$ (119.1)	$ 1.5	$ (225.9)	$ 3,367.6

	Balance as of December 31, 2008	Expected Future Investment	Total Expected Investment
Non-depletable landfill land	$ 169.3	$ —	$ 169.3
Landfill development costs	4,126.3	6,137.3	10,263.6
Construction-in-progress – landfill	76.2	—	76.2
Accumulated depletion and amortization	(1,004.2)	—	(1,004.2)
Net investment in landfill land and development costs	$ 3,367.6	$ 6,137.3	$ 9,504.9

	Balance as of December 31, 2006	Capital Additions	Retirements	Landfill Operating Contracts	Non-Cash Additions for Asset Retirement Obligations	SFAS 143 Adjustments	Additions Charged to Expense	Transfers and Other Adjustments	Balance as of December 31, 2007
Non-depletable landfill land	$ 52.7	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 52.7
Landfill development costs	1,710.6	.9	(2.5)	2.5	19.5	(.7)	—	78.8	1,809.1
Construction-in-progress – landfill	61.1	95.9	—	—	—	—	—	(90.6)	66.4
Accumulated depletion and amortization	(930.6)	—	2.3	—	—	(1.1)	(110.1)	—	(1,039.5)
Net investment in landfill land and development costs	$ 893.8	$ 96.8	$ (.2)	$ 2.5	$ 19.5	$ (1.8)	$ (110.1)	$ (11.8)	$ 888.7

	Balance as of December 31, 2005	Capital Additions	Retirements	Non-Cash Additions for Asset Retirement Obligations	SFAS 143 Adjustments	Additions Charged to Expense	Transfers and Other Adjustments	Balance as of December 31, 2006
Non-depletable landfill land	$ 51.6	$ 1.1	$ —	$ —	$ —	$ —	$ —	$ 52.7
Landfill development costs	1,618.4	1.6	(7.0)	22.8	(10.3)	—	85.1	1,710.6
Construction-in-progress – landfill	55.8	90.1	—	—	—	—	(84.8)	61.1
Accumulated depletion and amortization	(829.3)	—	7.0	—	.3	(108.1)	(.5)	(930.6)
Net investment in landfill land and development costs	$ 896.5	$ 92.8	$ —	$ 22.8	$ (10.0)	$ (108.1)	$ (.2)	$ 893.8

The following table reflects our net investment in our landfills, excluding non-depletable land, and our depletion, amortization and accretion expense for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
Number of landfills owned or operated	213	58	59
Net investment, excluding non-depletable land (in millions)	$ 3,198.3	$ 836.0	$ 841.1
Total estimated available disposal capacity (in millions of cubic yards)	4,945.8	1,729.3	1,721.8
Net investment per cubic yard	$ .65	$ .48	$ .49
Landfill depletion and amortization expense (in millions)	$ 119.7	$ 110.1	$ 108.1
Accretion expense (in millions)	23.9	17.1	15.7
	143.6	127.2	123.8
Airspace consumed (in millions of cubic yards)	42.7	40.3	43.5
Depletion, amortization and accretion expense per cubic yard of airspace consumed	$ 3.36	$ 3.16	$ 2.85

The increase in the investment in our landfills, both in aggregate dollars and as an investment per cubic yard, is primarily due to the acquisition of Allied in December 2008. Landfill development cost in the above table include $2.6 billion of purchase price for the acquisition that has been allocated to the permitted and probable expansion airspace acquired based on its fair value as of the date of the acquisition. The increase in depletion, amortization and accretion expense from 2007 to 2008 is primarily due to $5.8 million of accretion expense associated with capping, closure and post-closure liabilities acquired from Allied. The asset retirement obligations acquired from Allied are recorded using a discount rate of 9.75%, which is higher than the rate we have historically used. See Note 2, *Summary of Significant Accounting Policies,* regarding SFAS 143 adjustments.

The increase in depletion, amortization and accretion expense per cubic yard of airspace consumed from 2006 to 2007 is partially due to an increase of $3.3 million in landfill amortization expense that we recorded during the year ended December 31, 2007 related to reviews of landfill asset retirement obligations at our landfills. This increase is also partially due to $3.3 million of additional depletion and amortization expense we recorded during the year ended December 31, 2007 associated with a reduction of estimated remaining available airspace at our Countywide facility.

During the years ended December 31, 2008, 2007 and 2006, our weighted-average compaction rate was approximately 1,650 pounds per cubic yard based on our three-year historical moving average. Our compaction rates may improve as a result of the settlement and decomposition of waste.

As of December 31, 2008, we expect to spend an estimated additional $6.1 billion on existing landfills, primarily related to cell construction and environmental structures, over their expected remaining lives. Our total expected investment, excluding non-depletable land, estimated to be $9.3 billion, or $1.89 per cubic yard, is used in determining our depletion and amortization expense based on airspace consumed using the units-of-consumption method.

Selected Balance Sheet Accounts

The following tables reflect the activity in our allowance for doubtful accounts, final capping, closure, post-closure liabilities, environmental remediation liabilities, and accrued self-insurance during the years ended December 31, 2008, 2007 and 2006 (in millions):

	Allowance for Doubtful Accounts	Final Capping, Closure and Post-Closure	Remediation	Self-Insurance
Balance, December 31, 2007	$ 14.7	$ 277.7	$ 67.5	$ 178.0
Non-cash asset additions	—	20.5	—	—
Acquisition of Allied	27.2	813.1	208.1	184.1
SFAS 143 adjustments	—	(32.6)	—	—
Accretion expense	—	23.9	1.7	1.1
Other additions charged to expense	36.5	—	155.9	203.0
Transfers to assets held for sale	—	(34.1)	—	—
Payments or usage	(12.7)	(27.9)	(43.3)	(180.9)
Balance, December 31, 2008	65.7	1,040.6	389.9	385.3
Less: Current portion	(65.7)	(130.6)	(102.8)	(173.6)
Long-term portion	$ —	$ 910.0	$ 287.1	$ 211.7

	Allowance for Doubtful Accounts	Final Capping, Closure and Post-Closure	Remediation	Self-Insurance
Balance, December 31, 2006	$ 18.8	$ 257.6	$ 45.1	$ 157.7
Non-cash asset additions	—	19.5	—	—
SFAS 143 adjustments	—	(1.8)	—	—
Accretion expense	—	17.1	—	—
Other additions charged to expense, net of adjustments	3.9	—	51.4	188.2
Divestitures	(.2)	—	—	—
Payments or usage	(7.8)	(14.7)	(29.0)	(167.9)
Balance, December 31, 2007	14.7	277.7	67.5	178.0
Less: Current portion	(14.7)	(32.6)	(33.4)	(59.5)
Long-term portion	$ —	$ 245.1	$ 34.1	$ 118.5

	Allowance for Doubtful Accounts	Final Capping, Closure and Post-Closure	Remediation	Self-Insurance
Balance, December 31, 2005	$ 17.3	$ 239.5	$ 50.3	$ 158.6
Non-cash asset additions	—	22.8	—	—
SFAS 143 adjustments	—	(10.0)	—	—
Accretion expense	—	15.7	—	—
Other additions charged to expense	8.4	—	8.5	164.4
Payments or usage	(6.9)	(10.4)	(13.7)	(165.3)
Balance, December 31, 2006	18.8	257.6	45.1	157.7
Less: Current portion	(18.8)	(29.0)	(13.0)	(50.7)
Long-term portion	$ —	$ 228.6	$ 32.1	$ 107.0

Our expense related to doubtful accounts as a percentage of revenue for 2008, 2007 and 2006 was 1.0%, .1% and .3%, respectively. The increase in the allowance for doubtful accounts during the year ended December 31, 2008 versus the comparable 2007 period is primarily due to the following: $27.2 million related to the acquisition of Allied, $14.2 million to adjust the allowance for doubtful accounts acquired from

Allied to conform to Republic's accounting policies and $5.4 million related to providing for specific bankruptcy exposures. The reduction in the allowance for doubtful accounts during the year ended December 31, 2007 versus the comparable 2006 period is due to an adjustment we recorded in 2007 of $4.3 million as a result of refining our estimate for our allowance based on our historical collection experience. As of December 31, 2008, accounts receivable were $945.5 million, net of allowance for doubtful accounts of $65.7 million, resulting in days sales outstanding of 40, or 25 days net of deferred revenue. At December 31, 2008, our accounts receivable in excess of 90 days old totaled $59.4 million, or 5.9% of gross receivables outstanding.

Our expense for self-insurance, which includes risk insurance and health insurance for all of our employees, as a percentage of revenue for 2008, 2007 and 2006 was 5.5%, 5.9% and 5.4%, respectively. The decrease in self-insurance expense as a percentage of revenue for the year ended 2008 versus the comparable 2007 period is primarily due to lower health insurance costs. The increase in self-insurance expense as a percentage of revenue for the year ended December 31, 2007 versus the comparable 2006 period is primarily due to an increase in the severity of our automobile insurance claims.

Property and Equipment

The following tables reflect the activity in our property and equipment accounts for the years ended December 31, 2008, 2007 and 2006 (in millions):

	Gross Property and Equipment								
	Balance as of December 31, 2007	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-Cash Additions for Asset Retirement Obligations	SFAS 143 Adjustments	Transfers and Other Adjustments	Impairments and Transfers to Held for Sale	Balance as of December 31, 2008
Other land	$ 105.7	$ 1.4	$ (.1)	$ 358.5	$ —	$ —	$ (.7)	$ (.4)	$ 464.4
Non-depletable landfill land	52.7	.2	—	115.7	—	—	.7	—	169.3
Landfill development costs	1,809.1	3.6	—	2,610.8	20.5	(33.2)	74.8	(359.3)	4,126.3
Vehicles and equipment	1,965.1	232.8	(87.8)	1,380.4	—	—	2.8	(61.0)	3,432.3
Buildings and improvements	346.7	5.0	(7.5)	379.9	—	—	19.9	(38.0)	706.0
Construction-in-progress - landfill	66.4	105.1	—	.3	—	—	(74.0)	(21.6)	76.2
Construction-in-progress - other	11.8	23.9	—	14.2	—	—	(23.5)	(.1)	26.3
Total	$ 4,357.5	$ 372.0	$ (95.4)	$ 4,859.8	$ 20.5	$ (33.2)	$ —	$ (480.4)	$ 9,000.8

	Accumulated Depreciation, Amortization and Depletion						
	Balance as of December 31, 2007	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	SFAS 143 Adjustments	Impairments and Transfers to Held for Sale	Balance as of December 31, 2008
Landfill development costs	$ (1,039.5)	$ (119.1)	$ —	$ (1.2)	$ .6	$ 155.0	$ (1,004.2)
Vehicle and equipment	(1,052.7)	(208.3)	87.5	2.9	—	23.3	(1,147.3)
Buildings and improvements	(101.0)	(15.0)	1.0	—	—	3.9	(111.1)
Total	$ (2,193.2)	$ (342.4)	$ 88.5	$ 1.7	$ .6	$ 182.2	$ (2,262.6)

	Gross Property and Equipment							
	Balance as of December 31, 2006	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-Cash Additions for Asset Retirement Obligations	SFAS 143 Adjustments	Transfers and Other Adjustments	Balance as of December 31, 2007
Other land	$ 105.9	$ 1.4	$ (.3)	$ (3.1)	$ —	$ —	$ 1.8	$ 105.7
Non-depletable landfill land	52.7	—	—	—	—	—	—	52.7
Landfill development costs	1,710.6	.9	(2.5)	2.5	19.5	(.7)	78.8	1,809.1
Vehicles and equipment	1,886.8	173.4	(77.8)	(22.1)	—	—	4.8	1,965.1
Buildings and improvements	319.1	2.6	(.1)	(2.5)	—	—	27.6	346.7
Construction-in-progress – landfill	61.1	95.9	—	—	—	—	(90.6)	66.4
Construction-in-progress – other	12.3	21.9	—	—	—	—	(22.4)	11.8
Total	$ 4,148.5	$ 296.1	$ (80.7)	$ (25.2)	$ 19.5	$ (.7)	$ —	$ 4,357.5

	Accumulated Depreciation, Amortization and Depletion						
	Balance as of December 31, 2006	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	SFAS 143 Adjustments	Transfers and Other Adjustments	Balance as of December 31, 2007
Landfill development costs	$ (930.6)	$ (110.1)	$ 2.3	$ —	$ (1.1)	$ —	$ (1,039.5)
Vehicle and equipment	(963.5)	(176.7)	72.1	15.7	—	(.3)	(1,052.7)
Buildings and improvements	(90.6)	(12.2)	.2	1.6	—	—	(101.0)
Total	$ (1,984.7)	$ (299.0)	$ 74.6	$ 17.3	$ (1.1)	$ (.3)	$ (2,193.2)

	Gross Property and Equipment							
	Balance as of December 31, 2005	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-Cash Additions for Asset Retirement Obligations	SFAS 143 Adjustments	Transfers and Other Adjustments	Balance as of December 31, 2006
Other land	$ 100.9	$ 5.9	$ (1.3)	$ .4	$ —	$ —	$ —	$ 105.9
Non-depletable landfill land	51.6	1.1	—	—	—	—	—	52.7
Landfill development costs	1,618.4	1.6	(7.0)	—	22.8	(10.3)	85.1	1,710.6
Vehicles and equipment	1,746.8	216.7	(79.3)	(2.7)	—	—	5.3	1,886.8
Buildings and improvements	298.7	4.3	(2.1)	—	—	—	18.2	319.1
Construction-in-progress – landfill	55.8	90.1	—	—	—	—	(84.8)	61.1
Construction-in-progress – other	18.0	17.9	—	(.3)	—	—	(23.3)	12.3
Total	$ 3,890.2	$ 337.6	$ (89.7)	$ (2.6)	$ 22.8	$ (10.3)	$ .5	$ 4,148.5

	Accumulated Depreciation, Amortization and Depletion						
	Balance as of December 31, 2005	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	SFAS 143 Adjustments	Transfers and Other Adjustments	Balance as of December 31, 2006
Landfill development costs	$ (829.3)	$ (108.1)	$ 7.0	$ —	$ .3	$ (.5)	$ (930.6)
Vehicle and equipment	(865.3)	(169.2)	67.3	3.7	—	—	(963.5)
Buildings and improvements	(80.3)	(11.7)	1.1	.3	—	—	(90.6)
Total	$ (1,774.9)	$ (289.0)	$ 75.4	$ 4.0	$ .3	$ (.5)	$ (1,984.7)

Liquidity and Capital Resources

The major components of changes in cash flows for the years ended December 31, 2008, 2007 and 2006 are discussed below.

Cash Flows From Operating Activities. Cash provided by operating activities was $512.2 million, $661.3 million and $511.2 million for the years ended December 31, 2008, 2007 and 2006, respectively. The changes in cash provided by operating activities during the periods are primarily due to the expansion of our business, the timing of payments received for accounts receivable, and the timing of payments made for accounts payable and federal income taxes. Cash flow for the year ended

December 31, 2008, was negatively impacted by $132.3 million of payments made to the IRS for interest and taxes related to the risk management companies matter discussed in Item 3. *Legal Proceed*ings. This payment was accrued by Allied and in our purchase accounting for the acquisition, and paid in December 2008 to stop further accrual of interest and taxes on this matter. Additionally, during the year ended December 31, 2006, we paid approximately $83.0 million in income taxes related to fiscal 2005. This tax payment had been deferred as a result of an IRS notice issued in response to Hurricane Katrina.

We use cash flows from operations to fund capital expenditures, acquisitions, dividend payments and debt repayments.

Cash Flows Used In Investing Activities. Cash used in investing activities was $934.7 million, $260.3 million and $204.5 million for the years ended December 31, 2008, 2007 and 2006, respectively. Cash used in investing activities consists primarily of cash used for capital additions for all periods presented, cash paid, net of cash acquired, of $540.4 million related to the acquisition of Allied in 2008, cash provided by the disposition of our compost, mulch and soil business in Texas in 2007, and cash provided by a decrease in restricted cash in 2006. Capital additions were $386.9 million, $292.5 million and $326.7 million during the years ended December 31, 2008, 2007 and 2006, respectively. Cash used to acquire businesses, net of cash acquired, was $553.8 million, $4.4 million and $4.9 million during the years ended December 31, 2008, 2007 and 2006, respectively.

We intend to finance capital expenditures and acquisitions through cash on hand, restricted cash held for capital expenditures, cash flows from operations, our revolving credit facilities, and tax-exempt bonds and other financings. We expect to use primarily cash for future business acquisitions.

Cash Flows Provided By (Used In) Financing Activities. Cash provided by financing activities was $469.4 million for the year ended December 31, 2008 and cash used in financing activities was $408.3 million and $409.4 million for the years ended December 31, 2007 and 2006, respectively, and consists primarily of purchases of common stock for treasury, proceeds from and payments of notes payable and long-term debt, proceeds from issuances of common stock due to stock option exercises and payments of cash dividends. Purchases of common stock for treasury were $138.4 million, $362.8 million and $492.0 million during 2008, 2007 and 2006, respectively. Dividends paid were $128.3 million, $93.9 million and $78.5 million during 2008, 2007 and 2006, respectively.

From 2000 through 2008, our Board of Directors authorized the repurchase of up to $2.6 billion of our common stock. As of December 31, 2008, we paid $2.3 billion to repurchase 82.6 million shares of our common stock, of which $138.4 million was paid during 2008 to repurchase 4.6 million shares of our common stock. The stock repurchase program was suspended in the second quarter of 2008 due to the pending merger with Allied. We expect that the share repurchase program will continue to be suspended until at least 2011.

We used cash on hand, cash flows from operations and proceeds from issuances of tax-exempt bonds to fund capital expenditures, repay debt and fund acquisitions. We intend to use the proceeds from asset divestitures in 2008 to repay debt. We intend to finance future dividend payments through cash on hand, cash flows from operations, our revolving credit facilities and other financings.

Financial Condition

At December 31, 2008, we had $68.7 million of cash and cash equivalents. We also had $281.9 million of restricted cash deposits, including $133.5 million of restricted cash held for capital expenditures under certain debt facilities.

In conjunction with the merger with Allied, we entered into a $1.75 billion revolving credit facility with a group of banks in September 2008. The credit facility matures in September 2013. It was used initially at the time of the merger to refinance borrowings and letters of credit under Allied's senior credit facility, to pay fees and expenses in connection therewith, and to pay fees and expenses incurred in connection with the merger. Since the merger, borrowings under the new credit facility are being used for working capital,

capital expenditures, letters of credit and other general corporate purposes. Borrowings under the $1.75 billion credit facility bear interest at a Base Rate, or a Eurodollar Rate, both terms defined in the agreements, plus an applicable margin based on our Debt Ratings, also a term defined in the agreements (see Note 9, *Debt*, to our consolidated financial statements included in Item 8 of this Form 10-K). At December 31, 2008, we had $168.9 million available under the $1.75 billion credit facility.

In April 2007, we increased our unsecured revolving credit facility to $1.0 billion and extended the term to 2012. In September 2008, we amended the $1.0 billion credit facility to conform certain terms of the facility to be consistent with the new $1.75 billion revolving credit facility. We did not change the maturity date of the credit facility. Borrowings under the $1.0 billion credit facility bear interest at a Base Rate, or a Eurodollar Rate, both terms defined in the agreements, plus an applicable margin based on our Debt Ratings, also a term defined in the agreements. At December 31, 2008, we had $229.6 million available under the $1.0 billion credit facility.

In May 1999, we sold $375.0 million of unsecured notes in the public market. These notes bear interest at 7.125% per annum and mature in 2009. Interest on these notes is payable semi-annually in May and November. The notes were offered at a discount of $.5 million. In March 2005, we exchanged $275.7 million of our outstanding 7.125% notes due 2009 for new notes due 2035. The new notes bear interest at 6.086%. We paid a premium of $27.6 million related to the exchange. This premium is being amortized over the life of the new notes using the effective yield method.

In August 2001, we sold $450.0 million of unsecured notes in the public market. The notes bear interest at 6.75% and mature in 2011. Interest on these notes is payable semi-annually in February and August. The notes were offered at a discount of $2.6 million.

As part of our acquisition of Allied in December 2008, we acquired Allied's then outstanding senior notes totaling $4.25 billion, with interest rates ranging from 5.75% to 7.875% and maturity dates ranging from 2010 to 2017, $99.5 million and $360.0 million of Allied's debentures with interest rates of 9.25% and 7.40% and maturity dates of 2021 and 2035, respectively, and $230.0 million of Allied's 4.25% convertible debentures due 2034.

We also acquired $400.0 million of receivables secured loans, which bear interest at a market based interest rate plus a margin as defined in the agreement. We intend to renew the accounts receivable securitization program when it matures in May 2009; however, if we are unable to renew this facility at favorable terms, we will refinance any then outstanding amounts with our existing credit facilities.

In addition, we acquired $527.0 million of tax-exempt bonds with interest rates ranging from 5.15% to 11.50% and maturity dates ranging from 2010 to 2031, and other debt of $106.7 million.

The total fair value of the debt acquired in the acquisition was $5.4 billion as of the effective date of the merger. See Note 9, *Debt* to our consolidated financial statements under Item 8 of this Form 10-K for further information regarding the debt acquired from Allied.

In order to manage risk associated with fluctuations in interest rates, we have entered into interest rate swap agreements with investment grade-rated financial institutions. Our outstanding swap agreements have a total notional value of $210.0 million and require us to pay interest at floating rates based on changes in LIBOR and receive interest at a fixed rate of 6.75%. Our swap agreements mature in August 2011.

At December 31, 2008, we had $1.3 billion of tax-exempt bonds and other tax-exempt financings outstanding of which $527.0 million were acquired in the acquisition of Allied in 2008 and $207.4 million were issued during 2008 for Republic projects. Borrowings under these bonds and other financings bear interest based on fixed or floating interest rates at the prevailing market ranging from 3.25% to 11.50% at December 31, 2008 and have maturities ranging from 2010 to 2037. As of December 31, 2008, we had $133.5 million of restricted cash related to proceeds from tax-exempt bonds and other tax-exempt financings. This restricted cash will be used to reimburse capital expenditures under the terms of the agreements.

We intend to use excess cash on hand, cash from operating activities and proceeds from the asset divestitures to repay debt. We believe that our excess cash, cash from operating activities and proceeds from our revolving credit facilities provide us with sufficient financial resources to meet our anticipated capital requirements and obligations as they come due. Despite the current economic conditions, we believe that we will be able to raise additional debt or equity financing, if necessary.

Credit Rating

We have received investment grade credit ratings. As of December 31, 2008, our senior debt was rated BBB, Baa3, and BBB- by Standard & Poor's Rating Services, Inc., Moody's Investors Service, Inc. and Fitch, Inc., respectively.

Fuel Hedges

We use derivative instruments designated as cash flow hedges to manage our exposure to changes in diesel fuel prices and other commodity prices. We have entered into multiple option agreements related to forecasted diesel fuel purchases and other commodity prices. Under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), the options qualified for, and were designated as, effective hedges of changes in the prices of forecasted diesel fuel purchases (fuel hedges).

We have the following fuel hedges outstanding at December 31, 2008:

Inception Date	Commencement Date	Termination Date	Notional Amount (in Gallons per Month)	Contract Price per Gallon
September 22, 2008	January 1, 2009	December 31, 2011	150,000	$4.1600-4.1700
March 17, 2008	January 5, 2009	December 31, 2012	50,000	3.7200
March 17, 2008	January 5, 2009	December 31, 2012	50,000	3.7400
November 5, 2007	January 5, 2009	December 30, 2013	60,000	3.2815
January 26, 2007	January 5, 2009	December 28, 2009	500,000	2.8270
January 26, 2007	January 4, 2010	December 27, 2010	500,000	2.8100

If the national U.S. on-highway average price for a gallon of diesel fuel (average price) as published by the Department of Energy exceeds the contract price per gallon, we receive the difference between the average price and the contract price (multiplied by the notional gallons) from the counter-party. If the national U.S. on-highway average price for a gallon of diesel fuel is less than the contract price per gallon, we pay the difference to the counter-party.

The fair values of our fuel hedges are obtained from third-party counter-parties and are determined using standard option valuation models with assumptions about commodity prices being based on those observed in underlying markets (Level 2 in the fair value hierarchy). The aggregated fair values of the outstanding fuel hedges at December 31, 2008 and 2007 were $11.7 million and $11.4 million, respectively, and have been recorded in other current liabilities and other current assets in our consolidated balance sheets, respectively.

In accordance with SFAS 133, the effective portions of the changes in fair values as of December 31, 2008 and December 31, 2007, net of tax, of $7.1 million and $6.9 million, respectively, have been recorded in stockholders' equity as components of accumulated other comprehensive income. The ineffective portions of the changes in fair values as of December 31, 2008, 2007 and 2006 were immaterial and have been recorded in other income (expense), net in our consolidated statements of income. Realized gains of $5.9 million and realized losses of $1.6 million and $1.3 million related to these fuel hedges are included in cost of operations in our consolidated statements of income for the years ended December 31, 2008, 2007 and 2006, respectively.

Commodity Hedges

We use derivative instruments designated as cash flow hedges to manage our exposure to changes in prices of certain commodities. We have entered into multiple agreements related to certain forecasted

commodity sales. Under SFAS 133, the options qualified for, and were designated as, effective hedges of changes in the prices of certain forecasted commodity sales (commodity hedges).

We have the following commodity hedges outstanding at December 31, 2008:

Inception Date	Commencement Date	Termination Date	Hedged Transaction	Notional Amount (in Short Tons per Month)	Contract Price per Short Ton
May 16, 2008	January 1, 2009	December 31, 2010	Old Corrugated Cardboard	1,000	$105.00
May 16, 2008	January 1, 2009	December 31, 2010	Old Newspaper	1,000	102.00
May 16, 2008	January 1, 2009	December 31, 2010	Old Newspaper	1,000	106.00
May 16, 2008	January 1, 2009	December 31, 2010	Old Corrugated Cardboard	1,000	103.00
April 28, 2008	January 1, 2009	December 31, 2010	Old Corrugated Cardboard	1,000	106.00
April 28, 2008	January 1, 2009	December 31, 2010	Old Newspaper	1,000	106.00
April 28, 2008	January 1, 2009	December 31, 2010	Old Corrugated Cardboard	1,000	110.00
April 28, 2008	January 1, 2009	December 31, 2010	Old Newspaper	1,000	103.00

If the price per short ton of the hedging instrument (average price) as reported on the Official Board Market is less than the contract price per short ton, we receive the difference between the average price and the contract price (multiplied by the notional short tons) from the counter-party. If the price of the commodity exceeds the contract price per short ton, we pay the difference to the counter-party.

The fair values of our commodity hedges are obtained from a third-party counter-party and are determined using standard option valuation models with assumptions about commodity prices being based on those observed in underlying markets (Level 2 in the fair value hierarchy). The aggregated fair value of the outstanding commodity hedges at December 31, 2008 was an asset of $8.8 million and has been recorded in other current assets in our consolidated balance sheet. In accordance with SFAS 133, the effective portions of the changes in fair values as of December 31, 2008, net of tax, of $5.3 million have been recorded in stockholders' equity as a component of accumulated other comprehensive income. The ineffective portion of the changes in fair values as of December 31, 2008 was immaterial and has been recorded in other income (expense), net in our consolidated statement of income.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2008 (in millions):

Year Ending December 31,	Operating Leases	Capital Leases[1]	Maturities of Notes Payable and Other Long-Term Debt[2]	Final Capping, Closure and Post-Closure[3]	Remediation	Unconditional Purchase Commitments[4]	Total
2009	$ 44.5	$ 10.3	$ 966.6	$ 130.6	$ 102.8	$ 171.3	$ 1,426.1
2010	36.0	16.2	824.6	86.2	81.1	66.9	1,111.0
2011	29.0	15.3	1,528.0	87.9	46.5	54.7	1,761.4
2012	22.6	40.4	358.0	105.1	35.1	43.9	605.1
2013	20.1	14.7	1,453.9	107.1	30.5	38.8	1,665.1
Thereafter	102.3	290.2	6,966.9	4,491.9	215.6	298.4	12,365.3
Total	$ 254.5	$ 387.1	$ 12,098.0	$ 5,008.8	$ 511.6	$ 674.0	$ 18,934.0

(1) The present value of these obligations is included in our consolidated balance sheets.

(2) Amounts include interest payments at the stated rate for fixed rate debt or at the applicable rate as of December 31, 2008 for variable rate debt.

(3) The estimated remaining final capping, closure and post-closure expenditures presented above are uninflated and undiscounted and reflect the estimated future payments for liabilities incurred and recorded as of December 31, 2008.

(4) Unconditional purchase commitments consist primarily of long-term disposal agreements that require us to dispose of a minimum number of tons at third-party facilities.

In addition to the above, we have unrecognized tax benefits at December 31, 2008 of $611.9 million of which we expect to settle approximately $10.0 million to $20.0 million within the following twelve months. Due to the

uncertainty with respect to the timing of future cash flows associated with the unrecognized tax benefits at December 31, 2008, we are unable to make reasonably reliable estimates of the timing of any cash settlements.

We also have letters of credit of $1.7 billion outstanding under our revolving credit facilities and $.1 billion outstanding under other agreements at December 31, 2008.

Debt covenants. Our revolving credit facilities contain financial covenants. We have the ability to pay dividends and to repurchase common stock provided that we are in compliance with these covenants. At December 31, 2008, we were in compliance with all financial and other covenants under our revolving credit facilities. We were also in compliance with the non-financial covenants of the indentures relating to our senior notes as of December 31, 2008.

On December 10, 2008, we received the requisite consents for a previously announced consent solicitation to amend the supplemental indentures governing certain outstanding debt securities of Allied Waste North America, Inc. (AWNA). The amendment to each supplemental indenture modified the ongoing reporting obligations required of Allied. Under the amended supplemental indentures, the ongoing reporting obligations may be satisfied by Republic.

The collateral that had secured the AWNA senior notes and the BFI debentures equally and ratably with the Allied bank credit facility was released upon the completion of the merger with Allied and the repayment of that facility.

Failure to comply with the financial and other covenants under our revolving credit facilities, as well as the occurrence of certain material adverse events, would constitute defaults and would allow the lenders under the revolving credit facilities to accelerate the maturity of all indebtedness under the related agreements. This could also have an adverse impact on availability of financial assurances. In addition, maturity acceleration on the revolving credit facilities constitutes an event of default under our other debt instruments, including our senior notes and, therefore, our senior notes would also be subject to acceleration of maturity. If such acceleration of maturities were to occur, we would not have sufficient liquidity available to repay the indebtedness. We would likely have to seek an amendment under our revolving credit facilities for relief from the financial covenants or repay the debt with proceeds from the issuance of new debt or equity, or asset sales, if necessary. We may be unable to amend the revolving credit facilities or raise sufficient capital to repay such obligations in the event the maturities are accelerated.

Financial assurance. We are required to provide financial assurance to governmental agencies and a variety of other entities under applicable environmental regulations relating to our landfill operations for capping, closure and post-closure costs, and related to our performance under certain collection, landfill and transfer station contracts. We satisfy these financial assurance requirements by providing surety bonds, letters of credit, insurance policies or trust deposits. The amount of the financial assurance requirements for capping, closure and post-closure costs is determined by applicable state environmental regulations. The financial assurance requirements for capping, closure and post-closure costs may be associated with a portion of the landfill or the entire landfill. Generally, states will require a third-party engineering specialist to determine the estimated capping, closure and post-closure costs that are used to determine the required amount of financial assurance for a landfill. The amount of financial assurance required can, and generally will, differ from the obligation determined and recorded under GAAP. The amount of the financial assurance requirements related to contract performance varies by contract.

Additionally, we are required to provide financial assurance for our insurance program and collateral for certain performance obligations. We do not expect a material increase in financial assurance requirements during 2009, although the mix of financial assurance instruments may change.

These financial instruments are issued in the normal course of business and are not debt of our company. Since we currently have no liability for these financial assurance instruments, they are not reflected in our consolidated balance sheets. However, we record capping, closure and post-closure liabilities and self-insurance liabilities as they are incurred. The underlying obligations of the financial assurance instruments, in excess of those already reflected in our consolidated balance sheets, would be

recorded if it is probable that we would be unable to fulfill our related obligations. We do not expect this to occur.

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than financial assurance instruments and operating leases that are not classified as debt. We do not guarantee any third-party debt.

Free Cash Flow

We define free cash flow, which is not a measure determined in accordance with GAAP, as cash provided by operating activities less purchases of property and equipment, plus proceeds from sales of property and equipment as presented in our consolidated statements of cash flows.

Our free cash flow for the years ended December 31, 2008, 2007 and 2006 is calculated as follows (in millions):

	2008	2007	2006
Cash provided by operating activities	$ 512.2	$ 661.3	$ 511.2
Purchases of property and equipment	(386.9)	(292.5)	(326.7)
Proceeds from sales of property and equipment	8.2	6.1	18.5
Free cash flow	$ 133.5	$ 374.9	$ 203.0

Free cash flow for the year ended December 31, 2008 was negatively impacted by $132.3 million of payments made to the IRS for interest and taxes related to the risk management companies matter discussed in Item 3. *Legal Proceedings*. This payment was accrued by Allied and included in our purchase accounting allocation for the acquisition, and paid in December 2008 to stop further accrual of interest and taxes on this matter.

Free cash flow for the year ended December 31, 2008 was positively impacted due to approximately $32.0 million of federal tax payments being deferred until February 2009 as a result of our merger with Allied.

Free cash flow for the year ended December 31, 2007 was higher than anticipated due to lower than expected purchases of property and equipment, higher deferred income taxes and lower payments for asset retirement obligations.

Free cash flow for the year ended December 31, 2006 was negatively affected by an $83.0 million federal tax payment for 2005 that had been deferred until February 2006 as a result of an IRS notice issued in response to Hurricane Katrina.

Purchases of property and equipment as reflected in our consolidated statements of cash flows and as presented in the free cash flow above represent amounts paid during the period for such expenditures. A reconciliation of property and equipment reflected in the consolidated statements of cash flows to property and equipment received during the period for the years ended December 31, 2008, 2007 and 2006 is as follows (in millions):

	2008	2007	2006
Purchases of property and equipment presented in the consolidated statements of cash flows	$ 386.9	$ 292.5	$ 326.7
Adjustment for property and equipment received during the prior period but paid for in the following period, net	(14.9)	3.2	10.9
Property and equipment received during the current period	$ 372.0	$ 295.7	$ 337.6

The adjustments noted above do not affect either our net change in cash and cash equivalents as reflected in our consolidated statements of cash flows or our free cash flow.

We believe that the presentation of free cash flow provides useful information regarding our recurring cash provided by operating activities after expenditures for property and equipment, net of proceeds from sales of property and equipment. It also demonstrates our ability to execute our financial strategy which includes reinvesting in existing capital assets to ensure a high level of customer service, investing in capital assets to facilitate growth in our customer base and services provided, maintaining our investment grade rating and minimizing debt, paying cash dividends, and maintaining and improving our market position through business optimization. In addition, free cash flow is a key metric used to determine compensation. The presentation of free cash flow has material limitations. Free cash flow does not represent our cash flow available for discretionary expenditures because it excludes certain expenditures that are required or that we have committed to such as debt service requirements and dividend payments. Our definition of free cash flow may not be comparable to similarly titled measures presented by other companies.

Contingencies

For a description of our commitments and contingencies, see Note 10, *Income Taxes,* and Note 16, *Commitments and Contingencies*, to our consolidated financial statements included under Item 8 of this Form 10-K.

Critical Accounting Judgments and Estimates

Our consolidated financial statements have been prepared in accordance with GAAP and necessarily include certain estimates and judgments made by management. The following is a list of accounting policies that we believe are the most critical in understanding our consolidated financial position, results of operations or cash flows and that may require management to make subjective or complex judgments about matters that are inherently uncertain. Such critical accounting policies, estimates and judgments are applicable to all of our operating segments.

We have noted examples of the residual accounting and business risks inherent in the accounting for these areas. Residual accounting and business risks are defined as the inherent risks that we face after the application of our policies and processes that are generally outside of our control or ability to forecast.

Accounting for the Acquisition of Allied

Acquisitions of businesses are accounted for using the purchase method of accounting in accordance with GAAP. The purchase method of accounting requires that the purchase price paid for an acquisition be allocated to the assets and liabilities acquired based on their estimated fair values as of the effective date of the acquisition, with the excess of the purchase price over the net assets acquired being recorded as goodwill. The consolidated financial statements of the acquirer include the operating results of the acquired business from the date of the acquisition, and are not retroactively restated to include the historical position or the results of operations of the acquired business. These estimates are revised during the allocation period when the information necessary to finalize the fair value estimates is received and analyzed, or if information regarding contingencies becomes available to further define and quantify the assets and liabilities acquired.

Republic is in the process of valuing all of the assets and liabilities acquired in our acquisition of Allied. Until we have completed our valuation process, there may be adjustments to our estimates of fair values and the resulting preliminary purchase price allocation reflected in our consolidated financial statements as of and for the year ended December 31, 2008. The significant areas of accounting where estimates of fair values are reflected in our consolidated financial statements include landfills and other property and equipment, other intangible assets, landfill asset retirement obligations, legal and environmental reserves, self-insurance reserves, income taxes, other non-current assets and long-term obligations, and assets held for sale. Our consolidated financial statements also include our estimates of restructuring costs incurred through December 31, 2008, a portion of which will be paid in future periods.

Changes in our estimates of fair values may impact our results of operations in future periods.

Residual risks:

§ The residual risks identified below related to critical accounting judgments and estimates are relevant to the fair value estimation processes for acquisitions. For discussion of other significant residual risks inherent in the accounting for acquisitions, see Item 1A. *Risk Factors*.

Landfill Accounting

Landfill operating costs are treated as period expenses and are not discussed further herein.

Our landfill assets and liabilities fall into the following two categories, each of which requires accounting judgments and estimates:

§ Landfill development costs that are capitalized as an asset.

§ Landfill retirement obligations relating to our capping, closure and post-closure liabilities which result in a corresponding landfill retirement asset.

Landfill Development Costs

We use life-cycle accounting and the units-of-consumption method to recognize landfill development costs over the life of the site. In life-cycle accounting, all costs to acquire and construct a site are capitalized, and charged to expense based on the consumption of cubic yards of available airspace. Obligations associated with final capping, closure and post-closure are also capitalized, and amortized on a units-of-consumption basis as airspace is consumed. Cost and airspace estimates are developed at least annually by engineers.

Site permits. In order to develop, construct and operate a landfill, we are required to obtain permits from various regulatory agencies at the local, state and federal levels. The permitting process requires an initial siting study to determine whether the location is feasible for landfill operations. The initial studies are reviewed by our environmental management group and then submitted to the regulatory agencies for approval. During the development stage we capitalize certain costs that we incur after site selection but prior to the receipt of all required permits if we believe that it is probable that the site will be permitted.

Residual risks:

§ Changes in legislative or regulatory requirements may cause changes to the landfill site permitting process. These changes could make it more difficult and costly to obtain and maintain the landfill permit.

§ Studies performed could be inaccurate, which could result in the denial or revocation of a permit and changes to accounting assumptions. Conditions could exist that were not identified in the study, which may make the location not feasible for a landfill and could result in the denial of a permit. Denial or revocation of a permit could impair the recorded value of the landfill asset.

§ Actions by neighboring parties, private citizen groups or others to oppose our efforts to obtain, maintain or expand permits could result in denial, revocation or suspension of a permit, which could adversely impact the economic viability of the landfill and could impair the recorded value of the landfill. As a result of opposition to our obtaining a permit, improved technical information as a project progresses, or changes in the anticipated economics associated with a project, we may decide to reduce the scope of or abandon a project which could result in an asset impairment.

Technical landfill design. Upon receipt of initial regulatory approval, technical landfill designs are prepared. The technical designs, which include the detailed specifications to develop and construct all components of the landfill, including the types and quantities of materials that will be required, are reviewed by our environmental management group. The technical designs are submitted to the regulatory agencies for approval. Upon approval of the technical designs, the regulatory agencies issue permits to develop and operate the landfill.

Residual risks:

- Changes in legislative or regulatory requirements may require changes in the landfill technical design. These changes could make it more difficult and costly to meet new design standards.
- Technical design requirements, as approved, may need modifications at some future point in time.
- Technical designs could be inaccurate and could result in increased construction costs, difficulty in obtaining a permit or the use of rates to recognize the amortization of landfill development costs and asset retirement obligations that are not appropriate.

Permitted and probable landfill disposal capacity. Included in the technical designs are factors that determine the ultimate disposal capacity of the landfill. These factors include the area over which the landfill will be developed, the depth of excavation, the height of the landfill elevation and the angle of the side-slope construction. The disposal capacity of the landfill is calculated in cubic yards. This measurement of volume is then converted to a disposal capacity expressed in tons based on a site-specific expected density to be achieved over the remaining operating life of the landfill.

Residual risks:

- Estimates of future disposal capacity may change as a result of changes in legislative or regulatory design requirements.
- The density of waste may vary due to variations in operating conditions, including waste compaction practices, site design, climate and the nature of the waste.
- Capacity is defined in cubic yards but waste received is measured in tons. The number of tons per cubic yard varies by type of waste.

Development costs. The types of costs that are detailed in the technical design specifications generally include excavation, natural and synthetic liners, construction of leachate collection systems, installation of methane gas collection systems and monitoring probes, installation of groundwater monitoring wells, construction of leachate management facilities and other costs associated with the development of the site. We review the adequacy of our cost estimates on an annual basis by comparing estimated costs with third-party bids or contractual arrangements, reviewing the changes in year over year cost estimates for reasonableness, and comparing our resulting development cost per acre with prior period costs. These development costs, together with any costs incurred to acquire, design and permit the landfill, including capitalized interest, are recorded to the landfill asset on the balance sheet as incurred.

Residual risk:

- Actual future costs of construction materials and third-party labor could differ from the costs we have estimated because of the impact from general economic conditions on the availability of the required materials and labor. Technical designs could be altered due to unexpected operating conditions, regulatory changes or legislative changes.

Landfill development asset amortization. In order to match the expense related to the landfill asset with the revenue generated by the landfill operations, we amortize the landfill development asset over its operating life on a per-ton basis as waste is accepted at the landfill. The landfill asset is fully amortized at the end of a landfill's operating life. The per-ton rate is calculated by dividing the sum of the landfill development asset net book value plus estimated future development costs (as described above) for the landfill by the landfill's estimated remaining disposal capacity. The expected future development costs are not inflated or discounted, but rather expressed in nominal dollars. This rate is applied to each ton accepted at the landfill to arrive at amortization expense for the period.

Amortization rates are influenced by the original cost basis of the landfill, including acquisition costs, which in turn is determined by geographic location and market values. We secure significant landfill assets through business acquisitions and value them at the time of acquisition based on fair value. Amortization rates are also influenced by site-specific engineering and cost factors.

Residual risk:

- Changes in our future development cost estimates or our disposal capacity will normally result in a change in our amortization rates and will impact amortization expense prospectively. An unexpected significant increase in estimated costs or reduction in disposal capacity could affect the ongoing economic viability of the landfill and result in an asset impairment.

On at least an annual basis, we update the estimates of future development costs and remaining disposal capacity for each landfill. These costs and disposal capacity estimates are reviewed and approved by senior operations management annually. Changes in cost estimates and disposal capacity are reflected prospectively in the landfill amortization rates that are updated annually.

Landfill Asset Retirement Obligations

We have two types of retirement obligations related to landfills: (1) capping and (2) closure and post-closure.

We account for our final capping, closure and post-closure activities in accordance with SFAS 143. Under SFAS 143, obligations associated with final capping activities that occur during the operating life of the landfill are recognized on a units-of-consumption basis as airspace is consumed within each discrete capping event. Obligations related to closure and post-closure activities that occur after the landfill has ceased operations are recognized on a units-of-consumption basis as airspace is consumed throughout the entire life of the landfill. Landfill retirement obligations are capitalized as the related liabilities are recognized and amortized using the units-of-consumption method over the airspace consumed within the capping event or the airspace consumed within the entire landfill, depending on the nature of the obligation. All obligations are initially measured at estimated fair value. Fair value is calculated on a present value basis using an inflation rate and our credit-adjusted, risk-free rate in effect at the time the liabilities were incurred. Future costs for final capping, closure and post-closure are developed at least annually by engineers, and are inflated to future value using estimated future payment dates and inflation rate projections.

Landfill capping. As individual areas within each landfill reach capacity, we are required to cap and close the areas in accordance with the landfill site permit. These requirements are detailed in the technical design of the landfill siting process described above.

Closure and post-closure. Closure costs are costs incurred after a landfill site stops receiving waste, but prior to being certified as closed. After the entire landfill site has reached capacity and is certified closed, we are required to maintain and monitor the site for a post-closure period, which generally extends for 30 years. Costs associated with closure and post-closure requirements generally include maintenance of the site and the monitoring of methane gas collection systems and groundwater systems, and other activities that occur after the site has ceased accepting waste. Costs associated with post-closure monitoring generally include groundwater sampling, analysis and statistical reports, third-party labor associated with gas system operations and maintenance, transportation and disposal of leachate and erosion control costs related to the final cap.

Landfill retirement obligation liabilities and assets. Estimates of the total future costs required to cap, close and monitor the landfill as specified by each landfill permit are updated annually. The estimates include inflation, the specific timing of future cash outflows, and the anticipated waste flow into the capping events. Our cost estimates are inflated to the period of performance using an estimate of inflation, which is updated annually (2.5% in both 2008 and 2007).

The present value of the remaining capping costs for specific capping events and the remaining closure and post-closure costs for the landfill are recorded as incurred on a per-ton basis. These liabilities are incurred as disposal capacity is consumed at the landfill.

Capping, closure and post-closure liabilities are recorded in layers and discounted using our credit-adjusted risk-free rate in effect at the time the obligation is incurred (6.6% in 2008 and 6.5% in 2007).

Retirement obligations are increased each year to reflect the passage of time by accreting the balance at the same credit-adjusted risk-free rate that was used to calculate each layer of the recorded liabilities. This accretion expense is charged to operating expenses. Actual cash expenditures reduce the asset retirement obligation liabilities as they are made.

Corresponding retirement obligation assets are recorded for the same value as the additions to the capping, closure and post-closure liabilities. The retirement obligation assets are amortized to expense on a per-ton basis as disposal capacity is consumed. The per-ton rate is calculated by dividing the sum of each of the recorded retirement obligation asset's net book value and expected future additions to the retirement obligation asset by the remaining disposal capacity. A per-ton rate is determined for each separate capping event based on the disposal capacity relating to that event. Closure and post-closure per-ton rates are based on the total disposal capacity of the landfill.

Residual risks:

- Changes in legislative or regulatory requirements including changes in capping, closure activities or post-closure monitoring activities, types and quantities of materials used, or term of post-closure care could cause changes in our cost estimates.
- Changes in the landfill retirement obligation due to changes in the anticipated waste flow, cost change in airspace compaction estimates or the timing of expenditures for closed landfills and fully incurred but unpaid capping events are recorded in results of operations prospectively. This could result in unanticipated increases or decreases in expense.
- Actual timing of disposal capacity utilization could differ from projected timing, causing differences in timing of when amortization and accretion expense is recognized for capping, closure and post-closure liabilities.
- Changes in inflation rates could impact our actual future costs and our total liabilities.
- Changes in our capital structure or market conditions could result in changes to the credit-adjusted risk-free rate used to discount the liabilities, which could cause changes in future recorded liabilities, assets and expense.
- Amortization rates could change in the future based on the evaluation of new facts and circumstances relating to landfill capping design, post-closure monitoring requirements, or the inflation or discount rate.

On an annual basis, we update our estimates of future capping, closure and post-closure costs and of future disposal capacity for each landfill. Revisions in estimates of our costs or timing of expenditures are recognized immediately as increases or decreases to the capping, closure and post-closure liabilities and the corresponding retirement obligation assets. Changes in the assets result in changes to the amortization rates which are applied prospectively, except for fully incurred capping events and closed landfills, where the changes are recorded immediately in results of operations since the associated disposal capacity has already been consumed.

In connection with the 2008 annual review of our calculations with respect to landfill asset retirement obligations, we made a change in estimate, which is considered to be a change in accounting estimate that is effected by a change in accounting principle as defined by SFAS 154, *Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3* (SFAS 154). This change, which we believe is preferable, was made to better align the estimated amount of waste placed in an area to be capped (which is used to calculate our capping rates) with the physical operation of our landfills. The expected costs related to our capping events did not change and we will continue to use separate rates for each capping event. This change resulted in a $32.6 million decrease in our capping asset retirement obligations and related assets. These assets will be amortized to expense prospectively as a change in estimate, in accordance with SFAS 154. This change in estimate will not have a material impact on our consolidated financial position, results of operations or cash flows.

Permitted and probable disposal capacity. As described previously, disposal capacity is determined by the specifications detailed in the landfill permit. We classify this disposal capacity as permitted. We also include probable expansion disposal capacity in our remaining disposal capacity estimates, thus including additional disposal capacity being sought through means of a permit expansion. Probable expansion disposal capacity has not yet received final approval from the applicable regulatory agencies, but we have determined that certain critical criteria have been met and the successful completion of the expansion is probable. We have developed six criteria that must be met before an expansion area is designated as probable expansion airspace. We believe that satisfying all of these criteria demonstrates a high likelihood that expansion airspace that is incorporated in our landfill costing will be permitted. However, because some of these criteria are judgmental, they may exclude expansion airspace that will eventually be permitted or include expansion airspace that will not be permitted. In either of these scenarios, our amortization, depletion and accretion expense could change significantly. Our internal criteria to classify disposal capacity as probable expansion are as follows:

§ We own or control the land associated with the expansion airspace pursuant to an option agreement;

§ We are committed to supporting the expansion project financially and with appropriate resources;

§ There are no identified fatal flaws or impediments associated with the project, including political impediments;

§ Progress is being made on the project;

§ The expansion is attainable within a reasonable time frame; and

§ We believe it is likely the expansion permit will be received.

After successfully meeting these criteria, the disposal capacity that will result from the planned expansion is included in our remaining disposal capacity estimates. Additionally, for purposes of calculating landfill amortization and capping, closure and post-closure rates, we include the incremental costs to develop, construct, close and monitor the related probable expansion disposal capacity.

Residual risk:

§ We may be unsuccessful in obtaining permits for probable expansion disposal capacity because of the failure to obtain the final local, state or federal permits or due to other unknown reasons. If we are unsuccessful in obtaining permits for probable expansion disposal capacity, or the disposal capacity for which we obtain approvals is less than what was estimated, both our estimated total costs and disposal capacity will be reduced, which generally increases the rates we charge for landfill amortization and capping, closure and post-closure accruals. An unexpected decrease in disposal capacity could also cause an asset impairment.

Environmental Liabilities

We are subject to an array of laws and regulations relating to the protection of the environment. Under current laws and regulations, we may be responsible for environmental remediation at sites that we either own or operate, including sites that we have acquired, or sites where we have (or a company that we have acquired has) delivered waste. Our environmental remediation liabilities primarily include costs associated with remediating groundwater, surface water and soil contamination, as well as controlling and containing methane gas migration and the related legal costs. To estimate our ultimate liability at these sites, we evaluate several factors, including the nature and extent of contamination at each identified site, the required remediation methods, the apportionment of responsibility among the potentially responsible parties and the financial viability of those parties. We accrue for costs associated with environmental remediation obligations when such costs are probable and reasonably estimable. We periodically review the status of all environmental matters and update our estimates of the likelihood of and future expenditures for remediation as necessary. Changes in the liabilities resulting from these reviews are

recorded to operating income in the period in which the change in estimate is made. Adjustments to estimates are reasonably possible in the near term and may result in changes to recorded amounts.

The majority of our environmental remediation liabilities were acquired as part of our acquisition of Allied. We have accounted for the environmental remediation liabilities we acquired from Allied based on estimates of their fair values, and we have discounted these liabilities in accordance with SFAS 141. Prior to our acquisition of Allied, Allied's environmental remediation liabilities were accounted for in accordance with SFAS No. 5, *Accounting for Contingencies* (SFAS 5), and American Institute of Certified Public Accountants Statement of Position 96-1, *Environmental Remediation Liabilities* (SOP 96-1), which require that estimated losses be recorded for loss contingencies if, prior to the issuance of the financial statements, it is probable that liabilities have been incurred and the amounts of the losses can be reasonably estimated. If it is probable that a liability has been incurred, but no estimate of the liability is more likely than any other, a liability is recorded at the lower end of the range. However, amounts recorded under this guidance are generally not considered fair value.

Our process for determining the fair value for the environmental liabilities we acquired includes first identifying the population of sites that we either are or have indications that we may be responsible for the costs of remediation. These sites are then assessed to determine the risks that they are, or may be subject to, that would significantly affect either the cost or timing of remediation activities. We use these risk scenarios to develop estimates of future cash flows based on the risks identified. Generally speaking, sites with a higher risk of significant variability in future cash flows or timing of those cash flows have more risk scenarios identified than sites which we deem to be at a lower risk. We then probability-weight these risk scenarios and discount these liabilities to present value to determine their fair values. Although we have prepared and recorded a preliminary valuation of the environmental liabilities we acquired from Allied, we do not expect to complete our valuation of these liabilities until 2009. After we have finalized this valuation, future changes in these estimates will be recorded in accordance with SFAS 5 and SOP 96-1. Significant adjustments to these reserves may occur in the future.

Our other environmental liabilities are accounted for in accordance with SFAS 5 and SOP 96-1. The recorded liabilities represent our estimate of the most likely outcome of the matters for which we have determined liability is probable. These estimates do not take into account discounts to present value the total estimated costs. We reevaluate these matters as additional information becomes available to ascertain whether the liabilities we have accrued are adequate. We have not reduced the liabilities we have recorded for recoveries from other potentially responsible parties or insurance companies.

Residual risks:

- We cannot determine with precision the ultimate amounts of our environmental remediation liabilities. Our estimates of these liabilities require assumptions about future events that are uncertain. Consequently, our estimates could change substantially as additional information becomes available regarding the nature or extent of contamination, the required remediation methods, the final apportionment of responsibility among the potentially responsible parties identified, the financial viability of those parties, and the actions of governmental agencies or private parties with interests in the matter.
- Actual amounts could differ from the estimated liabilities as a result of changes in estimated future litigation costs to pursue the matter to ultimate resolution.
- An unanticipated environmental liability that arises could result in a material charge to our consolidated statement of income.

Self-Insurance Reserves and Related Costs

Our insurance programs for workers' compensation, general liability, vehicle liability and employee-related health care benefits are effectively self-insured. Accruals for self-insurance reserves are based on claims filed and estimates of claims incurred but not reported. We maintain high deductibles for commercial

general liability, automobile liability and workers' compensation coverages, ranging from $1.0 million to $3.0 million.

Residual risks:

- Incident rates, including frequency and severity, and other actuarial assumptions could change causing our current and future actuarially determined obligations to change, which would be adjusted to our consolidated statement of income in the period in which such adjustment is known.
- It is possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in the consolidated statements of income in the periods in which such adjustments are known.
- The settlement costs to discharge our obligations, including legal and health care costs, could increase or decrease causing current estimates of our self-insurance reserves to change.

Loss Contingencies

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. Consistent with SFAS 5, we determine whether to disclose or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable, and whether it can be reasonably estimated. We analyze our litigation and regulatory matters based on available information to assess the potential liabilities. Management's assessment is developed based on an analysis of possible outcomes under various strategies. We accrue for loss contingencies when such amounts are probable and reasonably estimable. If a contingent liability is only reasonably possible, we will disclose the potential range of the loss, if estimable.

We record losses related to contingencies in cost of operations or selling, general and administrative expenses, depending on the nature of the underlying transaction leading to the loss contingency.

Residual risks:

- Actual costs can vary from our estimates for a variety of reasons including differing interpretations of laws, opinions on culpability and assessments of the amount of damages.
- Loss contingency assumptions involve judgments that are inherently subjective and generally involve business matters that are by their nature unpredictable. If a loss contingency results in an adverse judgment or is settled for significant amounts, it could have a material adverse impact on our consolidated financial position, result of operations or cash flows in the period in which such judgment or settlement occurs.

Asset Impairment

Valuation methodology. We evaluate our long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset or asset group may not be recoverable based on projected cash flows anticipated to be generated from the ongoing operation of those assets or we intend to sell or otherwise dispose of the assets.

Residual risk:

- If events or changes in circumstances occur, including reductions in anticipated cash flows generated by our operations or determinations to divest assets, certain assets could be impaired which would result in a non-cash charge to earnings.

Evaluation criteria. We test long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Examples of such events could include a significant adverse change in the extent or manner in which we use a long-lived asset, a change in its physical condition, or new circumstances that could cause an expectation that it is more likely than not

that we would sell or otherwise dispose of a long-lived asset significantly before the end of its previously estimated useful life.

Residual risk:

§ Our most significant asset impairment exposure, other than goodwill (which is discussed below) relates to our landfills. A significant reduction in our estimated disposal capacity as a result of unanticipated events such as regulatory developments, revocation of an existing permit or denial of an expansion permit, or changes in our assumptions used to calculate disposal capacity could trigger an impairment charge.

Recognition criteria. If such circumstances arise, we recognize an impairment for the difference between the carrying amount and fair value of the asset if the net book value of the asset exceeds the sum of the estimated undiscounted cash flows expected to result from its use and eventual disposition. We generally use the present value of the expected cash flows from that asset to determine fair value.

Goodwill Recoverability

Valuation methodology. We evaluate goodwill for impairment based on the estimated fair value of each of our reporting units, which we define as our geographic operating segments. We estimate fair value based on projected net cash flows discounted using our weighted average cost of capital, which was approximately 7.0% in 2008.

Residual risk:

§ The estimated fair value of our operating segments could change with changes in our capital structure, cost of debt, interest rates, actual capital expenditure levels, ability to perform at levels that were forecasted or our market capitalization, or other general economic conditions. For example, a reduction in long-term growth assumptions could reduce the estimated fair value of the operating segments to below their carrying values, which would trigger an impairment charge. Similarly, an increase in our weighted average cost of capital could trigger an impairment charge.

Evaluation criteria. We test goodwill for recoverability on an annual basis or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. For example, a significant adverse change in our liquidity or the business environment, unanticipated competition, a significant adverse action by a regulator, or the disposal of a significant portion of an operating segment could prompt an impairment test between annual assessments.

Recognition criteria. We use a two-step test to evaluate goodwill impairment. Under the first step, we compare the fair value of each operating segment to its carrying value (including goodwill). If the fair value of the operating segment is less than its carrying value, an indication of goodwill impairment exists for the operating segment and we perform step two of the impairment test.

For purposes of performing the second step, we allocate the fair value of each operating segment to all the assets and liabilities of the operating segment as if the operating segment had been acquired in a business combination at the date of the impairment test. We deduct the fair value of tangible net assets and other intangible assets from the fair value of each operating segment to determine the implied fair value of the goodwill for each operating segment. If the implied fair value of an operating segment's goodwill is lower than its carrying amount, goodwill is impaired and we write it down to its implied fair value. At the time of a divestiture of an individual business unit within an operating segment, goodwill of the operating segment is allocated to that business unit based on the relative fair value of the unit being disposed to the total fair value of the operating segment and a gain or loss on disposal is determined. Subsequently, the remaining goodwill in the operating segment from which the assets were divested is re-evaluated for impairment, which could result in an impairment charge.

Residual risk:

§ At the time of divestiture of an individual business unit, we allocate goodwill to the business unit divested and a gain or loss on disposal is calculated. We may incur non-cash losses on future sales of business units primarily due to the goodwill allocated to the business units divested.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes* (SFAS 109). Accordingly, deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets (other than non-deductible goodwill) and liabilities. Deferred tax assets and liabilities are measured using the income tax rate in effect during the year in which the differences are expected to reverse.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making this determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In the event we determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we will make an adjustment to the valuation allowance which would reduce the provision for income taxes.

Effective January 1, 2007, we adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS 109. FIN 48 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, and accounting in interim periods.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes in our consolidated statements of income. Accrued interest and penalties are included within other accrued liabilities and deferred income taxes and other long-term tax liabilities in our consolidated balance sheets.

Residual risks:

§ Income tax assets and liabilities established in purchase accounting for acquisitions are based on assumptions that could differ from the ultimate outcome of the tax matters. Such adjustments would be charged or credited to earnings pursuant to SFAS 141(R), *Business Combinations*, unless they meet certain remeasurement criteria and are allowed to be adjusted to goodwill.

§ Changes in the estimated realizability of deferred tax assets could result in adjustments to our provision for income taxes.

§ Valuation allowances for deferred tax assets and the realizability of net operating loss carryforwards for tax purposes are based on our judgment. If our judgments and estimates concerning valuation allowances and the realizability of net operating loss carryforwards are incorrect, our provision for income taxes would change.

§ We are currently under examination or administrative review by various state and federal taxing authorities for certain tax years. The Internal Revenue Code (IRC) and income tax regulations are a complex set of rules that we are required to interpret and apply to our transactions. Positions taken in tax years under examination or subsequent years are subject to challenge. Accordingly, we may have exposure for additional tax liabilities arising from these audits if any positions taken by us or by companies we have acquired are disallowed by the taxing authorities.

§ We recognize tax liabilities for uncertain tax positions in accordance with FIN 48, and we adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, their ultimate resolution may result in payments that are materially different from our current estimates of the tax liabilities. These differences will be reflected as increases or decreases to our provision for income taxes in the period in which they are determined.

Defined Benefit Pension Plans

We currently have one qualified defined benefit pension plan, the BFI Retirement Plan (the Plan), as a result of our acquisition of Allied in December 2008. The Plan covers certain employees in the United States, including some employees subject to collective bargaining agreements. The Plan's benefit formula is based on a percentage of compensation as defined in the Plan document. The benefits of approximately 97% of the current plan participants were frozen upon Allied's acquisition of BFI in 1999.

Our pension contributions are made in accordance with funding standards established by the Employee Retirement Income Security Act of 1974 and IRC, as amended by the Pension Protection Act of 2006. No contributions were required during the last three years and no contributions are anticipated for 2009.

The Plan's assets are invested as determined by our Retirement Benefits Committee. At December 31, 2008, the plan assets were invested in fixed income bond funds, equity funds and cash. We annually review and adjust the plan's asset allocation as deemed necessary.

Residual risk:

§ Changes in the plan's investment mix and performance of the equity and bond markets and fund managers could impact the amount of pension income or expense recorded, the funded status of the plan and the need for future cash contributions.

Assumptions. The benefit obligation and associated income or expense related to the Plan are determined based on assumptions concerning items such as discount rates, expected rates of return and average rates of compensation increases. Our assumptions are reviewed annually and adjusted as deemed necessary.

We determine the discount rate based on a model which matches the timing and amount of expected benefit payments to maturities of high quality bonds priced as of the Plan measurement date. Where that timing does not correspond to a published high-quality bond rate, our model uses an expected yield curve to determine an appropriate current discount rate. The yield on the bonds is used to derive a discount rate for the liability. If the discount rate increases by 1%, our benefit obligation would decrease by approximately $34.0 million. If the discount rate were to decrease by 1%, our benefit obligation would increase by approximately $39.0 million.

In developing our expected rate of return assumption, we evaluate long-term expected and historical returns on the Plan assets, giving consideration to our asset mix and the anticipated duration of the Plan obligations. The average rate of compensation increase reflects our expectations of average pay increases over the periods benefits are earned. Less than 3% of participants in the Plan continue to earn service benefits.

Residual risks:

§ Our assumed discount rate is sensitive to changes in market-based interest rates. A decrease in the discount rate will increase our related benefit plan obligation.

§ Our annual pension expense would be impacted if the actual return on plan assets were to vary from the expected return.

New Accounting Standards

For a description of the new accounting standards that may affect us, see Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements included in Item 8 of this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The table below provides information about certain of our market-sensitive financial instruments and constitutes a "forward-looking statement." Our major market risk exposure is changing interest rates in the United States and fluctuations in LIBOR. We intend to manage interest rate risk through the use of a combination of fixed and floating rate debt. All items described below are non-trading.

	Expected Maturity Date							
	2009	2010	2011	2012	2013	Thereafter	Total	Fair Value of (Asset)/ Liability as of December 31, 2008
Fixed Rate Debt:								
Amount outstanding (in millions)	$ 107.4	$ 387.5	$ 1,138.1	$ 38.4	$ 464.2	$ 4,463.7	$ 6,599.3	$ 6,143.8
Average interest rates	7.25%	6.65%	6.33%	6.28%	7.91%	6.33%	6.47%	
Variable Rate Debt:								
Amount outstanding (in millions)	$ 400.0	$ —	$ —	$ —	$ 675.0	$ 850.1	$ 1,925.1	$ 1,893.7
Average interest rates	3.00%	—	—	—	3.19%	1.24%	2.29%	
Interest Rate Swaps:								
Fixed to variable notional amount (in millions)	$ —	$ —	$ 210.0	$ —	$ —	$ —	$ 210.0	$ 15.1
Average pay rate	—%	—%	3.74%	—%	—%	—%	3.74%	
Average receive rate	—%	—%	6.75%	—%	—%	—%	6.75%	

The fair value of variable rate debt approximates the carrying value, since interest rates are variable and, thus, approximate current market rates.

Fuel Price Risk

Fuel costs represent a significant operating expense. When economically practical, we may enter into new or renewal contracts, or engage in other strategies to mitigate market risk. Where appropriate, we have implemented a fuel recovery fee that is designed to recover our fuel costs. While we charge these fees to a majority of our customers, we are unable to charge such fees to all customers. Consequently, an increase in fuel costs results in (1) an increase in our cost of operations, (2) a smaller increase in our revenue (from the fuel recovery fee) and (3) a decrease in our operating margin percentage, since the increase in revenue is more than offset by the increase in cost. Conversely, a decrease in fuel costs results in (1) a decrease in our cost of operations, (2) a smaller decrease in our revenue and (3) an increase in our operating margin percentage.

At our current consumption levels, a one-cent change in the price of diesel fuel changes our fuel costs by approximately $1.7 million on an annual basis, which would be partially offset by a smaller change in the fuel recovery fees charged to our customers. Accordingly, a substantial rise or drop in fuel costs could result in a material impact to our revenue and cost of operations.

Our operations also require the use of certain petroleum-based products (such as liners at our landfills) whose costs may vary with the price of oil. An increase in the price of oil could increase the cost of those products, which would increase our operating and capital costs. We are also susceptible to increases in indirect fuel surcharges from our vendors.

Commodities Prices

We market recycled products such as cardboard and newspaper from our material recycling facilities. As a result, changes in the market prices of these items will impact our results of operations. Revenue from sales of recycled cardboard and newspaper in 2008, 2007 and 2006 were approximately $121.1 million, $113.9 million and $80.1 million, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Republic Services, Inc.:

We have audited the accompanying consolidated balance sheets of Republic Services, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Republic Services, Inc. and subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes."

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Republic Services, Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 2, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Phoenix, Arizona
March 2, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Stockholders of Republic Services, Inc.:

We have audited Republic Services, Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Republic Services, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Republic Services, Inc.'s Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Report of Management on Republic Services, Inc.'s Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Allied Waste Industries, Inc., which is included in the 2008 consolidated financial statements of Republic Services, Inc. and constituted $15,460.7 million and $(14.9) million of total and net assets, respectively, as of December 31, 2008 and $463.7 million and $(11.3) million of revenue and net income, respectively, for the year then ended. Our audit of internal control over financial reporting of Republic Services, Inc. also did not include an evaluation of the internal control over financial reporting of Allied Waste Industries, Inc.

In our opinion, Republic Services, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Republic Services, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2008 of Republic Services, Inc. and our report dated March 2, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Phoenix, Arizona
March 2, 2009

REPUBLIC SERVICES, INC.

CONSOLIDATED BALANCE SHEETS
(in millions, except per share amounts)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets –		
Cash and cash equivalents	$ 68.7	$ 21.8
Accounts receivable, net of allowance for doubtful accounts of $65.7 and $14.7, respectively	945.5	298.2
Prepaid expenses and other current assets	174.7	68.5
Deferred tax assets	136.8	25.3
Total Current Assets	1,325.7	413.8
Restricted cash	281.9	165.0
Property and equipment, net	6,738.2	2,164.3
Goodwill, net	10,521.5	1,555.7
Other intangible assets, net	564.1	26.5
Other assets	490.0	142.5
Total Assets	$ 19,921.4	$ 4,467.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities –		
Accounts payable	$ 564.0	$ 160.8
Notes payable and current maturities of long-term debt	504.0	2.3
Deferred revenue	359.9	121.9
Accrued landfill and environmental costs, current portion	233.4	66.0
Accrued interest	107.7	21.3
Other accrued liabilities	796.8	256.4
Total Current Liabilities	2,565.8	628.7
Long-term debt, net of current maturities	7,198.5	1,565.5
Accrued landfill and environmental costs, net of current portion	1,197.1	279.2
Deferred income taxes and other long-term tax liabilities	1,239.9	489.4
Self-insurance reserves, net of current portion	211.7	118.5
Other long-term liabilities	225.9	82.7
Minority interests	1.1	—
Commitments and Contingencies		
Stockholders' Equity –		
Preferred stock, par value $.01 per share; 50.0 shares authorized; none issued	—	—
Common stock, par value $.01 per share; 750.0 shares authorized; 393.4 and 195.7 shares issued, including shares held in treasury, respectively	3.9	2.0
Additional paid-in capital	6,260.1	38.7
Retained earnings	1,477.2	1,572.3
Treasury stock, at cost (14.9 and 10.3 shares, respectively)	(456.7)	(318.3)
Accumulated other comprehensive income (loss), net of tax	(3.1)	9.1
Total Stockholders' Equity	7,281.4	1,303.8
Total Liabilities and Stockholders' Equity	$ 19,921.4	$ 4,467.8

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

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts)

	Years Ended December 31,		
	2008	2007	2006
Revenue	$ 3,685.1	$ 3,176.2	$ 3,070.6
Expenses:			
Cost of operations	2,416.7	2,003.9	1,924.4
Depreciation, amortization and depletion	354.1	305.5	296.0
Accretion	23.9	17.1	15.7
Selling, general and administrative	434.7	313.7	315.0
Asset impairments	89.8	—	—
Restructuring charges	82.7	—	—
Operating Income	283.2	536.0	519.5
Interest expense	(131.9)	(94.8)	(95.8)
Interest income	9.6	12.8	15.8
Other income (expense), net	(1.6)	14.1	4.2
Income Before Income Taxes	159.3	468.1	443.7
Provision for income taxes	85.4	177.9	164.1
Minority interests	.1	—	—
Net Income	$ 73.8	$ 290.2	$ 279.6
Basic Earnings Per Share:			
Basic earnings per share	$ .38	$ 1.53	$ 1.41
Weighted average common shares outstanding	196.7	190.1	198.2
Diluted Earnings Per Share:			
Diluted earnings per share	$ .37	$ 1.51	$ 1.39
Weighted average common and common equivalent shares outstanding	198.4	192.0	200.6
Cash dividends per common share	$ .7200	$ .5534	$ .4000

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

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(in millions)

	Common Stock Shares, Net	Common Stock Par Value	Additional Paid-In Capital	Deferred Compensation	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Net of Tax
Balance as of December 31, 2005	207.3	$ 1.9	$ 1,509.1	$ (1.1)	$ 1,402.8	$ (1,308.8)	$ 1.9
Net income	—	—	—	—	279.6	—	—
Cash dividends declared	—	—	—	—	(79.8)	—	—
Adoption of SFAS 123(R)	—	—	(1.1)	1.1	—	—	—
Issuances of common stock	5.3	—	100.5	—	—	—	—
Issuances of restricted stock and deferred stock units	.2	—	—	—	—	—	—
Compensation expense for restricted stock and deferred stock units	—	—	4.9	—	—	—	—
Compensation expense for stock options	—	—	4.1	—	—	—	—
Purchases of common stock for treasury	(18.3)	—	—	—	—	(492.0)	—
Change in value of derivative instruments, net of tax	—	—	—	—	—	—	(1.0)
Balance as of December 31, 2006	194.5	1.9	1,617.5	—	1,602.6	(1,800.8)	.9
Net income	—	—	—	—	290.2	—	—
Adoption of FIN 48	—	—	—	—	(5.6)	—	—
Stock split	—	—	(1,635.0)	—	(210.3)	1,845.3	—
Cash dividends declared	—	—	—	—	(104.6)	—	—
Issuances of common stock	1.9	.1	45.3	—	—	—	—
Issuances of restricted stock and deferred stock units	.1	—	—	—	—	—	—
Compensation expense for restricted stock and deferred stock units	—	—	4.6	—	—	—	—
Compensation expense for stock options	—	—	6.3	—	—	—	—
Purchases of common stock for treasury	(11.1)	—	—	—	—	(362.8)	—
Change in value of derivative instruments, net of tax	—	—	—	—	—	—	8.2
Balance as of December 31, 2007	185.4	2.0	38.7	—	1,572.3	(318.3)	9.1
Net income	—	—	—	—	73.8	—	—
Cash dividends declared	—	—	—	—	(168.9)	—	—
Issuances of common stock other	1.5	—	27.7	—	—	—	—
Issuances of common stock due to acquisition of Allied	195.8	1.9	6,111.8	—	—	—	—
Equity issuance costs due to acquisition of Allied	—	—	(1.8)	—	—	—	—
Value of stock options issued to replace Allied stock options	—	—	61.2	—	—	—	—
Issuances of restricted stock and deferred stock units	.4	—	—	—	—	—	—
Compensation expense for restricted stock and deferred stock units	—	—	10.0	—	—	—	—
Adjustment to deferred tax benefits for deferred stock units	—	—	(1.5)	—	—	—	—
Compensation expense for stock options	—	—	14.0	—	—	—	—
Purchases of common stock for treasury	(4.6)	—	—	—	—	(138.4)	—
Change in value of derivative instruments, net of tax	—	—	—	—	—	—	(8.6)
Employee benefit plan liability adjustments, net of tax	—	—	—	—	—	—	(3.6)
Balance as of December 31, 2008	378.5	$ 3.9	$ 6,260.1	$ —	$ 1,477.2	$ (456.7)	$ (3.1)

Comprehensive Income –

	Year ended December 31,		
	2008	2007	2006
Net income	$ 73.8	$ 290.2	$ 279.6
Change in value of derivative instruments, net of tax	(8.6)	8.2	(1.0)
Employee benefit plan liability adjustments, net of tax	(3.6)	—	—
Comprehensive income	$ 61.6	$ 298.4	$ 278.6

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

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended December 31,		
	2008	2007	2006
Cash Provided by Operating Activities:			
Net income	$ 73.8	$ 290.2	$ 279.6
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	222.6	188.9	180.9
Landfill depletion and amortization	119.7	110.1	108.1
Amortization of intangible and other assets	11.8	6.5	7.0
Accretion	23.9	17.1	15.7
Non-cash interest expense	10.6	.5	.5
Asset impairments	89.8	—	—
Restricted stock and deferred stock unit compensation expense	10.0	4.6	4.9
Stock option compensation expense	14.0	6.3	4.1
Deferred tax provision	(30.4)	27.8	29.9
Provision for doubtful accounts, net of adjustments	36.5	3.9	8.4
Income tax benefit from stock option exercises	2.8	7.9	11.4
(Gains) losses, net from divestitures of businesses	–	(13.8)	(4.5)
Other non-cash items	5.9	1.2	(4.2)
Change in assets and liabilities, net of effects from business acquisitions and divestures:			
Accounts receivable	21.1	(13.6)	(22.0)
Prepaid expenses and other assets	15.8	(17.3)	(25.7)
Accounts payable and accrued liabilities	(198.2)	2.9	(6.9)
Other liabilities	82.5	38.1	(76.0)
Cash Provided by Operating Activities	512.2	661.3	511.2
Cash Used in Investing Activities:			
Purchases of property and equipment	(386.9)	(292.5)	(326.7)
Proceeds from sales of property and equipment	8.2	6.1	18.5
Cash used in business acquisitions, net of cash acquired	(553.8)	(4.4)	(4.9)
Cash proceeds from business divestitures, net of cash divested	3.3	42.1	7.1
Change in amounts due and contingent payments to former owners	(.2)	—	(.5)
Change in restricted cash	(5.3)	(11.6)	102.0
Cash Used in Investing Activities	(934.7)	(260.3)	(204.5)
Cash Provided by (Used in) Financing Activities:			
Proceeds from notes payable and long-term debt	1,453.4	313.5	327.0
Payments of notes payable and long-term debt	(740.6)	(302.4)	(255.0)
Issuances of common stock	24.6	31.3	75.3
Excess income tax benefit from stock option exercises	4.5	6.0	13.8
Payment for deferred stock units	(4.0)	—	—
Equity issuance costs	(1.8)	—	—
Purchases of common stock for treasury	(138.4)	(362.8)	(492.0)
Cash dividends paid	(128.3)	(93.9)	(78.5)
Cash Provided by (Used in) Financing Activities	469.4	(408.3)	(409.4)
Increase (Decrease) in Cash and Cash Equivalents	46.9	(7.3)	(102.7)
Cash and Cash Equivalents at Beginning of Period	21.8	29.1	131.8
Cash and Cash Equivalents at End of Period	$ 68.7	$ 21.8	$ 29.1

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

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Republic Services, Inc. (a Delaware corporation) and its subsidiaries (also referred to collectively as Republic, we, us, our, or the company in this report) is the second largest provider of non-hazardous solid waste collection, transfer, recycling and disposal services in the United States, as measured by revenue. We manage and evaluate our operations through four geographic regions — Eastern, Central, Southern, and Western, which we have identified as our reportable segments. In addition, we acquired Allied Waste Industries, Inc. (Allied) in December 2008, and, due to the timing of that acquisition, we have presented Allied as a separate reportable segment in our consolidated financial statements. Also, since we acquired Allied effective December 5, 2008, we should include all of the operating results of Allied starting on that date in our consolidated financial statements. For accounting convenience, the consolidated financial statements include the operating results of Allied from December 1, 2008 (the date of the accounting close), adjusted for all material transactions that occurred from December 1 through December 4, 2008.

The consolidated financial statements include the accounts of Republic, its wholly owned and majority owned subsidiaries, and certain variable interest entities for which we have determined that we are the primary beneficiary in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46, *Consolidation of Variable Interest Entities — an interpretation of ARB No. 51* (revised December 2003). We account for investments in entities in which we do not have a controlling financial interest under either the equity method or cost method of accounting, as appropriate. Our investments in variable interest entities are not material to our consolidated financial statements. All material intercompany accounts and transactions have been eliminated in consolidation.

In January 2007, our Board of Directors approved a 3-for-2 stock split in the form of a stock dividend, effective on March 16, 2007, to stockholders of record as of March 5, 2007. Our shares, per share amounts, and weighted average common and common equivalent shares have been retroactively adjusted for all periods to reflect the stock split.

Merger with Allied Waste Industries, Inc.

On June 22, 2008, Republic entered into an Agreement and Plan of Merger with Allied. Prior to the merger, Allied was the second largest provider of non-hazardous solid waste collection, transfer, recycling and disposal services in the United States, as measured by revenue. The completion of the merger was subject to certain terms and conditions, including, but not limited to, approval of the transaction by the stockholders of both Republic and Allied, regulatory approval from the Department of Justice (DOJ), and receipt of credit ratings for the combined company classifying our senior debt as investment grade. Having met those terms and conditions on December 5, 2008, we completed the merger.

As of the effective date of the merger, each share of Allied common stock outstanding was converted into .45 shares of our common stock. We issued approximately 195.8 million shares of common stock to Allied stockholders in the merger. Allied stockholders received approximately 52% of the outstanding common stock of the combined company in respect of their Allied shares on a diluted basis as a result of the merger, and Republic stockholders retained approximately 48% of the outstanding common stock of the combined company on a diluted basis. The total purchase price paid for Allied, including the value of common stock issued, our acquisition of Allied's debt and other costs, totaled approximately $11.5 billion.

Republic has been determined to be the acquiring company for accounting purposes in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations* (SFAS 141). Therefore, we have accounted for the merger as an acquisition of Allied by Republic, using the purchase method of accounting in accordance with United States generally accepted accounting principles (GAAP). The accompanying consolidated financial statements include the operating results of Allied from the date of the acquisition, and have not been retroactively restated to include Allied's historical financial position,

results of operations or cash flows. In accordance with the purchase method of accounting, the purchase price paid has been allocated to the assets and liabilities acquired based upon their estimated fair values as of the effective date of the merger, with the excess of the purchase price over the net assets acquired being recorded as goodwill. We are in the process of valuing all of the assets and liabilities acquired in the merger, and, until we have completed our valuation process, there may be adjustments to our estimates of fair values and the resulting preliminary purchase price allocation. See Note 3, *Business Acquisitions and Divestitures,* for additional information.

For comparative purposes, certain prior year amounts have been reclassified to conform to the current year presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's 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, stockholders' equity, revenue 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 methodologies. 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 assumptions that deal with the greatest amount of uncertainty relate to our accounting for our long-lived assets, landfill development costs, and final capping, closure and post-closure costs, our valuation allowances for accounts receivable and deferred tax assets, our liabilities for potential litigation, claims and assessments, our liabilities for environmental remediation, employee benefit plans, deferred taxes, uncertain tax positions and self-insurance, and our estimates of the fair values of the assets and liabilities acquired in our acquisition of Allied. Each of these items is discussed in more detail below. Our actual results may differ significantly from our estimates.

Cash and Cash Equivalents

We consider liquid investments with an original maturity of three months or less to be cash equivalents.

We may have net book credit balances in our primary disbursement accounts at the end of a reporting period. We classify such credit balances as accounts payable in our consolidated balance sheets as checks presented for payment to these accounts are not payable by our banks under overdraft arrangements, and, as such do not represent short-term borrowings. As of December 31, 2008, there were no net book credit balances in our primary disbursement accounts.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, trade accounts receivable and derivative instruments. We place our cash and cash equivalents with high quality financial institutions. Such balances may be in excess of FDIC insured limits. In order to manage the related credit exposure, we continually monitor the credit worthiness of the financial institutions where we have deposits. Concentrations of credit risk with respect to trade accounts receivable are limited due to the wide variety of customers and markets in which we provide services, as well as the dispersion of our operations across many geographic areas. We provide services to commercial, industrial, municipal and residential customers in the United States and Puerto Rico. We perform ongoing credit evaluations of our customers, but do not require collateral to support customer receivables. We establish an allowance for doubtful accounts based on various factors including the credit

risk of specific customers, age of receivables outstanding, historical trends, economic conditions and other information.

Accounts Receivable, Net of Allowance for Doubtful Accounts

Accounts receivable represent receivables from customers for collection, transfer, recycling, disposal and other services. Our receivables are recorded when billed or the related revenue is earned, if earlier, and represent claims against third parties that will be settled in cash. The carrying value of our receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. Provisions for doubtful accounts are evaluated on a monthly basis and are recorded based on our historical collection experience, the age of the receivables, specific customer information and economic conditions. We also review outstanding balances on an account-specific basis. In general, reserves are provided for accounts receivable in excess of ninety days old. Past due receivable balances are written-off when our collection efforts have been unsuccessful in collecting amounts due.

In 2007, we recorded a $4.3 million reduction in our allowance for doubtful accounts as a result of refining our estimate of the allowance based on our historical collection experience. In November 2008, prior to our acquisition of Allied, Allied recorded a $4.5 million increase in its allowance for doubtful accounts primarily related to the filing for bankruptcy of a major customer and management's assessment of the collectibility of other national accounts receivable. Subsequent to our acquisition of Allied, we recorded a provision for doubtful accounts of $14.2 million to adjust the allowance for doubtful accounts for accounts receivable acquired from Allied to conform to Republic's accounting policies. We also recorded $5.4 million to provide for specific bankruptcy exposures in 2008. As of December 31, 2008 and 2007, our allowance for doubtful accounts was $65.7 million and $14.7 million, respectively.

Restricted Cash

As of December 31, 2008, we had $281.9 million of restricted cash, of which $133.5 million was proceeds from the issuance of tax-exempt bonds and other tax-exempt financings and will be used to fund capital expenditures under the terms of the agreements. Restricted cash also includes amounts held in trust as a guarantee of performance.

We obtain funds through the issuance of tax-exempt bonds for the purpose of financing qualifying expenditures at our landfills, transfer stations, and collection and recycling facilities. The funds are deposited directly into trust accounts by the bonding authorities at the time of issuance. As we do not have the ability to use these funds for general operating purposes, they are classified as restricted cash in our consolidated balance sheets.

In the normal course of business, we may be required to provide financial assurance to governmental agencies and a variety of other entities in connection with municipal residential collection contracts, the operation, closure or post-closure of landfills, environmental remediation, environmental permits, and business licenses and permits as a financial guarantee of our performance. At several of our landfills, we satisfy financial assurance requirements by depositing cash into restricted trust funds or escrow accounts.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements to facilities are capitalized, while maintenance and repairs are charged to expense as incurred. When property is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of income.

We revise the estimated useful lives of property and equipment acquired through business acquisitions to conform with our policies regarding property and equipment. Depreciation is provided over the estimated

useful lives of the assets involved using the straight-line method. We assume no salvage value for our depreciable property and equipment. The estimated useful lives are seven to forty years for buildings and improvements, five to twelve years for vehicles, seven to ten years for most landfill equipment, three to fifteen years for all other equipment, and five to twelve years for furniture and fixtures.

Landfill development costs are also included in property and equipment. Landfill development costs include direct costs incurred to obtain landfill permits and direct costs incurred to acquire, construct and develop sites as well as final capping, closure and post-closure assets accrued in accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations* (SFAS 143). These costs are amortized or depleted based on consumed airspace. All indirect landfill development costs are expensed as incurred. (For additional information, see *Landfill and Environmental Costs* below.)

Capitalized Interest

We capitalize interest on landfill cell construction and other construction projects in accordance with SFAS No. 34, *Capitalization of Interest Cost*. Construction projects must meet the following criteria before interest is capitalized:

1. Total construction costs are $50,000 or greater,
2. The construction phase is one month or longer, and
3. The assets have a useful life of one year or longer.

Interest is capitalized on qualified assets while they undergo activities to ready them for their intended use. Capitalization of interest ceases once an asset is placed into service or if construction activity is suspended for more than a brief period of time. Our interest capitalization rate is based on our weighted average cost of indebtedness. Interest capitalized was $2.6 million, $3.0 million and $2.7 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Derivative Financial Instruments

We use derivative financial instruments to manage our risk associated with changing interest rates and changing prices for commodities we frequently purchase or sell by creating offsetting market exposures. We use interest rate swap agreements to manage risk associated with fluctuations in interest rates. We have entered into multiple agreements designated as cash flow hedges to mitigate some of our exposure to changes in diesel fuel prices and prices of certain commodities.

We account for our derivative financial instruments in accordance with the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133). SFAS 133 requires us to measure all derivatives at fair value and to recognize them in the balance sheet as assets or liabilities, as appropriate. For derivatives designated as cash flow hedges, changes in fair value of the effective portions of derivative instruments are reported in stockholders' equity as components of other comprehensive income until the forecasted transaction occurs or they are terminated. When the forecasted transaction occurs or they are terminated, the realized net gain or loss is then recognized in the consolidated statements of income. Changes in fair value of the ineffective portions of the derivative instruments are recognized in earnings immediately.

The fair values of our interest rate swap agreements and the fair values of our diesel fuel and other commodity hedges are obtained from third-party counter-parties and are determined using standard valuation models with assumptions about prices and other relevant information based on those observed in the underlying markets (Level 2 in the fair value hierarchy under SFAS 157). The estimated fair values of derivatives used to hedge risks fluctuate over time and should be viewed in relation to the underlying hedged transactions.

Goodwill and Other Intangible Assets

Goodwill represents the cost of acquired businesses in excess of the fair value of assets and liabilities acquired. A substantial portion of our goodwill was recorded as part of the preliminary purchase price allocation for our acquisition of Allied in December 2008.

Goodwill is tested for impairment on at least an annual basis. In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, goodwill and other indefinite-lived intangibles are no longer amortized but instead are reviewed for impairment using a two-step process. In testing for impairment, we first estimate the fair value of each operating segment and compare the fair value with the carrying value. If the fair value of an operating segment is greater than its carrying value, then no impairment results. If the fair value is less than its carrying value, then we would determine the implied fair value of goodwill. The implied fair value of goodwill is determined by deducting the fair value of an operating segment's identifiable assets and liabilities from the fair value of the operating segment as a whole, as if that operating segment had just been acquired and the purchase price were being initially allocated. If the implied fair value of goodwill were less than the carrying value of the goodwill for an operating segment, an impairment charge would be recorded to earnings in our consolidated statement of income.

In addition, we would evaluate an operating segment for impairment if events or circumstances were to change between annual tests indicating a possible impairment. Examples of such events or circumstances include the following:

- A significant adverse change in legal factors or in the business climate,
- An adverse action or assessment by a regulator,
- A more likely than not expectation that a segment or a significant portion thereof will be sold, or
- The testing for recoverability under SFAS No. 144, *Accounting for the Impairment of Long-Lived Assets* (SFAS 144), of a significant asset group within the segment.

We incurred no impairment of goodwill as a result of our annual goodwill impairment tests in 2008, 2007 and 2006. However, there can be no assurance that goodwill will not be impaired at any time in the future. The estimated fair value of our operating segments could change if there are changes in our capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows or market capitalization, or in general economic conditions.

Our operating segments, which also represent our reporting units, are comprised of several vertically integrated businesses. When an individual business within an operating segment is divested, goodwill is allocated to that business based on its fair value relative to the fair value of its operating segment in determining the gain or loss to be recorded on the divestiture.

Other intangible assets includes values assigned to customer relationships, long-term contracts, covenants not to compete and tradenames, and are amortized generally on a straight-line basis over periods ranging from 2 to 10 years.

Landfill and Environmental Costs

Life Cycle Accounting

We use life-cycle accounting and the units-of-consumption method to recognize certain landfill costs over the life of the site. In life cycle accounting, all costs to acquire and construct a site are capitalized, and charged to expense based on the consumption of cubic yards of available airspace.

Costs and airspace estimates are developed at least annually by engineers. We use these estimates to adjust the rates we use to expense capitalized costs. Changes in these estimates primarily relate to

changes in available airspace, inflation and applicable regulations. Changes in available airspace include changes due to the addition of airspace lying in probable expansion areas.

Total Available Disposal Capacity

As of December 31, 2008, we owned or operated 213 active solid waste landfills with total available disposal capacity of approximately 4.9 billion in-place cubic yards. Total available disposal capacity represents the sum of estimated permitted airspace plus our estimate of expansion airspace that has a probable likelihood of being permitted.

Probable Expansion Airspace

We classify landfill disposal capacity as either permitted (having received the final permit from the applicable regulatory agency) or as probable expansion airspace. Before airspace included in an expansion area is determined to be probable expansion airspace and, therefore, is included in our calculation of total available disposal capacity, the following criteria must be met:

1. We own or control the land associated with the expansion airspace pursuant to an option agreement,
2. We are committed to supporting the expansion project financially and with appropriate resources,
3. There are no identified fatal flaws or impediments associated with the project, including political impediments,
4. Progress is being made on the project,
5. The expansion is attainable within a reasonable time frame, and
6. We believe it is likely the expansion permit will be received.

Upon meeting our expansion criteria, the rates used at each applicable landfill to expense costs to acquire, construct, cap, close and maintain a site during the post-closure period are adjusted to include both the probable expansion airspace and the additional costs to be capitalized or accrued associated with that expansion airspace.

We have identified three steps that landfills generally follow to obtain expansion permits. These steps are as follows:

1. Obtaining approval from local authorities,
2. Submitting a permit application to state authorities and
3. Obtaining permit approval from state authorities.

We continually monitor our progress toward obtaining permits for each of our sites with probable airspace. If at any point it is determined that a landfill expansion area no longer meets our criteria, the probable expansion airspace is removed from the landfill's total available capacity and the rates used at the landfill to expense costs to acquire, construct, cap, close and maintain a site during the post-closure period are adjusted accordingly. In addition, any amounts capitalized for the probable expansion airspace are charged to expense in the period in which it is determined that the criteria are no longer met.

Capitalized Landfill Costs

Capitalized landfill costs include expenditures for land, permitting, cell construction and environmental structures. Capitalized permitting and cell construction costs are limited to direct costs relating to these activities, including legal, engineering and construction costs associated with excavation, natural and synthetic liners, construction of leachate collection systems, installation of methane gas collection and

monitoring systems, installation of groundwater monitoring wells and other costs associated with the development of the site. Interest is capitalized on landfill construction projects while the assets are undergoing activities to ready them for their intended use. Capitalized landfill costs also include final capping, closure and post-closure assets accrued in accordance with SFAS 143 as discussed below.

Costs related to acquiring land, excluding the estimated residual value of unpermitted, non-buffer land, and costs related to permitting and cell construction are depleted as airspace is consumed using the units-of-consumption method.

Capitalized landfill costs may also include an allocation of purchase price paid for landfills. For landfills purchased as part of a group of assets, the purchase price assigned to the landfill is determined based on the estimated fair value of the landfill relative to the fair value of other assets within the acquired group. If the landfill meets our expansion criteria, the purchase price is further allocated between permitted airspace and expansion airspace based on the ratio of permitted versus probable expansion airspace to total available airspace. Landfill purchase price is amortized using the units-of-consumption method over the total available airspace including probable expansion airspace where appropriate.

Final Capping, Closure and Post-Closure Costs

We account for final capping, closure and post-closure in accordance with SFAS 143.

We have future obligations for final capping, closure and post-closure costs with respect to the landfills we own or operate as set forth in applicable landfill permits. Final capping, closure and post-closure costs include estimated costs to be incurred for final capping and closure of landfills and estimated costs for providing required post-closure monitoring and maintenance of landfills. The permit requirements are based on the Subtitle C and Subtitle D regulations of the Resource Conservation and Recovery Act, as implemented and applied on a state-by-state basis. Obligations associated with monitoring and controlling methane gas migration and emissions are set forth in applicable landfill permits and these requirements are based on the provisions of the Clean Air Act of 1970, as amended. Final capping typically includes installing flexible membrane and geosynthetic clay liners, drainage and compact soil layers, and topsoil, and is constructed over an area of the landfill where total airspace capacity has been consumed and waste disposal operations have ceased. These final capping activities occur as needed throughout the operating life of a landfill. Other closure activities and post-closure activities occur after the entire landfill ceases to accept waste and closes. These activities involve methane gas control, leachate management and groundwater monitoring, surface water monitoring and control, and other operational and maintenance activities that occur after the site ceases to accept waste. The post-closure period generally runs for up to 30 years after final site closure for municipal solid waste landfills and a shorter period for construction and demolition landfills and inert landfills.

Estimates of future expenditures for final capping, closure and post-closure are developed at least annually by engineers. These estimates are reviewed by management and are used by our operating and accounting personnel to adjust the rates used to capitalize and amortize these costs. These estimates involve projections of costs that will be incurred during the remaining life of the landfill for final capping activities, after the landfill ceases operations and during the legally required post-closure monitoring period. Additionally, we currently retain post-closure responsibility for 126 closed landfills.

Under SFAS 143, a liability for an asset retirement obligation must be recognized in the period in which it is incurred and should be initially measured at fair value. Absent quoted market prices, the estimate of fair value should be based on the best available information, including the results of present value techniques in accordance with Statement of Financial Accounting Concepts No. 7, *Using Cash Flow and Present Value in Accounting Measurements* (SFAC 7). The offset to the liability must be capitalized as part of the carrying amount of the related long-lived asset. Changes in the liabilities due to the passage of time are

recognized as operating expenses in the consolidated statement of income and are referred to as accretion expense. Changes in the liabilities due to revisions to estimated future cash flows are recognized by increasing or decreasing the liabilities with the offsets adjusting the carrying amounts of the related long-lived assets, and may also require immediate adjustments to amortization expense in the consolidated statement of income.

Landfill asset retirement obligations include estimates of all costs related to final capping, closure and post-closure. Costs associated with daily maintenance activities during the operating life of the landfill, such as leachate disposal, groundwater and gas monitoring, and other pollution control activities, are charged to expense as incurred. In addition, costs historically accounted for as capital expenditures during the operating life of a landfill, such as cell development costs, are capitalized when incurred, and charged to expense using life cycle accounting and the units-of-consumption method based on the consumption of cubic yards of available airspace.

We define final capping as activities required to permanently cover a portion of a landfill that has been completely filled with waste. Final capping occurs in phases as needed throughout the operating life of a landfill as specific areas are filled to capacity and the final elevation for that specific area is reached in accordance with the provisions of the operating permit. We consider final capping events to be discrete activities that are recognized as asset retirement obligations separately from other closure and post-closure obligations. These capping events generally occur during the operating life of a landfill and can be associated with waste placed in an area to be capped. As a result, we use a separate rate per ton for recognizing the principal amount of the liability and related asset associated with each capping event. We amortize the asset recorded pursuant to this approach as waste volume related to the capacity covered by the capping event is placed into the landfill based on the consumption of cubic yards of available airspace.

In connection with the 2008 annual review of our calculations with respect to landfill asset retirement obligations, we made a change in estimate, which is considered to be a change in accounting estimate that is effected by a change in accounting principle as defined by SFAS 154, *Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3* (SFAS 154). This change, which we believe is preferable, was made to better align the estimated amount of waste to be placed in an area to be capped (which is used to calculate our capping rates) with the physical operation of our landfills. The expected costs related to our capping events did not change and we will continue to use separate rates for each capping event. This change resulted in a $32.6 million decrease in our capping asset retirement obligations and related assets. These assets will be amortized to expense prospectively as a change in estimate, in accordance with SFAS 154. This change in estimate will not have a material impact on our consolidated financial position, results of operations or cash flows.

We recognize asset retirement obligations and the related amortization expense for closure and post-closure (excluding obligations for final capping) using the units-of-consumption method over the total remaining capacity of the landfill. The total remaining capacity includes probable expansion airspace.

In general, we engage third parties to perform most of our final capping, closure and post-closure activities. Accordingly, the fair market value of these obligations is based on quoted and actual prices paid for similar work. We also perform some of our final capping, closure and post-closure activities using internal resources. Where internal resources are expected to be used to fulfill an asset retirement obligation, we have added a profit margin onto the estimated cost of such services to better reflect their fair market value as required by SFAS 143. These services primarily relate to managing construction activities during final capping, and maintenance activities during closure and post-closure. If we perform these services internally, the added profit margin would be recognized as a component of operating income in the period the obligation is settled.

SFAC 7 states that an estimate of fair value should include the price that marketplace participants are able to receive for bearing the uncertainties in cash flows. However, when utilizing discounted cash flow techniques, reliable estimates of market premiums may not be obtainable. In this situation, SFAC 7 indicates that it is not necessary to consider a market risk premium in the determination of expected cash flows. While the cost of asset retirement obligations associated with final capping, closure and post-closure can be quantified and estimated, there is not an active market that can be utilized to determine the fair value of these activities. In the case of the waste industry, no market exists for selling the responsibility for final capping, closure and post-closure independent of selling the landfill in its entirety. Accordingly, we believe that it is not possible to develop a methodology to reliably estimate a market risk premium and have excluded a market risk premium from our determination of expected cash flow for landfill asset retirement obligations in accordance with SFAC 7.

Our estimates of costs to discharge asset retirement obligations for landfills are developed in today's dollars. These costs are inflated each year to reflect a normal escalation of prices up to the year they are expected to be paid. We use a 2.5% inflation rate, which is based on the ten-year historical moving average increase of the U.S. Consumer Price Index, and is the rate used by most waste industry participants.

These estimated costs are then discounted to their present value using a credit-adjusted, risk-free rate. In general, the credit-adjusted, risk-free rate we used for liability recognition was 6.6% and 6.5% for the years ended December 31, 2008 and 2007, respectively, which was based on the estimated all-in yield we would have needed to offer to sell thirty-year debt in the public market. However, our capping, closure and post-closure obligations acquired from Allied were recorded at their fair values as of the acquisition date, and were discounted using a rate of 9.75% due to market conditions in effect at the time of the acquisition.

Changes in asset retirement obligations due to the passage of time are measured by recognizing accretion expense in a manner that results in a constant effective interest rate being applied to the average carrying amount of the liability. The effective interest rate used to calculate accretion expense is our credit-adjusted, risk-free rate in effect at the time the liabilities were recorded.

In accordance with SFAS 143, changes due to revision of the estimates of the amount or timing of the original undiscounted cash flows used to record a liability are recognized by increasing or decreasing the carrying amount of the asset retirement obligation liability and the carrying amount of the related asset. Upward revisions in the amount of undiscounted estimated cash flows used to record a liability are discounted using the credit-adjusted, risk-free rate in effect at the time of the change. Downward revisions in the amount of undiscounted estimated cash flows used to record a liability are discounted using the credit-adjusted, risk-free rate that existed when the original liability was recognized.

We review our calculations with respect to landfill asset retirement obligations at least annually. If there is a significant change in the facts and circumstances related to a landfill during the year, we will review our calculations for the landfill as soon as practical after the significant change has occurred.

Environmental Operating Costs

In the normal course of business, we incur various operating costs associated with environmental compliance. These costs include, among other things, leachate treatment and disposal, methane gas and groundwater monitoring and systems maintenance, interim cap maintenance, costs associated with the application of daily cover materials, and the legal and administrative costs of ongoing environmental compliance.

Environmental Remediation Liabilities

We are subject to an array of laws and regulations relating to the protection of the environment. Under current laws and regulations, we may be responsible for environmental remediation at sites that we either

own or operate, including sites that we have acquired, or sites where we have (or a company that we have acquired has) delivered waste. Our environmental remediation liabilities primarily include costs associated with remediating groundwater, surface water and soil contamination, as well as controlling and containing methane gas migration. We periodically conduct environmental assessments of landfills and other properties that we own or operate, as well properties we are considering acquiring, in order to determine potential contamination or to monitor sites we are remediating.

We cannot determine with precision the ultimate amounts of our environmental remediation liabilities. Our estimates of these liabilities require assumptions about future events that are uncertain. Consequently, our estimates could change substantially as additional information becomes available regarding the nature or extent of contamination, the required remediation methods, the final apportionment of responsibility among the potentially responsible parties identified, the financial viability of those parties, and the actions of governmental agencies or private parties with interests in the matter.

The majority of our environmental remediation liabilities were acquired as part of our acquisition of Allied. We have accounted for the environmental remediation liabilities we acquired from Allied based on estimates of their fair values, and we have discounted these liabilities in accordance with SFAS 141. Prior to our acquisition of Allied, Allied's environmental remediation liabilities were accounted for in accordance with SFAS No. 5, *Accounting for Contingencies* (SFAS 5), and American Institute of Certified Public Accountants Statement of Position 96-1, *Environmental Remediation Liabilities* (SOP 96-1), which require that estimated losses be recorded for loss contingencies if, prior to the issuance of the financial statements, it is probable that liabilities have been incurred and the amounts of the losses can be reasonably estimated. If it is probable that a liability has been incurred, but no estimate of the liability is more likely than any other, a liability is recorded at the lower end of the range. However, amounts recorded under this guidance are generally not considered fair value.

Our process for determining the fair value for the environmental liabilities we acquired includes first identifying the population of sites that we either are or have indications that we may be responsible for the costs of remediation. These sites are then assessed to determine the risks that they are, or may be subject to, that would significantly affect either the cost or timing of remediation activities. We use these risk scenarios to develop estimates of future cash flows based on the risks identified. Generally speaking, sites with a higher risk of significant variability in future cash flows or timing of those cash flows have more risk scenarios identified than sites which we deem to be at a lower risk. We then probability-weight these risk scenarios and discount these liabilities to present value to determine their fair values. Although we have prepared and recorded a preliminary valuation of the environmental liabilities we acquired from Allied, we do not expect to complete our valuation of these liabilities until 2009. After we have finalized this valuation, future changes in these estimates will be recorded in accordance with SFAS 5 and SOP 96-1. Significant adjustments to these reserves may occur in the future.

Our other environmental liabilities are accounted for in accordance with SFAS 5 and SOP 96-1. The recorded liabilities represent our estimate of the most likely outcome of the matters for which we have determined liability is probable. These estimates do not take into account discounts to present value the total estimated costs. We reevaluate these matters as additional information becomes available to ascertain whether the liabilities we have accrued are adequate. We have not reduced the liabilities we have recorded for recoveries from other potentially responsible parties or insurance companies.

Asset Impairments

We periodically evaluate whether events or changes in circumstances have occurred that may warrant revision of the estimated useful lives of our long-lived assets or whether the remaining balances of those assets should be evaluated for possible impairment in accordance with SFAS 144. Long-lived assets include, for example, capitalized landfill costs, other property and equipment, and identifiable intangible

assets. Events or changes in circumstances that may indicate that an asset may be impaired include the following:

- A significant decrease in the market price of an asset or asset group,
- A significant adverse change in the extent or manner in which an asset or asset group is being used or in its physical condition,
- A significant adverse change in legal factors or in the business climate that could affect the value of an asset or asset group, including an adverse action or assessment by a regulator,
- An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset,
- A current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group, or
- A current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.

There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion. For example, a regulator may initially deny a landfill expansion permit application though the expansion permit is ultimately granted. In addition, management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace. Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

If indicators of impairment exist, the asset or asset group is reviewed to determine whether its recoverability is impaired. We assess the recoverability of the asset or asset group by comparing its carrying value to an estimate (or estimates) of its undiscounted future cash flows over its remaining life. If the estimated undiscounted cash flows are not sufficient to recover the carrying value of the asset or asset group, we measure an impairment loss as the amount by which the carrying amount of the asset exceeds its fair value. The loss is recorded to the consolidated statement of income in the current period. Estimating future cash flows requires significant judgment, and our projections of future cash flows and remaining useful lives may vary materially from actual results.

Self-Insurance Reserves

Our insurance programs for workers' compensation, general liability, vehicle liability and employee-related health care benefits are effectively self-insured. Accruals for self-insurance reserves are based on claims filed and estimates of claims incurred but not reported. We consider our past claims experience, including both frequency and settlement amount of claims, in determining these estimates. It is possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in the consolidated statements of income in the periods in which such adjustments are known. In general, our self-insurance reserves are recorded on an undiscounted basis. However, our estimate of the self-insurance liabilities we acquired in the acquisition of Allied have been recorded at fair value, and, therefore, have been discounted to present value based on our estimate of the timing of the related cash flows.

As we are the primary obligor for payment of all claims, we report our insurance claim liabilities on a gross basis in other current and long-term liabilities and any associated recoveries from our insurers are recorded in other assets.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Business Combinations

We acquire businesses in the waste industry, including non-hazardous waste collection, transfer and disposal operations, as part of our growth strategy. Businesses acquired are accounted for under the purchase method of accounting. Under the purchase method of accounting, businesses are included in the consolidated financial statements from the date of acquisition. The cost of the acquired businesses is allocated to the assets and the liabilities acquired based on estimates of fair values thereof. These estimates are revised during the allocation period as necessary if, and when, information regarding contingencies becomes available to further define and quantify assets and liabilities acquired. The allocation period generally does not exceed one year. To the extent contingencies such as preacquisition environmental matters, litigation and related legal fees are resolved or settled during the allocation period, such items are included in the revised allocation of the purchase price. After the allocation period, the effect of changes in such contingencies is included in results of operations in the periods in which the adjustments are determined.

Discontinued Operations

We analyze our operations that have been divested or classified as held-for-sale in order to determine if they qualify for discontinued operations accounting. Only operations that qualify as a component of an entity under GAAP can be included in discontinued operations. Only components where we do not have significant continuing involvement with the divested operations would qualify for discontinued operations accounting. For our purposes, continuing involvement would include continuing to receive waste at our landfill or recycling facility from a divested hauling operation or transfer station or continuing to dispose of waste at a divested landfill or transfer station. After completing our analysis at December 31, 2008, we determined that our operations that qualify for discontinued operations accounting are not material to our consolidated statements of income and have not been presented separately as discontinued operations therein. See Note 3, *Business Acquisitions and Divestitures*, for additional information about discontinued operations.

Costs Associated with Exit Activities

We account for employee termination benefits that represent a one-time benefit in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (SFAS 146). We record such costs into expense when management approves and commits to a plan of termination, and communicates the termination arrangement to the employees, or over the future service period, if any. Other costs associated with exit activities may include contract termination costs, including costs related to leased facilities to be abandoned or subleased, and facility and employee relocation costs, which are expensed as incurred.

In addition, we account for costs to exit an activity of an acquired company and involuntary employee termination benefits associated with acquired businesses in accordance with EITF Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination* (EITF 95-3). We include exit costs in the purchase price allocation of the acquired business if a plan to exit an activity of an acquired company exists, in accordance with the EITF 95-3 criteria, and those costs have no future economic benefit to us and will be incurred as a direct result of the exit plan, or the exit costs represent amounts to be incurred by us under a contractual obligation of the acquired entity that existed prior to the acquisition date. We recognize employee termination benefits as liabilities assumed as of the acquisition date when management approves and commits to a plan of termination, and communicates the termination arrangement to the employees, if the future service period for these employees is less than sixty days from their date of notification.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Contingent Liabilities

We are subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. In general, we determine whether to disclose or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable and whether it can be reasonably estimated in accordance with SFAS 5 and FASB Interpretation (FIN) No. 14, *Reasonable Estimation of the Amount of a Loss.* We assess our potential liability relating to litigation and regulatory matters based on information available to us. Management's assessment is developed based on an analysis of possible outcomes under various strategies. We accrue for loss contingencies when such amounts are probable and reasonably estimable. If a contingent liability is only reasonably possible, we will disclose the potential range of the loss, if estimable.

Contingent liabilities recorded in purchase accounting are recorded at their fair values in accordance with SFAS 141. These fair values may be different from the values we would have otherwise recorded, had the contingent liability not been acquired as part of an acquisition of a business.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income is a component of stockholders' equity and includes the effective portion of the net changes in fair value of our effective cash flow hedges of prices for diesel fuel and other commodities, net of tax, and certain adjustments to liabilities associated with our employee benefit plan liabilities, net of tax.

Revenue Recognition

We generally provide services under contracts with municipalities or individual customers. Municipal and commercial contracts are generally long-term and often have renewal options. Advance billings are recorded as deferred revenue, and the revenue is then recognized over the period services are provided. Collection, transfer and disposal, and other services accounted for 77.7%, 17.9% and 4.4%, respectively, of consolidated revenue for the year ended December 31, 2008. No one customer has individually accounted for more than 10% of our consolidated revenue or of our reportable segment revenue in any of the past three years.

We recognize revenue when all four of the following criteria are met:

§ Persuasive evidence of an arrangement exists such as a service agreement with a municipality, a hauling customer or a disposal customer,

§ Services have been performed such as the collection and hauling of waste or the disposal of waste at a disposal facility owned or operated by us,

§ The price of the services provided to the customer is fixed or determinable, and

§ Collectibility is reasonably assured.

Income Taxes

We are subject to income taxes in the United States and Puerto Rico. We account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes* (SFAS 109). Accordingly, we record deferred income taxes to reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases using enacted tax rates that we expect to be in effect when the taxes are actually paid or recovered.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making these determinations, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, tax planning strategies, projected future

taxable income and recent financial operating results. In the event we determine that we would be able to realize a deferred income tax asset in the future in excess of its net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

Effective January 1, 2007, we adopted the provisions of FIN 48, *Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109* (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS 109. FIN 48 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes in the accompanying consolidated statements of income. Accrued interest and penalties are included within other current liabilities, and deferred income taxes and other long-term tax liabilities, in the consolidated balance sheets.

Defined Benefit Pension Plan

We assumed the BFI Retirement Plan (the Plan), which is a qualified defined benefit pension plan, as a result of our merger with Allied in December 2008. The Plan covers certain current and former employees of Allied in the United States, including some employees subject to collective bargaining agreements. The Plan's benefit formula is based on a percentage of compensation as defined in the Plan document. However, the benefits of approximately 97% of the current plan participants were frozen upon Allied's acquisition of BFI in 1999.

Our pension contributions will be made in accordance with funding standards established by the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (IRC), as amended by the Pension Protection Act of 2006. The Plan's assets have been invested as determined by our Retirement Benefits Committee. We will annually review and adjust the Plan's asset allocation as deemed necessary.

The benefit obligation and associated income or expense related to the Plan are determined using annually established assumptions for discount rates, expected rates of return and average rates for compensation increases. We determine the discount rate based on a model which matches the timing and amount of expected benefit payments to maturities of high quality bonds priced as of the pension plan measurement date. When that timing does not correspond to a published high-quality bond rate, our model uses an expected yield curve to determine an appropriate current discount rate. The yields on the bonds are used to derive a discount rate for the liability. In developing our expected rate of return assumption, we evaluate long-term expected and historical actual returns on the plan assets, giving consideration to our asset mix and the anticipated duration of our plan obligations. The average rate of compensation increase reflects our expectations of average pay increases over the periods benefits are earned. Our assumptions are reviewed annually and adjusted as deemed necessary.

Equity-Based Compensation Plans

We account for equity-based compensation in accordance with SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS 123(R)). This statement requires companies to expense the estimated fair value of stock options and similar equity instruments issued as compensation to employees over the requisite service periods.

SFAS 123(R) requires that cash flows resulting from tax benefits related to tax deductions in excess of those recorded for compensation expense, resulting from the exercise of stock options, be classified as cash flows from financing activities. All other tax benefits related to stock options have been presented as a component of cash flows from operating activities.

We recognize compensation expense on a straight-line basis over the requisite service period for each separately vesting portion of the award, or to the employee's retirement-eligible date, if earlier.

The fair value of each option on the date of grant is estimated using a lattice binomial option-pricing model based on certain valuation assumptions. Expected volatilities are based on our historical stock prices over the contractual terms of the options and other factors. The risk-free interest rates used are based on the published U.S. Treasury yield curve in effect at the time of the grant for instruments with a similar life. The dividend yield reflects our dividend yield at the date of grant. The expected life represents the period that the stock options are expected to be outstanding, taking into consideration the contractual terms of the options and our employees' historical exercise and post-vesting employment termination behavior, weighted to reflect the job level demographic profile of the employees receiving the option grants. The estimated forfeiture rate used to record compensation expense is based on historical forfeitures and is adjusted periodically based on actual results.

Leases

We lease property and equipment in the ordinary course of our business. Our most significant lease obligations are for property and equipment specific to our industry, including real property operated as a landfill or transfer station and operating equipment. Our leases have varying terms. Some may include renewal or purchase options, escalation clauses, restrictions, penalties or other obligations that we consider in determining minimum lease payments. The leases are classified as either operating leases or capital leases, as appropriate.

Operating Leases

Many of our leases are operating leases. This classification generally can be attributed to either (i) relatively low fixed minimum lease payments (including, for example, real property lease payments that are not fixed and vary based on the volume of waste we receive or process), or (ii) minimum lease terms that are much shorter than the assets' economic useful lives. Management expects that, in the normal course of business, our operating leases will be renewed, replaced by other leases, or replaced with fixed asset expenditures.

Capital Leases

Assets acquired under capital leases are capitalized at the inception of each lease and are amortized over the lesser of the useful life of the asset or the lease term on either a straight-line or a units-of-consumption basis, depending on the asset leased. The present value of the related lease payments is recorded as a debt obligation.

Fair Value of Financial Instruments

Our financial instruments, as defined by SFAS No. 107, *Disclosures About Fair Value of Financial Instruments,* include cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities and long-term debt. We have determined the estimated fair values of our financial instruments using available market information and commonly accepted valuation methodologies. However, 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 or

valuation methodologies could have a material effect on the estimated fair value amounts. The fair value estimates are based on information available as of December 31, 2008 and 2007. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate their respective fair values due to the short-term maturities of these instruments. See Note 9, *Debt*, for the fair value disclosures related to our long-term debt.

Related Party Transactions

It is our policy that transactions with related parties must be on terms that, on the whole, are no less favorable than those that would be available from unaffiliated parties.

Recently Issued Accounting Pronouncements

FSP APB 14-1 — Convertible Debt Instruments

In May 2008, the FASB directed the FASB Staff to issue FASB Staff Position (FSP) No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (FSP APB 14-1). FSP APB 14-1 applies to convertible debt instruments that, by their stated terms, may be settled in cash (or other assets) upon conversion, including partial cash settlement of the conversion option. FSP APB 14-1 requires bifurcation of the instrument into a debt component that is initially recorded at fair value and an equity component. The difference between the fair value of the debt component and the initial proceeds from issuance of the instrument is recorded as a component of equity. The liability component of the debt instrument is accreted to par using the effective yield method; accretion is reported as a component of interest expense. The equity component is not subsequently re-valued as long as it continues to qualify for equity treatment. FSP APB 14-1 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008 and must be applied retrospectively to all periods presented. Early adoption is not permitted. We do not believe the impact of adopting FSP APB 14-1 will have a material effect on our consolidated financial position or results of operations.

SFAS 141(R) — Business Combinations

In December 2007, the FASB issued SFAS 141(R) which replaces SFAS 141. SFAS 141(R) applies to all transactions and other events in which one entity obtains control over one or more other businesses. Under SFAS 141(R), all transaction and restructuring charges are required to be recognized as expenses as incurred. The statement requires the fair value of the purchase consideration, including the issuance of equity securities, to be determined as of the acquisition date. It also requires the acquirer to recognize assets acquired, liabilities assumed, consideration paid and any noncontrolling interests acquired at their acquisition-date fair values. Changes in deferred tax asset valuation allowances and liabilities for tax uncertainties subsequent to the acquisition date that do not meet certain remeasurement criteria are also recorded in the income statement. The impact of the adoption of this statement on our consolidated financial statements is dependent on the nature and volume of future acquisitions, and, therefore, can not be determined at this time.

SFAS 141(R) is required to be applied prospectively, and, in general, will be effective for businesses we acquire on or after January 1, 2009. However, in the case of deferred tax asset valuation allowances and uncertain tax liability position liabilities we have recorded for acquisitions, the provisions of SFAS 141(R) as of its effective date will apply to the accounting for all business acquisitions, whether the acquisition occurred before or after that date.

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On February 25, 2009, the FASB issued FASB Staff Position FAS 141(R)-a, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*, which amends the provisions related to the initial recognition and measurement, subsequent measurement, and disclosure of assets and liabilities arising from contingencies in a business combination under SFAS 141(R). The FASB voted to carry forward the requirements in SFAS 141 for acquired contingencies, which would require that such contingencies be recognized at fair value as of the acquisition date if fair value can be reasonably estimated during the allocation period. Otherwise, companies would typically account for the acquired contingencies in accordance with SFAS 5.

FSP FAS 142-3 — Determination of the Useful Life of Intangible Assets

In April 2008, the FASB directed the FASB Staff to issue FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used for purposes of determining the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*. FSP FAS 142-3 is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other GAAP. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. Early application is not permitted. The impact of adopting FSP FAS 142-3 will not have a material effect on our consolidated financial position or results of operations.

SFAS 157 — Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements. Accordingly, SFAS 157 does not require any new fair value measurements; but, for some entities, the application of SFAS 157 will change current practice. SFAS 157 was effective for us on January 1, 2008; however, in February 2008, the FASB issued FSP No. SFAS 157-2 (FSP 157-2) which delayed the effective date of SFAS 157 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis, for one year. We adopted SFAS 157 with respect to financial assets and liabilities beginning January 1, 2008. The adoption of SFAS 157 had no impact on our consolidated financial position, result of operations or cash flows as our historical method of obtaining the fair values of our derivative instruments is acceptable under SFAS 157. We intend to adopt the provisions of SFAS 157 with respect to our non-financial assets and non-financial liabilities effective January 1, 2009 pursuant to the requirements of FSP 157-2. SFAS 157 will impact accounting for fair values associated primarily with assets such as property and equipment, intangible assets and goodwill, but we do not believe it will have a material effect on our consolidated financial position or results of operations.

SFAS 159 — Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, *Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115* (SFAS 159), which permits entities to choose to measure many financial instruments and certain other items at fair value. If elected, SFAS 159 was effective beginning January 1, 2008. Under SFAS 159, a company may elect to use fair value to measure eligible items at specified election dates and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Eligible items include, but were not limited to, accounts and loans receivable, available-for-sale and held-to-maturity securities, equity method investments, accounts payable, guarantees, issued debt and firm commitments.

We elected not to remeasure any financial instruments or other items at fair value under SFAS 159 as of January 1, 2008.

SFAS 160 — Noncontrolling Interests

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* (SFAS 160). SFAS 160 requires noncontrolling interests or minority interests to be treated as a separate component of equity, not as a liability or other item outside of permanent equity. Upon a loss of control, the interests sold, as well as any interest retained, are required to be measured at fair value, with any gain or loss recognized in earnings. Additionally, when control is obtained and a previous equity interest was held, a gain or loss will be recognized in earnings for the difference between the fair value of the previously held equity interest and its carrying value. Based on SFAS 160, assets and liabilities will not change for subsequent purchase or sale transactions with noncontrolling interests as long as control is maintained. Differences between the fair value of consideration paid or received and the carrying value of noncontrolling interests are to be recognized as an adjustment to the parent interest's equity. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. Earlier adoption is prohibited. SFAS 160 will be applied prospectively to all noncontrolling interests, including any that arose before the effective date except that comparative period information must be recast to classify noncontrolling interests in equity, attribute net income and other comprehensive income to noncontrolling interests, and provide other disclosures required by SFAS 160. Our minority interest liability for noncontrolling interests we assumed as part of the acquisition of Allied was $1.1 million at December 31, 2008. Therefore, we do not expect that the implementation of this pronouncement will have a material impact on our consolidated financial position, results of operations or cash flows.

SFAS 161 — Disclosures about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133* (SFAS 161), which requires companies to provide enhanced disclosures regarding derivative instruments and hedging activities. It requires companies to better convey the purpose of derivative use in terms of the risks that they are intending to manage. Disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133, *Accounting for Derivative Instruments*, and its related interpretations, and (c) how derivative instruments and related hedged items affect a company's financial position, results of operations or cash flows are required. This statement retains the same scope as SFAS 133 and will be effective for us beginning January 1, 2009. As SFAS 161 relates specifically to disclosures, the adoption of this statement will have no impact on our consolidated financial position, results of operations or cash flows.

3. BUSINESS ACQUISITIONS AND DIVESTITURES, ASSETS HELD FOR SALE AND RESTRUCTURING CHARGES

Merger with Allied Waste Industries, Inc.

Rationale for the Merger

We believe that our merger with Allied results in a combined company that has greater financial strength, operational efficiencies, earning power and growth potential than either we or Allied would have on our own. We believe that there is a substantial strategic fit between the markets serviced by Republic, which are located predominantly in high-growth Sunbelt markets, and those served by Allied, which has a national footprint. Since our collection markets are highly complementary, the combined company is diversified across geographic markets, customer segments and service offerings. This balance will allow

our combined company to capitalize on attractive business opportunities, mitigate geographic risk, and result in greater stability and predictability of revenue and free cash flow. We also believe that the merger should result in a number of important synergies, primarily from achieving greater operating efficiencies, capturing inherent economies of scale and leveraging corporate resources. Therefore, we believe that the 9% premium we paid to effectuate the merger was reasonable.

Purchase Price

The purchase price paid for the acquisition of Allied that was effective December 5, 2008 includes the value of Republic's common stock issued in exchange for Allied's outstanding common stock, the conversion of Allied's outstanding stock options and unvested restricted stock awards into Republic's equity-based awards, the value of Allied's debt and Republic's transaction costs.

Pursuant to the merger agreement, Allied stockholders were entitled to receive .45 shares of Republic common stock for each share of common stock held (the Exchange Ratio) at the effective time of the merger. Allied had 435.0 million shares of common stock outstanding as of December 5, 2008, including 1.5 million equity-based awards that had vested and settled through the issuance of Allied common stock at the effective time of the merger. The fair value assigned to each share of common stock was determined using the average closing prices of Republic's common stock for the five-day period around June 23, 2008 (the announcement date). Therefore, to effect the transaction, approximately 195.8 million shares of Republic's common stock valued at $6.1 billion were issued to Allied stockholders.

In addition, Allied had stock options, restricted stock and other equity-based awards outstanding under the terms of its various equity-based incentive compensation plans and certain other agreements. Under the terms of these agreements, substantially all of these awards became fully vested upon the change in control. In accordance with the merger agreement, the stock options and any remaining unvested restricted stock were converted into Republic equity-based awards with like terms and conditions (except for the acceleration of the vesting of the awards as a result of the merger) at the effective time of the merger using the Exchange Ratio. As of December 5, 2008, approximately 7.6 million stock options and unvested other equity-based awards were issued in exchange for Allied's outstanding equity-based awards as of the effective date of the merger. Under SFAS 123(R), the total fair value for the stock options of approximately $61.2 million (based on the average closing prices of Republic's common stock for the five-day period around the announcement date), was recorded to additional paid-in capital as a component of purchase price. The unvested other equity-based awards will be recognized through compensation expense as they vest.

In summary, the purchase price paid for the acquisition of Allied consists of the following (in millions):

Value of Republic common stock issued in exchange for Allied common stock outstanding	$	6,113.7
Value of Republic stock options issued to replace Allied stock options		61.2
Debt, fair value		5,402.0
Less: Cash acquired		(131.3)
Transaction costs		57.4
Total purchase price	$	11,503.0

Allocation of Purchase Price

The allocation of purchase price to the fair value of the assets and liabilities acquired in the acquisition of Allied is preliminary and is subject to revision. Due to the volume and complexity of the information required to assess these assets and liabilities, we have not completed our valuation of certain significant balances including property and equipment, goodwill, accrued landfill and environmental costs (which includes landfill asset retirement obligations and environmental remediation liabilities), deferred taxes and other

long-term tax liabilities, and, included in other long-term liabilities, liabilities for litigation, claims and assessments, and self-insurance. Our preliminary purchase price allocation includes values we have finalized to date and preliminary estimates of the values we have not yet finalized. We expect our purchase price allocation for the acquisition of Allied to be completed during 2009. Adjustments after the allocation period made to assets and liabilities acquired, once we have finalized these balances, will be recorded in the consolidated statement of income.

Our preliminary allocation of purchase price is as follows (in millions):

Current assets	$ 910.8
Landfill development costs	2,600.0
Other property and equipment	2,256.8
Goodwill	9,006.3
Other intangible assets	541.0
Other assets	226.6
Current liabilities	1,336.3
Capping, closure and post-closure liabilities	813.1
Environmental liabilities	208.1
Deferred income taxes and other long-term tax liabilities	774.1
Other long-term liabilities	906.9
Total purchase price	$ 11,503.0

The fair values for the intangibles assets acquired were determined by identifying these assets using the intangible asset criteria of SFAS 141. All of Allied's projected revenue streams and their related profits were then used to analyze the potential intangible assets. The intangible assets identified that were determined to have value as a result of this analysis include customer relationships, franchise agreements, other municipal agreements, non-compete agreements and tradenames. The fair values for these intangible assets are reflected in the table below. Other intangible assets were identified that are considered to be components of either property and equipment or goodwill under GAAP, including the value of the permitted and probable airspace at Allied's landfills (property and equipment), the going concern element of Allied's business (goodwill) and its assembled workforce (goodwill). The going concern element represents the ability of an established business to earn a higher rate of return on an assembled collection of net assets than would be expected if those assets had to be acquired separately. A substantial portion of this going concern element acquired is represented by Allied's infrastructure of market-based collection routes and its related integrated waste transfer and disposal channels, whose value has been included in goodwill in accordance with SFAS 141.

The allocation of identifiable other intangible assets (excluding the allocation of purchase price to landfill airspace and goodwill) related to the acquisition of Allied is as follows (in millions):

	Fair Value of Other Intangible Assets	Useful Life (in years)
Customer relationships	$ 420.0	10
Franchise agreements	60.0	9
Other municipal agreements	30.0	3
Non-compete agreements	1.0	2
Tradenames	30.0	5
Total	$ 541.0	

Substantially all of the goodwill and other intangible assets recorded related to the acquisition of Allied are not deductible for tax purposes.

Pro Forma Information

The consolidated financial statements presented for Republic include the operating results of Allied from the date of the acquisition. The following pro forma information is presented assuming the merger had been completed as of January 1, 2007. The unaudited pro forma information presented below has been prepared for illustrative purposes and is not intended to be indicative of the results of operations that would have actually occurred had the acquisition been consummated at the beginning of the periods presented or of future results of the combined operations (in millions, except share and per share amounts).

	Year Ended December 31, 2008 (Unaudited)	Year Ended December 31, 2007 (Unaudited)
Revenue	$ 9,362.2	$ 9,244.9
Income from continuing operations available to common stockholders	285.7	423.2
Basic earnings per share	.76	1.10
Diluted earnings per share	.75	1.09

The above unaudited pro forma financial information includes adjustments for amortization of identifiable intangible assets, accretion of discounts to fair value associated with debt, environmental, self-insurance and other liabilities, accretion of capping, closure and post-closure obligations and amortization of the related assets, and provision for income taxes.

Assets Held For Sale

As a condition of the merger with Allied in December 2008, we reached a settlement with the DOJ requiring us to divest of certain operations serving fifteen metropolitan areas including Los Angeles, CA; San Francisco, CA; Denver, CO; Atlanta, GA; Northwestern Indiana; Lexington, KY; Flint, MI; Cape Girardeau, MO; Charlotte, NC; Cleveland, OH; Philadelphia, PA; Greenville-Spartanburg, SC; and Fort Worth, Houston and Lubbock, TX. The settlement requires us to divest 87 commercial waste collection routes, nine landfills and ten transfer stations, together with ancillary assets and, in three cases, access to landfill disposal capacity. We have classified the assets and liabilities we expect to divest (including accounts receivable, property and equipment, goodwill, and accrued landfill and environmental costs) as assets held for sale in our consolidated balance sheet at December 31, 2008. The assets held for sale related to operations that were Republic's prior to the merger with Allied have been adjusted to the lower of their carrying amounts or estimated fair values less costs to sell, which resulted in us recognizing an asset impairment loss of $6.1 million in our consolidated statement of income for the year ended December 31, 2008. The assets held for sale related to operations that were Allied's prior to the merger are recorded at their estimated fair values in our consolidated balance sheet as of December 31, 2008 in accordance with the purchase method of accounting.

In February 2009, we entered into an agreement to divest certain assets to Waste Connections, Inc. The assets covered by the agreement include six municipal solid waste landfills, six collection operations and three transfer stations across the following seven markets: Los Angeles, CA; Denver, CO; Houston, TX; Lubbock, TX; Greenville-Spartanburg, SC; Charlotte, NC; and Flint, MI. The transaction with Waste Connections is subject to closing conditions regarding due diligence, regulatory approval and other customary matters. Closing is expected to occur in the second quarter of 2009.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

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Assets held for sale as of December 31 are recorded in our consolidated balance sheet as follows (in millions):

	2008
Prepaid expenses and other current assets	$ 17.5
Other assets	285.1
Total assets	$ 302.6
Accrued liabilities	$ 3.1
Other long-term liabilities	31.0
Total liabilities	$ 34.1

Assets held for sale are comprised of accounts receivable, property and equipment, and accrued landfill and environmental costs.

Restructuring Charges

During the year ended December 31, 2008, we incurred $82.7 million of restructuring costs, primarily consisting of severance and other employee termination and relocation benefits and consulting fees paid to outside parties related to integrating the Allied and Republic operations. Substantially all restructuring charges relate to our corporate segment. As of December 31, 2008, our liabilities recorded for restructuring charges were $30.4 million and consisted of severance and other employee termination and relocation benefits incurred and unpaid. The majority of these benefit payments will be made in 2009.

Other Acquisitions

In addition to our acquisition of Allied, we acquired various other solid waste businesses during the years ended December 31, 2008, 2007 and 2006. The aggregate purchase price paid for these transactions was $13.4 million, $4.4 million and $4.9 million, respectively. The amount for 2008 includes the acquisition of a transfer station in California.

The following summarizes the preliminary purchase price allocations for these business combinations, in aggregate (which excludes the acquisition of Allied):

	2008	2007	2006
Property and equipment	$ 5.7	$ 3.6	$ 4.5
Goodwill and other intangible assets	8.6	1.6	1.2
Working capital surplus (deficit)	.4	(.8)	(.7)
Other assets (liabilities), net	(1.3)	—	(.1)
Cash used in acquisitions, net of cash acquired	$ 13.4	$ 4.4	$ 4.9

Substantially all of the intangible assets recorded for these acquisitions are deductible for tax purposes.

Other Divestitures

In November 2007, we divested our Texas-based compost, mulch and soil business and received proceeds of $36.5 million. A gain of $12.5 million was recorded in 2007 on this divesture.

4. PROPERTY AND EQUIPMENT, NET

Purchases of property and equipment for the years ended December 31, 2008, 2007 and 2006 were $386.9 million, $292.5 million and $326.7 million, respectively.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

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A summary of property and equipment as of December 31 is as follows (in millions):

	2008[1]	2007
Other land	$ 464.4	$ 105.7
Non-depletable landfill land	169.3	52.7
Landfill development costs	4,126.3	1,809.1
Vehicles and equipment	3,432.3	1,965.1
Buildings and improvements	706.0	346.7
Construction-in-progress – landfill	76.2	66.4
Construction-in-progress – other	26.3	11.8
	9,000.8	4,357.5
Less: Accumulated depreciation, depletion and amortization –		
Landfill development costs	(1,004.2)	(1,039.5)
Vehicles and equipment	(1,147.3)	(1,052.7)
Buildings and improvements	(111.1)	(101.0)
	(2,262.6)	(2,193.2)
Property and equipment, net	$ 6,738.2	$ 2,164.3

(1) Property and equipment, net excludes assets classified as held for sale of $214.1 million as of December 31, 2008.

In December 2008, as a result of our acquisition of Allied, we recorded $4.9 billion for property and equipment at its estimated fair value. Our estimates have not been finalized and are subject to change. We expect to complete our valuations in 2009.

In December 2008, we also recorded asset impairments of $89.8 million primarily related to a reduction in our estimated remaining airspace at our Countywide disposal facility in Ohio, a reduction in value of our former corporate headquarters in Florida and estimated losses on the required divestitures of certain operations in compliance with DOJ requirements.

5. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill, Net

At December 31, 2008, the carrying value of goodwill totaled $10.5 billion, of which $9.0 billion was recorded as part of our preliminary purchase price allocation for our acquisition of Allied. A summary of the activity and balances in our goodwill accounts, net, by operating segment is as follows (in millions):

	Balance at December 31, 2007	Acquisitions	Divestitures	Impairments and Transfers to Held for Sale	Balance at December 31, 2008
Eastern	$ 420.0	$ —	$ —	$ (18.3)	$ 401.7
Central	374.1	2.0	—	(.8)	375.3
Southern	327.3	(.2)	—	(22.3)	304.8
Western	434.3	(.1)	—	—	434.2
Allied	—	9,006.3	(.8)	—	9,005.5
Total	$ 1,555.7	$ 9,008.0	$ (.8)	$ (41.4)	$ 10,521.5

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

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	Balance at December 31, 2006	Acquisitions	Divestitures	Balance at December 31, 2007
Eastern	$ 422.1	$ —	$ (2.1)	$ 420.0
Central	373.9	.2	—	374.1
Southern	326.6	.7	—	327.3
Western	440.3	.1	(6.1)	434.3
Total	$ 1,562.9	$ 1.0	$ (8.2)	$ 1,555.7

Other Intangible Assets

Other intangible assets includes values assigned to customer relationships, long-term contracts, covenants not to compete and tradenames, and are amortized generally on a straight-line basis over periods ranging from 2 to 10 years.

A summary of the activity and balances in other intangible assets accounts by operating segment is as follows (in millions):

Gross Intangible Assets

	Balance at December 31, 2007	Acquisitions	Other Additions	Balance at December 31, 2008
Eastern	$ 4.6	$ —	$ —	$ 4.6
Central	6.8	.1	—	6.9
Southern	3.9	—	—	3.9
Western	52.0	6.8	.2	59.0
Allied	—	541.0	—	541.0
Total	$ 67.3	$ 547.9	$ .2	$ 615.4

	Balance at December 31, 2006	Acquisitions	Other Additions	Balance at December 31, 2007
Eastern	$ 4.6	$ —	$ —	$ 4.6
Central	6.7	.1	—	6.8
Southern	3.4	.4	.1	3.9
Western	51.9	.1	—	52.0
Total	$ 66.6	$ .6	$ .1	$ 67.3

Accumulated Amortization

	Balance at December 31, 2007	Amortization Expense	Balance at December 31, 2008
Eastern	$ (2.6)	$ (.5)	$ (3.1)
Central	(3.9)	(.8)	(4.7)
Southern	(2.4)	(.4)	(2.8)
Western	(31.9)	(3.2)	(35.1)
Allied	—	(5.6)	(5.6)
Total	$ (40.8)	$ (10.5)	$ (51.3)

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Balance at December 31, 2006	Amortization Expense	Balance at December 31, 2007
Eastern	$ (2.1)	$ (.5)	$ (2.6)
Central	(2.9)	(1.0)	(3.9)
Southern	(2.0)	(.4)	(2.4)
Western	(28.6)	(3.3)	(31.9)
Total	$ (35.6)	$ (5.2)	$ (40.8)

Based on the amortizable assets recorded in the balance sheet at December 31, 2008, amortization expense for each of the next five years is estimated to be as follows (in millions):

2009	$ 70.1
2010	70.0
2011	68.4
2012	57.9
2013	57.4

6. OTHER ASSETS

Prepaid Expenses and Other Current Assets

A summary of prepaid expenses and other current assets as of December 31 is as follows (in millions):

	2008	2007
Inventories(1)	$ 37.1	$ 12.3
Prepaid expenses	58.6	19.7
Other non-trade receivables	47.7	18.9
Income taxes receivable	3.0	4.8
Assets held for sale	17.5	—
Other assets(2)	10.8	12.8
Total	$ 174.7	$ 68.5

(1) Inventories are valued at the lower of cost (first-in, first-out) or market.
(2) Includes the fair value of commodity hedges of $8.8 million at December 31, 2008 and the fair value of fuel hedges of $11.4 million at December 31, 2007.

Other Assets

A summary of other assets as of December 31 is as follows (in millions):

	2008	2007
Deferred financing costs	$ 27.4	$ 16.3
Deferred compensation plan	13.0	51.5
Notes and other receivables(1)	30.7	9.5
Assets held for sale	285.1	—
Other	133.8	65.2
Total	$ 490.0	$ 142.5

(1) Includes $15.1 million and $3.1 million for the fair value of interest rate swaps at December 31, 2008 and 2007, respectively.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

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7. OTHER LIABILITIES

Other Accrued Liabilities

A summary of other accrued liabilities as of December 31 is as follows (in millions):

	2008	2007
Accrued payroll and benefits	$ 130.6	$ 92.6
Accrued fees and taxes	114.0	38.9
Self-insurance reserves, current portion	173.6	59.5
Accrued dividends	72.0	31.6
Current tax liabilities	47.1	2.5
Restructuring liabilities	30.4	—
Accrued professional fees and legal settlement reserves	43.7	6.0
Other(1)	185.4	25.3
Total	$ 796.8	$ 256.4

(1) Includes $11.7 million for the fair value of fuel hedges at December 31, 2008.

Other Long-Term Liabilities

A summary of other long-term liabilities as of December 31 is as follows (in millions):

	2008	2007
Deferred compensation liability	13.2	51.0
Pension liability	74.7	—
Liabilities related to assets held for sale	31.0	—
Other	107.0	31.7
Total	$ 225.9	$ 82.7

Self-Insurance Reserves

Our insurance programs for workers' compensation, general liability, vehicle liability and employee-related health care benefits are effectively self-insured. We carry general liability, vehicle liability, employment practices liability, pollution liability, directors and officers liability, workers' compensation and employer's liability coverage, as well as umbrella liability policies to provide excess coverage over the underlying limits contained in these primary policies. We also carry property insurance. Claims in excess of self-insurance levels are fully insured subject to policy limits.

In general, our self-insurance reserves are recorded on an undiscounted basis. However, our estimate of the self-insurance liabilities we acquired in the acquisition of Allied have been recorded at fair value, and, therefore, have been discounted to present value using a rate of 9.75%. Discounted reserves are accreted to interest expense through the period that they are paid.

Our liabilities for unpaid and incurred but not reported claims at December 31, 2008 (which includes claims for workers' compensation, general liability, vehicle liability and employee health care benefits) were $385.3 million under our current risk management program and are included in other current liabilities and other liabilities in our consolidated balance sheets. While the ultimate amount of claims incurred is dependent on future developments, in our opinion, recorded reserves are adequate to cover the future payment of claims. However, it is possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in our consolidated statements of income in the periods in which such adjustments are known.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. LANDFILL AND ENVIRONMENTAL COSTS

As of December 31, 2008, we owned or operated 213 active solid waste landfills with total available disposal capacity of approximately 4.9 billion in-place cubic yards. Additionally, we currently have post-closure responsibility for 126 closed landfills.

Accrued Landfill and Environmental Costs

A summary of our landfill and environmental liabilities for the years ended December 31 is as follows (in millions):

	2008	2007
Landfill final capping, closure and post-closure liabilities	$ 1,040.6	$ 277.7
Remediation	389.9	67.5
	1,430.5	345.2
Less: Current portion	(233.4)	(66.0)
Long-term portion	$ 1,197.1	$ 279.2

Final Capping, Closure and Post-Closure Costs

The following table summarizes the activity in our asset retirement obligation liabilities, which include liabilities for final capping, closure and post-closure, for the years ended December 31 (in millions):

	2008	2007	2006
Asset retirement obligation liability, beginning of year	$ 277.7	$ 257.6	$ 239.5
Additions due to acquisition of Allied	813.1	—	—
Non-cash asset additions	20.5	19.5	22.8
SFAS 143 adjustments(1)	(32.6)	(1.8)	(10.0)
Amounts settled during the period	(27.9)	(14.7)	(10.4)
Accretion expense	23.9	17.1	15.7
Liabilities related to assets held for sale	(34.1)	—	—
Asset retirement obligation liability, end of year	1,040.6	277.7	257.6
Less: Current portion	(130.6)	(32.6)	(29.0)
Long-term portion	$ 910.0	$ 245.1	$ 228.6

(1) See Note 2, *Summary of Significant Accounting Policies — Landfill and Environmental Costs, Final Capping, Closure and Post-Closure Costs*, for further information regarding SFAS 143 adjustments.

As of December 2008, we recorded a preliminary purchase price allocation of $813.1 million for the asset retirement obligations we acquired as part of the acquisition of Allied. The amounts we have recorded for these obligations are not comparable to the amounts Allied had recorded for these obligations. We have recorded these obligations at their estimated fair values using our credit-adjusted, risk-free rate at the time of the acquisition of 9.75%. In contrast, Allied had recorded these liabilities using a weighted-average credit-adjusted, risk-free rate of 8.0%. Additionally, we have made certain changes to the processes Allied used for making the estimates needed to calculate asset retirement obligations in order to conform Republic's and Allied's methods for accounting for these obligations.

During the years ended December 31, 2008, 2007 and 2006, we reviewed our landfill asset retirement obligations for our landfills. As a result, we record a net increase of $.6 million, a net increase of $3.3 million and a net decrease of $2.3 million in amortization expense, respectively, primarily related to changes in estimates and assumptions concerning the cost and timing of future final capping, closure and post-closure activities.

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The fair value of assets that are legally restricted for purposes of settling final capping, closure and post-closure obligations was approximately $63.2 million at December 31, 2008 and is included in restricted cash in our consolidated balance sheet.

The expected future payments for final capping, closure and post-closure as of December 31, 2008 are as follows (in millions):

Years Ending December 31,	
2009	$ 130.6
2010	86.2
2011	87.9
2012	105.1
2013	107.1
Thereafter	4,491.9
Total	$ 5,008.8

The estimated remaining final capping, closure and post-closure expenditures presented above are uninflated and undiscounted and reflect the estimated future payments for liabilities incurred and recorded as of December 31, 2008.

Environmental Remediation Liabilities

The following table summarizes the activity in our environmental remediation liabilities for the years ended December 31, (in millions):

	2008	2007	2006
Remediation liabilities, beginning of year	$ 67.5	$ 45.1	$ 50.3
Additions charged to expense	155.9	51.4	8.5
Addition due to acquisition of Allied	208.1	—	—
Amounts settled during the period	(43.3)	(29.0)	(13.7)
Accretion expense	1.7	—	—
Remediation liabilities, end of year	389.9	67.5	45.1
Less: Current portion	(102.8)	(33.4)	(13.0)
Long-term portion	$ 287.1	$ 34.1	$ 32.1

As of December 2008, we recorded a preliminary purchase price allocation of $208.1 million for the environmental liabilities we acquired as part of the acquisition of Allied. These liabilities represent our preliminary estimate of costs to remediate sites that were previously owned or operated by Allied or sites at which they, or a predecessor company that they had acquired, had been identified as a potentially responsible party. The remediation of these sites is in various stages of completion from having received an initial notice from a regulatory agency and commencing investigation to being in the final stages of postremedial monitoring. See also Note 2, *Summary of Significant Accounting Policies — Environmental Remediation Liabilities,* for further information. We have recorded these liabilities at their estimated fair values using a discount rate of 9.75%. Discounted liabilities are accreted to interest expense through the period that they are paid.

During 2007, we recorded pre-tax remediation charges of $44.6 million related to estimated costs to comply with Final Findings and Orders (F&Os) issued by the Ohio Environmental Protection Agency (OEPA) in response to environmental conditions at our Countywide Recycling and Disposal Facility (Countywide) in East Sparta, Ohio and to undertake certain other remedial actions that we agreed with the OEPA to perform, including, without limitation, installing a “fire” break and removing liquids from gas extraction wells.

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During 2008, Republic Services of Ohio II, LLC (Republic-Ohio), an Ohio limited liability company and wholly owned subsidiary of ours and parent of Countywide, entered into an Agreed Order on Consent (AOC) with the EPA requiring the reimbursement of costs incurred by the EPA and requiring Republic-Ohio to (a) design and install a temperature and gas monitoring system, (b) design and install a composite cap or cover, and (c) develop and implement an air monitoring program. The AOC became effective on April 17, 2008 and Republic-Ohio is complying with the terms of the AOC. We also received additional orders from the OEPA. Based upon current information and engineering analyses and discussions with the OEPA and the EPA subsequent to the signing of the above-mentioned agreement, we recorded an additional pre-tax charge of $98.0 million for remediation costs in 2008. These costs include placing an enhanced cap (in excess of Countywide's current permit requirements) over certain portions of the landfill.

We have requested relief with respect to certain requirements of the orders received from the OEPA as we believe the requirements should no longer be considered essential in light of the work we have now agreed with the EPA to perform.

While we are vigorously pursuing financial contributions from third parties for our costs to comply with the F&Os and the additional remedial actions, we have not recorded any receivables for potential recoveries.

The remediation liability remaining for Countywide as of December 31, 2008 is $95.4 million, of which approximately $29.5 million is expected to be paid out during 2009. The majority of the remaining costs are expected to be paid during 2010 and 2011.

During 2007, we recorded a pre-tax charge of $9.6 million associated with an increase in estimated leachate disposal costs and costs to upgrade onsite equipment that captures and treats leachate at our closed disposal facility in Contra Costa County, California. These additional costs are attributable to a consent agreement with the California Department of Toxic Substance Control. In 2008, we recorded an additional pre-tax charge of $21.9 million for increases in our estimates for leachate disposal costs and leachate treatment equipment at this facility.

On August 1, 2008, Republic Services of Southern Nevada (RSSN), a wholly owned subsidiary of ours, signed a Consent Decree and Settlement Agreement (Consent Decree) with the EPA, the Bureau of Land Management, and Clark County, Nevada related to the Sunrise Landfill. Under the Consent Decree, RSSN has agreed to perform certain remedial actions at the Sunrise Landfill for which RSSN and Clark County were otherwise jointly and severally liable. As a result, we recorded, based on management's best estimates, a pre-tax charge of $35.0 million in 2008, of which $34.0 million was recorded for remediation costs associated with complying with the Consent Decree. RSSN is currently working with the Clark County Staff and Board of Commissioners to develop a mechanism to fund the costs to comply with the Consent Decree. However, we have not recorded any potential recoveries. The majority of this remediation liability is expected to be paid during 2009 and 2010.

It is reasonably possible that we will need to adjust the charges noted above to reflect the effects of new or additional information, to the extent that such information impacts the costs, timing or duration of the required actions. Future changes in our estimates of the costs, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

No other significant amounts were charged to income for remediation costs during the years ended December 31, 2008, 2007 and 2006.

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The expected future payments for remediation costs as of December 31, 2008 are as follows (in millions):

Years Ending December 31,	
2009	$ 102.8
2010	81.1
2011	46.5
2012	35.1
2013	30.5
Thereafter	215.6
Total	$ 511.6

9. DEBT

Our notes payable, capital leases and long-term debt at December 31, 2008 and 2007 are listed in the following table, and are presented net of unamortized discounts and premiums, and net of unamortized adjustments to fair value (in millions). The debt we acquired as part of the acquisition of Allied was recorded at fair value as of the acquisition date.

	Balance at December 31,	
	2008	2007
$1.0 billion Revolver due 2012, borrowings	$ —	$ —
$1.75 billion Revolver due 2013, Eurodollar borrowings	665.0	—
Receivables secured loans	400.0	—
7.125% notes due 2009	99.3	99.3
6.75% notes due 2011	464.2	451.9
6.086% notes due 2035	249.1	248.7
6.50% senior notes due 2010	333.2	—
5.75% senior notes due 2011	371.1	—
6.375% senior notes due 2011	257.7	—
7.875% senior notes due 2013	422.4	—
6.125% senior notes due 2014	370.5	—
7.375% senior notes due 2014	363.5	—
7.25% senior notes due 2015	531.7	—
7.125% senior notes due 2016	518.7	—
6.875% senior notes due 2017	645.7	—
9.25% debentures due 2021	92.8	—
7.40% debentures due 2035	266.0	—
4.25% senior subordinated convertible debentures due 2034	201.3	—
Tax-exempt bonds and other tax-exempt financings; fixed and floating interest rates ranging from 3.25% to 11.50%; maturities ranging from 2010 to 2037	1,308.2	731.9
Other debt unsecured and secured by real property, equipment and other assets; interest rates ranging from 5.99% to 19.63%; maturing through 2042	142.1	36.0
Total debt	7,702.5	1,567.8
Less: Current portion	(504.0)	(2.3)
Long-term portion	$ 7,198.5	$ 1,565.5

Impact of Allied Merger on Supplemental Indentures for Certain Debt

On December 10, 2008, we received the requisite consents to amend the supplemental indentures governing certain outstanding debt securities of Allied Waste North America, Inc. (AWNA). The amendment to each supplemental indenture modified the ongoing reporting obligations required of

Allied. Under the amended supplemental indentures, the ongoing reporting obligations may be satisfied by Republic.

The collateral that had secured the AWNA senior notes and the BFI Debentures (as defined below) equally and ratably with the Allied bank credit facility was released upon the completion of our merger with Allied and the repayment of that facility.

Revolving Credit Facilities

In April 2007, we increased our unsecured revolving credit facility from $750.0 million to $1.0 billion and extended the term from 2010 to 2012. In conjunction with the merger with Allied, we entered into an additional $1.75 billion revolving credit facility with a group of banks in September 2008. This credit facility was used initially at the time of the merger to refinance extensions of credit under Allied's senior credit facility, to pay fees and expenses in connection therewith, and to pay fees and expenses incurred in connection with the merger. We also amended our existing $1.0 billion credit facility to conform certain terms of the facility to be consistent with the new $1.75 billion credit facility. We did not change the maturity date of the $1.0 billion credit facility.

The $1.0 billion revolving credit facility due April 2012 and the $1.75 billion revolving credit facility due September 2013 (collectively, the Credit Facilities) bear interest at a Base Rate, or a Eurodollar Rate, both terms defined in the agreements, plus an applicable margin based on our Debt Ratings, also a term defined in the agreements. The Credit Facilities are also subject to facility fees based on applicable rates defined in the agreements and the aggregate commitments, regardless of usage. Borrowings under the Credit Facilities can be used for working capital, capital expenditures, letters of credit and other general corporate purposes. The agreements governing the Credit Facilities require us to maintain certain financial and other covenants. We have the ability to pay dividends and to repurchase common stock provided that we are in compliance with these covenants. At December 31, 2008, we had $.6 billion of Eurodollar Rate borrowings and $1.7 billion of letters of credit outstanding under the Credit Facilities, leaving $.4 billion of availability under the Credit Facilities. At December 31, 2008, we were in compliance with the covenants of the Credit Facilities.

Receivables Secured Loans

We have an accounts receivable securitization program with two financial institutions which we acquired in the acquisition of Allied that allows us to borrow up to $400.0 million on a revolving basis under loan agreements secured by receivables. The agreements include a 364-day liquidity facility secured by receivables. If we are unable to renew the liquidity facility when it matures on May 29, 2009, we will refinance any amounts outstanding with our Credit Facilities or with other long-term borrowings. Although we intend to renew the liquidity facility no later than May 29, 2009 and do not expect to repay the amounts within the next twelve months, the loan is classified as current because it has a contractual maturity of less than one year.

The borrowings are secured by our accounts receivable. These receivables are held in and owned by a wholly owned and fully consolidated subsidiary. This subsidiary is a separate corporate entity whose assets, or collateral securing the borrowings, are available first to satisfy the claims of the subsidiary's creditors. At December 31, 2008, the total amount of accounts receivable (gross) serving as collateral securing the borrowing was $520.8 million. Under SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities — a Replacement of FASB Statement 125*, the securitization program is accounted for as a secured borrowing with a pledge of collateral. The receivables and debt obligation remain on our consolidated balance sheet. At December 31, 2008, we had outstanding borrowings under this program of $400.0 million. The borrowings under this program bear interest at the financial institutions' commercial paper rate plus an applicable spread and interest is payable monthly.

Senior Notes and Debentures

As of December 31, 2008 and 2007, we had $99.3 million remaining of 7.125% unsecured notes due May 15, 2009. Interest is payable semi-annually in May and November.

We issued $450.0 million of 6.75% senior notes due 2011. Interest is payable semi-annually in February and August. The debt is presented net of the remaining unamortized discount of $.9 million and $1.2 million, and net of adjustments to fair market value of $15.1 million and $3.1 million, as of December 31, 2008 and 2007, respectively, in the above table.

During March 2005, we exchanged $275.7 million of our outstanding 7.125% notes due 2009 for 6.086% notes due 2035. We paid a premium of $27.6 million in connection with the exchange, which is being amortized over the life of the new notes using the effective yield method. The debt is presented net of the remaining unamortized discount of $.2 million and $.2 million, and the unamortized premium of $26.4 million and $26.8 million, as of December 31, 2008 and 2007, respectively, in the above table.

We acquired the following senior notes and debentures in the merger of Allied:

- § $350.0 million of 6.50% senior notes due 2010 — Interest is payable semi-annually in February and August. These senior notes have a make-whole call provision that is exercisable at any time at a stated redemption price. Interest is payable semi-annually in February and August. At December 31, 2008, the unamortized adjustment to fair value was $16.8 million, which is being amortized over the remaining term of the notes.
- § $400.0 million of 5.75% senior notes due 2011 — Interest is payable semi-annually in February and August. These notes have a make-whole call provision that is exercisable at any time at the stated redemption price. At December 31, 2008, the unamortized adjustment to fair value was $28.9 million, which is being amortized over the remaining term of the notes.
- § $275.0 million of 6.375% senior notes due 2011 — Interest is payable semi-annually in April and October. These senior notes have a make-whole call provision that is exercisable at any time at the stated redemption price. At December 31, 2008, the unamortized adjustment to fair value was $17.3 million, which is being amortized over the remaining term of the notes.
- § $450.0 million of 7.875% senior notes due 2013 — Interest is payable semi-annually in April and October. At December 31, 2008, the unamortized adjustment to fair value was $27.6 million, which is being amortized over the remaining term of the notes.
- § $425.0 million of 6.125% senior notes due 2014 — Interest is payable semi-annually in February and August. These notes have a make-whole call provision that is exercisable at the stated redemption price. At December 31, 2008, the unamortized adjustment to fair value was $54.5 million, which is being amortized over the remaining term of the notes.
- § $400.0 million of 7.375% senior notes due 2014 — Interest is payable semi-annually in April and October. These notes have a make-whole call provision that is exercisable any time prior to April 15, 2009 at the stated redemption price. The notes may also be redeemed after April 15, 2009 at the stated redemption prices. At December 31, 2008, the unamortized adjustment to fair value was $36.5 million, which is being amortized over the remaining term of the notes.
- § $600.0 million of 7.25% senior notes due 2015 — Interest is payable semi-annually in March and September. These senior notes have a make-whole call provision that is exercisable any time prior to March 15, 2010 at the stated redemption price. These notes may also be redeemed on or after March 15, 2010 at the stated redemption price. At December 31, 2008, the unamortized adjustment to fair value was $68.3 million, which is being amortized over the remaining term of the notes.

- § $600.0 million of 7.125% senior notes due 2016 — Interest is payable semi-annually in May and November. These senior notes have a make-whole call provision that is exercisable any time prior to May 15, 2011 at the stated redemption price. These notes may also be redeemed on or after May 15, 2011 at the stated redemption price. At December 31, 2008, the unamortized adjustment to fair value was $81.3 million, which is being amortized over the remaining term of the notes.
- § $750.0 million of 6.875% senior notes due 2017 — Interest is payable semi-annually in June and December. These senior notes have a make-whole call provision that is exercisable at our option any time prior to June 1, 2012 at the stated redemption price. These notes may also be redeemed on or after June 1, 2012 at the stated redemption price. At December 31, 2008, the unamortized adjustment to fair value was $104.3 million, which is being amortized over the remaining term of the notes.
- § $99.5 million of 9.25% debentures due 2021 — Interest is payable semi-annually in May and November. These debentures are not redeemable prior to maturity and are not subject to any sinking fund requirements. At December 31, 2008, the unamortized adjustment to fair value was $6.7 million, which is being amortized over the remaining term of the notes.
- § $360.0 million of 7.40% debentures due 2035 — Interest is payable semi-annually in March and September. These debentures are not subject to any sinking fund requirements and may be redeemed in whole or in part, at our option at any time. The redemption price is equal to the greater of the principal amount of the debentures and the present value of the future principal and interest payments discounted at a rate specified under the terms of the indenture. At December 31, 2008, the unamortized adjustment to fair value was $94.0 million, which is being amortized over the remaining term of the notes.

Senior Subordinated Convertible Debentures

We acquired $230.0 million of 4.25% unsecured senior subordinated convertible debentures due 2034 as part of our acquisition of Allied. These debentures are convertible into 5.1 million shares of our common stock at a conversion price of $45.40 per share. Common stock transactions such as cash or stock dividends, splits, combinations or reclassifications, and issuances at less than current market price require an adjustment to the conversion rate as defined by the indenture. Certain of the conversion features contained in the convertible debentures are deemed to be embedded derivatives, as defined under SFAS 133. However, these embedded derivatives currently have no value.

These debentures are convertible at the option of the holder anytime if any of the following occurs: (i) our closing stock price is in excess of $56.75 for 20 of 30 consecutive trading days ending on the last trading day of the quarter, (ii) during the five business day period after any three consecutive trading days in which the average trading price per debenture is less than 98% of the product of the closing price for our common stock times the conversion rate, (iii) we issue a call notice, or (iv) certain specified corporate events occur such as a merger or change in control.

We can elect to settle the conversion in stock, cash or a combination of stock and cash. If settled in stock, the holder will receive the fixed number of shares based on the conversion rate except, if conversion occurs after 2029 as a result of item (ii) above, the holder will receive shares equal to the par value divided by the trading stock price. If settled in cash, the holder will receive the cash equivalent of the number of shares based on the conversion rate at the average trading stock price over a ten day period except, if conversion occurs as a result of item (iv) above, the holder will then receive cash equal to the par value only.

We can elect to call the debentures at any time after April 15, 2009 at par for cash only. The holders can require us to redeem some or all of the debentures on April 15th of 2011, 2014, 2019, 2024 and 2029 at par for stock, cash or a combination of stock and cash at our option. If the debentures are redeemed in stock,

the number of shares issued will be determined as the par value of the debentures divided by the average trading stock price over the preceding five-day period.

At December 31, 2008, the unamortized adjustment to fair value for these debentures was $28.7 million, which is being amortized through April 15, 2011, the first date that the holders can require us to redeem the debentures.

Tax-Exempt Financings

As of December 31, 2008 and 2007, we had $1.3 billion and $.7 billion of fixed and variable rate tax-exempt financings outstanding, respectively, with maturities ranging from 2010 to 2037. During 2008, we issued $207.4 million of tax-exempt bonds. In addition, we acquired $527.0 million of tax-exempt bonds and other tax-exempt financings as part of our acquisition of Allied in December 2008. At December 31, 2008, the total of the unamortized adjustments to fair value for these financings was $52.9 million, which is being amortized to interest expense over the remaining terms of the debt.

Approximately two-thirds of our tax-exempt financings are remarketed weekly or daily, by a remarketing agent to effectively maintain a variable yield. These variable rate tax-exempt financings are credit enhanced with letters of credit having terms in excess of one year issued by banks with credit ratings of AA or better. The holders of the bonds can put them back to the remarketing agent at the end of each interest period. To date, the remarketing agents have been able to remarket our variable rate unsecured tax-exempt bonds.

As of December 31, 2008, we had $281.9 million of restricted cash, of which $133.5 million was proceeds from the issuance of tax-exempt bonds and other tax-exempt financings and will be used to fund capital expenditures under the terms of the agreements. Restricted cash also includes amounts held in trust as a financial guarantee of our performance.

Other Debt

Other debt primarily includes capital lease liabilities of $139.5 million and $35.4 million as of December 31, 2008 and 2007, respectively, with maturities ranging from 2009 to 2042.

Future Maturities of Debt

Aggregate maturities of notes payable, capital leases and other long-term debt as of December 31, 2008, excluding non-cash discounts, premiums, adjustments to fair market value of related to hedging transactions and adjustments to fair market value recorded in purchase accounting totaling $821.9 million, are as follows (in millions):

Years Ending December 31,	
2009[1]	$ 507.4
2010	387.5
2011	1,138.1
2012	38.4
2013	1,139.2
Thereafter	5,313.8
Total	$ 8,524.4

(1) Includes the receivables secured loan, which is a 364-day liquidity facility with a maturity date of May 29, 2009 and has a balance of $400.0 million at December 31, 2008. Although we intend to renew the liquidity facility prior to its maturity date, the outstanding balance is classified as a current liability because it has a contractual maturity of less than one year.

Fair Value of Debt

The fair value of our fixed rate senior notes and tax-exempt financings using quoted market rates is $6.1 billion and $1.1 billion at December 31, 2008 and 2007, respectively. The carrying value of these fixed rate unsecured notes and tax-exempt financings is $6.6 billion and $1.1 billion at December 31, 2008 and 2007, respectively. The carrying amounts of our remaining notes payable and tax-exempt financing approximate fair value because interest rates are variable and, accordingly, approximate current market rates for instruments with similar risk and maturities. The fair value of our debt is determined as of the balance sheet date and is subject to change. For active hedge arrangements, the fair value of the derivatives is included in the consolidated balance sheets.

Guarantees

Substantially all of our subsidiaries have guaranteed our obligations under the Credit Facilities.

We and substantially all of our subsidiaries (including substantially all of the subsidiaries of Allied) had guaranteed nine series of senior notes issued by AWNA, a subsidiary of Allied (the AWNA Senior Notes). The guarantees of the AWNA Senior Notes by our subsidiaries (other than the guarantee of Allied) were automatically released upon the release of such subsidiaries from their guarantee obligations under the Credit Facilities.

We and substantially all of our subsidiaries (including substantially all of the subsidiaries of Allied) had also guaranteed the 9.25% debentures due 2021 and the 7.40% debentures due 2035 issued by Browning-Ferris Industries, LLC (successor to Browning-Ferris Industries, Inc.), another subsidiary of Allied (the BFI Debentures). The guarantees of the BFI Debentures by our subsidiaries (other than the guarantees of Allied and AWNA) were automatically released upon the release of such subsidiaries from their guarantee obligations under the Credit Facilities.

Substantially all of our subsidiaries (including Allied and substantially all of its subsidiaries) have guaranteed our 7.125% senior notes due 2009, our 6.75% senior notes due 2011 and our 6.086% senior notes due 2035 (the Republic Senior Notes). The guarantees of the Republic Senior Notes by our subsidiaries would be automatically released upon the release of such subsidiaries from their guarantee obligations under the Credit Facilities.

We have guaranteed some of the tax-exempt bonds of our subsidiaries. If a subsidiary fails to meet its obligations associated with tax-exempt bonds as they come due, we will be required to perform under the related guarantee agreement. No additional liability has been recorded for these guarantees because the underlying obligations are reflected in our consolidated balance sheets.

Interest Paid

Interest paid was $93.7 million, $95.2 million and $95.4 million (net of capitalized interest of $2.6 million, $3.0 million and $2.7 million) for the years ended December 31, 2008, 2007 and 2006, respectively.

Interest Rate Swap Agreements

Our ability to obtain financing through the capital markets is a key component of our financial strategy. Historically, we have managed risk associated with executing this strategy, particularly as it relates to fluctuations in interest rates, by using a combination of fixed and floating rate debt. We also entered into interest rate swap agreements to manage risk associated with fluctuations in interest rates. The swap agreements have a total notional value of $210.0 million and mature in August 2011. This maturity is identical to our unsecured notes that also mature in 2011. Under the swap agreements, we pay interest at floating rates based on changes in LIBOR and receive interest at fixed rates of 6.75%. We have designated

these agreements as hedges in changes in the fair value of our fixed-rate debt and account for them in accordance with SFAS 133. We have determined that these agreements qualify for the short-cut method under SFAS 133 and, therefore, changes in the fair value of the agreements are assumed to be perfectly effective in hedging changes in the fair value of our fixed rate debt due to changes in interest rates.

As of December 31, 2008 and 2007, interest rate swap agreements are reflected at their fair market value of $15.1 million and $3.1 million, respectively, and are included in other assets and as an adjustment to long-term debt in our consolidated balance sheets. During the years ended December 31, 2008, 2007 and 2006, we recorded net interest income of $3.8 million and net interest expense of $2.3 million and $2.3 million, respectively, related to our interest rate swap agreements, which is included in interest expense in our consolidated statements of income.

10. INCOME TAXES

The components of the provision for income taxes for the years ended December 31, are as follows (in millions):

	2008	2007	2006
Current:			
Federal	$ 98.1	$ 136.8	$ 123.6
State	11.1	12.1	10.6
Federal and state deferred	(30.4)	27.8	29.9
Non-current tax provision	6.6	1.2	—
Provision for income taxes	$ 85.4	$ 177.9	$ 164.1

The reconciliations of the statutory federal income tax rate to our effective tax rate for the years ended December 31, are shown below:

	2008	2007	2006
Earnings before taxes	35.0%	35.0%	35.0%
Non-deductible expenses	11.6	1.4	0.8
FIN 48 taxes and interest	4.2	.5	—
State income taxes, net of federal benefit	3.5	1.8	1.9
Other, net	(.7)	(.7)	(.7)
Effective income tax rate	53.6%	38.0%	37.0%

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The components of the net deferred income tax asset and liability at December 31, 2008 and 2007 are as follows (in millions):

	2008	2007[1]
Deferred tax liabilities relating to:		
Difference between book and tax basis of property	$ (1,257.9)	$ (544.5)
Accruals currently deductible	(110.9)	(92.0)
Total liabilities	$ (1,368.8)	$ (636.5)
Deferred tax assets relating to:		
Difference between book and tax basis of property	$ 206.8	$ 55.4
Accruals not currently deductible	504.1	140.9
Deferred taxes on FIN 48 state tax and interest impact	99.1	—
Net operating loss carryforwards, state taxes	157.8	27.5
Other credits and carryforwards	11.8	—
Capital loss carryforwards	18.6	—
Total assets	998.2	223.8
Valuation allowance	(156.4)	(27.5)
Net deferred tax asset	841.8	196.3
Net deferred tax assets (liabilities)	$ (527.0)	$ (440.2)

(1) Certain amounts above have been reclassified to conform to the current year's presentation.

We believe that it is more likely than not that the benefit from certain state net operating loss carryforwards will not be realized. In recognition of this risk, we have provided a valuation allowance of $156.4 million on deferred tax assets relating to these state net operating loss carryforwards. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized after the initial recognition of the deferred tax asset. We provide valuation allowances, as needed, to offset portions of deferred tax assets due to uncertainty surrounding the future realization of such deferred tax assets. We adjust the valuation allowance in the period management determines it is more likely than not that deferred tax assets will or will not be realized.

We have recorded $107.1 million of deferred tax assets and $774.1 million of deferred income taxes and other long-term tax liabilities as part of our preliminary purchase price allocation for our acquisition of Allied. This allocation is subject to change until we finalize our valuations and other estimates in 2009.

During the year ended December 31, 2008, we recorded a tax charge of $12.3 million related to non-deductible compensation payouts as a result of the merger with Allied. During the year ended December 31, 2007, we recorded a net tax benefit of $4.8 million in our provision for income taxes related to the resolution of various tax matters, including the effective completion of the Internal Revenue Service (IRS) audits of our consolidated tax returns for fiscal years 2001 through 2004. Income tax expense for the year ended December 31, 2006 includes a $5.1 million benefit related to the resolution of various income tax matters, including the effective completion of IRS audits for the years 1998 through 2000.

We made income tax payments (net of refunds received) of approximately $128.3 million, $151.9 million and $198.8 million for the years ended December 31, 2008, 2007 and 2006, respectively. During 2008, approximately $32.0 million of federal tax payments have been deferred until February 2009 as a result of the merger with Allied. Approximately $83.0 million of income taxes paid during the year ended December 31, 2006 related to fiscal 2005. This $83.0 million payment had been deferred as a result of an IRS notice issued in response to Hurricane Katrina.

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In July 2006, the FASB issued FIN 48 which clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods and transition, and required expanded disclosure with respect to the uncertainty in income taxes. We adopted the provisions of FIN 48 effective January 1, 2007.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for the years ended December 31 is as follows (in millions):

	2008	2007
Balance at beginning of year	$ 23.2	$ 56.4
Additions due to acquisition of Allied	582.9	—
Additions based on tax positions related to current year	10.6	16.3
Reductions for tax positions related to the current year	(5.1)	(17.2)
Additions for tax positions of prior years	2.0	2.0
Reductions for tax positions of prior years	(1.3)	(12.3)
Reductions for tax positions resulting from lapse of statute of limitations	(.4)	(.4)
Settlements	—	(21.6)
Balance at end of year	$ 611.9	$ 23.2

Included in the balance at December 31, 2008 and 2007 are approximately $461.0 million and $7.7 million, respectively, of unrecognized tax benefits (net of the federal benefit on state issues) that, if recognized, would affect the effective income tax rate in future periods.

SFAS 141(R) is effective for financial statements issued for fiscal years beginning after December 15, 2008. SFAS 141(R) significantly changes the treatment of acquired uncertain tax liabilities. Under SFAS 141, changes in acquired uncertain tax liabilities were recognized through goodwill. Under SFAS 141(R), changes in acquired unrecognized tax liabilities are recognized through the income tax provision. As of December 31, 2008, $582.9 million of the $611.9 million of unrecognized tax benefits related to tax positions Allied had taken prior to the merger. Of the $582.9 million of acquired unrecognized benefits, $449.6 million, if recognized in the income tax provision, would affect our effective tax rate.

We recognize interest and penalties as incurred within the provision for income taxes in the consolidated statements of income. Related to the unrecognized tax benefits noted above, we accrued penalties of $.2 million and interest of $5.2 million during 2008, and, in total as of December 31, 2008, have recognized a liability for penalties of $88.1 million and interest of $180.0 million. During 2007, we accrued interest of $.9 million and, in total as of December 31, 2007, had recognized a liability for penalties and interest of $5.5 million.

Gross unrecognized tax benefits that we expect to settle in the following twelve months are in the range of $10.0 million to $20.0 million. It is reasonably possible that the amount of unrecognized tax benefits will increase or decrease in the next twelve months.

We and our subsidiaries are subject to income tax in the U.S. and Puerto Rico, as well as income tax in multiple state jurisdictions. We have acquired Allied's open tax periods as part of the acquisition. Allied is currently under examination or administrative review by various state and federal taxing authorities for certain tax years, including federal income tax audits for calendar years 2000 through 2006. We are also engaged in tax litigation related to our risk management companies which are subsidiaries of Allied. These matters are further discussed below.

We are subject to various federal, foreign, state and local tax rules and regulations. Our compliance with such rules and regulations is periodically audited by tax authorities. These authorities may challenge the

positions taken in our tax filings. As such, to provide for certain potential tax exposures, we maintain liabilities for uncertain tax positions for our estimate of the final outcome of the examinations.

We believe that the liabilities for uncertain tax positions recorded are adequate. However, a significant assessment against us in excess of the liabilities recorded could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Risk Management Companies

Prior to Allied's acquisition of BFI in July 1999, certain BFI operating companies, as part of a risk management initiative to manage and reduce costs associated with certain liabilities, contributed assets and existing environmental and self-insurance liabilities to six fully consolidated BFI risk management companies (RMCs) in exchange for stock representing a minority ownership interest in the RMCs. Subsequently, the BFI operating companies sold that stock in the RMCs to third parties at fair market value which resulted in a capital loss of approximately $900.0 million for tax purposes, calculated as the excess of the tax basis of the stock over the cash proceeds received.

On January 18, 2001, the IRS designated this type of transaction and other similar transactions as a "potentially abusive tax shelter" under IRS regulations. During 2002, the IRS proposed the disallowance of all of this capital loss. At the time of the disallowance, the primary argument advanced by the IRS for disallowing the capital loss was that the tax basis of the stock of the RMCs received by the BFI operating companies was required to be reduced by the amount of liabilities acquired by the RMCs even though such liabilities were contingent and, therefore, not liabilities recognized for tax purposes. Under the IRS interpretation, there was no capital loss on the sale of the stock since the tax basis of the stock should have approximated the proceeds received. Allied protested the disallowance to the Appeals Office of the IRS in August 2002.

In April 2005, the Appeals Office of the IRS upheld the disallowance of the capital loss deduction. As a result, in late April 2005 Allied paid a deficiency to the IRS of $22.6 million for BFI tax years prior to the acquisition. Allied also received a notification from the IRS assessing a penalty of $5.4 million and interest of $12.8 million relating to the asserted $22.6 million deficiency. In July 2005, Allied filed a suit for refund in the United States Court of Federal Claims (CFC). The DOJ thereafter filed a counterclaim in the case for the $5.4 million penalty and $12.8 million of interest claimed by the IRS. In December 2005, the IRS agreed to suspend the collection of this penalty and interest until a decision is rendered on Allied's suit for refund.

In July 2006, while the CFC case was pending, Allied discovered what it construed to be a jurisdictional defect in the case that could have prevented its recovery of the refund amounts claimed even if Allied would have been successful on the underlying merits. Accordingly, in September 2006, Allied filed a motion to dismiss the case without prejudice on jurisdictional grounds. In March 2007, the CFC granted Allied's motion dismissing the case. Thereafter, in July 2007, the government appealed the decision to the United States Court of Appeals for the Federal Circuit (Federal Circuit). In April 2008, the Federal Circuit reversed the lower court's decision and remanded the case back to the CFC for further proceedings. In May 2008, Allied filed a petition for panel rehearing with the Federal Circuit, requesting that the court reconsider its ruling. In June 2008, the Federal Circuit denied Allied's petition.

In December 2008, subsequent to our acquisition of Allied, a hearing was held in the CFC. At this hearing, we informed the judge of our intention to withdraw our suit from the CFC in order to continue to litigate the merits of our position in the U.S. District Court of Arizona. We believe the decisional law applicable to this matter is more favorable to taxpayers in the U.S. District Court of Arizona than in the CFC.

To expedite the withdrawal from the CFC, in January 2009, we paid the government's counterclaim for penalty and penalty interest of approximately $11.0 million. Prior to December 31, 2008, Allied had already paid $51.0 million in tax and related interest relating to the 1997 through 1999 BFI tax years. As a result, all

tax, interest and penalties related to the 1997 through 1999 BFI tax years have been paid, which are the tax years under CFC jurisdiction. If, in response to our decision to withdraw our suit from the CFC, the court issues an order dismissing the case with prejudice, the tax, interest and penalty amounts paid by us will not be recoverable in any subsequent action. However, if the court issues an order dismissing the case without prejudice, we will not be entirely prevented from asserting a claim contesting the IRS tax adjustment applicable to the 1997 through 1999 BFI tax years and seeking the recovery of some or all of the tax, interest and penalty amounts previously paid, although some of our claim may be barred by the applicable statute of limitations.

In addition, Allied has a second refund suit currently pending in Arizona. In August 2008, Allied received from the IRS a Statutory Notice of Deficiency (Notice) related to its utilization of BFI's capital loss carryforward on Allied's 1999 tax return. Because of the high rate of interest associated with this matter, Allied previously paid all tax and interest related to this tax year. Consequently, the Notice related only to the IRS' asserted penalty for Allied's 1999 tax year. On October 30, 2008, Allied filed a suit for refund in the U.S. District Court of Arizona. We anticipate that the DOJ will file a counterclaim for the asserted penalty and, consequently, the IRS will suspend collection of the penalty, as occurred in connection with the BFI CFC action. However, there can be no assurance that the IRS will suspend collection efforts.

If the capital loss deduction is fully disallowed for all applicable years, we estimate that it would have a total cash impact (including amounts already paid to the IRS as described below) of approximately $457.0 million related to federal taxes, state taxes and interest, and, approximately $164.0 million related to penalty and penalty-related interest. These amounts have been fully accrued in our consolidated balance sheet, and therefore, disallowance would not materially affect our consolidated results of operations. However, a payment beyond the amounts already paid would adversely impact our cash flow in the period such payment was made. The accrual of additional interest charges through the time these matters are resolved will affect our consolidated results of operations. Due to the high rate of interest associated with this matter, we or Allied have previously paid the IRS and various state tax authorities $369.0 million related to capital loss deductions taken on BFI's 1997 through 1999 and Allied's 1999 through 2002 tax returns. In addition, we or Allied have paid approximately $11.0 million of penalty and penalty-related interest for our refund suit in the CFC. Although we have fully accrued all tax, interest, penalty, and penalty-related interest relating to this matter, we intend to vigorously pursue our claim for refund of the tax and interest and our defense to the IRS' claims for penalties and penalty-related interest. While there can be no assurances, we anticipate that the final resolution of the dispute, through adjudication or settlement, may be more favorable than the full amount currently accrued for tax, interest, penalty and penalty-related interest.

Exchange of Partnership Interests

In April 2002, Allied exchanged minority partnership interests in four waste-to-energy facilities for majority partnership interests in equipment purchasing businesses, which are now wholly owned subsidiaries. In November 2008, the IRS issued a formal disallowance to Allied contending that the exchange was instead a sale on which a corresponding gain should have been recognized. Although we intend to vigorously defend our position on this matter, if the exchange is treated as a sale, we estimate it could have a potential federal and state cash tax impact of approximately $156.0 million plus accrued interest through December 31, 2008 of approximately $48.0 million. In addition, the IRS has asserted a penalty of 20% of the additional income tax due. The potential tax and interest (but not penalty or penalty-related interest) of a full adjustment for this matter have been fully reserved in our consolidated balance sheet at December 31, 2008. The successful assertion by the IRS of penalty and penalty-related interest in connection with this matter could have a material adverse impact on our consolidated results of operations and cash flows.

Methane Gas

As part of its examination of Allied's 2000 through 2003 federal income tax returns, the IRS reviewed Allied's treatment of costs associated with its landfill operations. As a result of this review, the IRS has proposed that certain landfill costs be allocated to the collection and control of methane gas that is naturally produced within the landfill. The IRS' position is that the methane gas produced by a landfill is a joint product resulting from operation of the landfill and, therefore, these costs should not be expensed until the methane gas is sold or otherwise disposed.

We plan to contest this issue at the Appeals Office of the IRS. We believe we have several meritorious defenses, including the fact that methane gas is not actively produced for sale by us but rather arises naturally in the context of providing disposal services. Therefore, we believe that the subsequent resolution of this issue will not have a material adverse impact on our consolidated financial position, results of operations or cash flows.

11. STOCKHOLDERS' EQUITY

From 2000 through 2008, our Board of Directors authorized the repurchase of up to $2.6 billion of our common stock. As of December 31, 2008, we had paid $2.3 billion to repurchase 82.6 million shares of our common stock, of which 4.6 million shares were acquired during the year ended December 31, 2008 for $138.4 million. During the second quarter of 2008, we suspended our share repurchase program as a result of the pending merger with Allied. We expect that our share repurchase program will continue to be suspended until at least 2011.

In January 2007, our Board of Directors approved a 3-for-2 stock split in the form of a stock dividend, effective on March 16, 2007, to stockholders of record as of March 5, 2007. We distributed 64.5 million shares from treasury stock to effect the stock split. In connection therewith, we transferred $1.6 billion from treasury stock to additional paid-in capital and $.2 billion from treasury stock to retained earnings, representing in total the weighted-average cost of the treasury shares distributed.

We initiated a quarterly cash dividend in July 2003. The dividend has been increased each year thereafter, with the latest increase occurring in the third quarter of 2008. Our current quarterly dividend per share is $.19. Dividends declared were $168.9 million, $104.6 million and $79.8 million for the years ended December 31, 2008, 2007 and 2006, respectively. As of December 31, 2008, we recorded a quarterly dividend payable of approximately $72.0 million to stockholders of record at the close of business on January 2, 2009.

12. EMPLOYEE BENEFIT PLANS

Stock-Based Compensation

In July 1998, we adopted the 1998 Stock Incentive Plan (1998 Plan) to provide for grants of options to purchase shares of common stock, restricted stock and other equity-based compensation to our employees and non-employee directors who are eligible to participate in the 1998 Plan. The 1998 Plan expired on June 30, 2008. In February 2007, our Board of Directors approved the 2007 Stock Incentive Plan (2007 Plan) to replace the 1998 Plan when it expired. The 2007 Plan was approved by our stockholders in May 2007. We believe that such awards better align the interests of our employees with those of our stockholders. Shares reserved for future grants under the 2007 Plan are 6.8 million as of December 31, 2008.

Options granted under the 1998 Plan and the 2007 Plan are non-qualified and are granted at a price equal to the fair market value of our common stock at the date of grant. Generally, options granted have a term of seven to ten years from the date of grant, and vest in increments of 25% per year over a four year period

beginning on the first anniversary date of the grant. Options granted to non-employee directors have a term of ten years and are fully vested at the grant date.

In December 2008, the Board of Directors adopted the Republic Services, Inc. 2006 Incentive Stock Plan (f/k/a the Allied Waste Industries, Inc. 2006 Incentive Stock Plan (the 2006 Plan)) as amended and restated effective December 5, 2008. Allied's stockholders approved the 2006 Plan in May 2006. The 2006 Plan was amended and restated effective December 5, 2008 to reflect that Republic Services, Inc. is the new sponsor of the Plan, that any references to shares of common stock is to shares of common stock of Republic Services, Inc., and to adjust outstanding awards and the number of shares available under the Plan to reflect the merger. The 2006 Plan, as amended and restated, provides for the grant of non-qualified stock options, incentive stock options, shares of restricted stock, shares of phantom stock, stock bonuses, restricted stock units, stock appreciation rights, performance awards, dividend equivalents, cash awards, or other stock-based awards. Awards granted under the 2006 Plan prior to December 5, 2008 became fully vested and nonforfeitable upon the closing of the merger. Awards may be granted under the 2006 Plan, as amended and restated, after December 5, 2008 only to employees and consultants of Allied Waste Industries, Inc. and its subsidiaries who were not employed by Republic Services, Inc. prior to such date. At December 31, 2008, there were approximately 14.0 million shares of common stock available for award under the 2006 Plan.

Stock Options

We use a lattice binomial option-pricing model to value our stock option grants. We recognize compensation expense on a straight-line basis over the requisite service period for each separately vesting portion of the award, or to the employee's retirement eligible date, if earlier. The weighted-average estimated fair values of stock options granted during the years ended December 31, 2008, 2007 and 2006 were $4.36, $6.49 and $6.21 per option, respectively, which were calculated using the following weighted-average assumptions:

	2008	2007	2006
Expected volatility	27.3%	23.5%	26.7%
Risk-free interest rate	1.7%	4.8%	4.6%
Dividend yield	2.9%	1.5%	1.4%
Expected life (in years)	4.2	4.0	4.2
Contractual life (in years)	7.0	7.0	7.0
Expected forfeiture rate	3.0%	5.0%	5.0%

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The following table summarizes the stock option activity for the years ended December 31, 2006, 2007 and 2008:

	Number of Shares (In Millions)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Millions)
Outstanding at December 31, 2005	12.3	$ 14.63		
Granted	1.4	26.02		
Exercised	(5.1)	14.12		$ 66.4
Outstanding at December 31, 2006	8.6	16.76		
Granted	1.4	29.34		
Exercised	(2.2)	13.58		36.6
Cancelled	(0.1)	23.39		
Outstanding at December 31, 2007	7.7	19.84		
Granted:				
Granted as replacement options for Allied's outstanding stock options	7.6	25.77		
Granted other	5.2	25.46		
Exercised	(1.4)	15.93		19.9
Cancelled	(.4)	42.07		
Outstanding at December 31, 2008	18.7	23.57	5.5	52.4
Expected to vest at December 31, 2008	3.7	23.80	6.9	3.8
Exercisable at December 31, 2008	14.8	23.54	5.2	$ 48.3

Stock options granted in 2008 primarily include stock option granted as part our annual grant to employees in February 2008, as part of our new annual grants program in December 2008 and as grants of replacement options for Allied's outstanding stock options as of the effective date of the merger, in accordance with the terms of the merger agreement. In December 2008, we replaced Allied's outstanding, vested stock options with Republic stock options with similar terms and conditions, and recorded a credit to additional-paid-in-capital of $61.2 million as part of the purchase price paid for the acquisition.

Additionally, as of the effective date of the merger with Allied in December 2008, all of Republic's unvested stock options outstanding were vested in accordance with the change in control provisions of the 1998 and 2007 Plans. We recorded compensation expense of $6.5 million in December 2008 to recognize the immediate vesting of the stock options.

During the years ended December 31, 2008, 2007 and 2006, compensation expense for stock options was $14.0 million, $6.3 million and $4.1 million, respectively.

As of December 31, 2008, total unrecognized compensation expense related to outstanding stock options was $14.1 million, which will be recognized over a weighted average period of 2.5 years. The total fair value of stock options that vested in 2008 and 2007 was $21.5 million and $2.3 million. No stock options vested in 2006.

We classified excess tax benefits of $4.5 million, $6.0 million and $13.8 million as cash flows from financing activities for the years ended December 31, 2008, 2007 and 2006, respectively. All other tax benefits related to stock options have been presented as a component of cash flows from operating activities.

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Other Stock Awards

The following table summarizes the deferred stock unit and restricted stock activity for the years ended December 31, 2006, 2007 and 2008:

	Number of Deferred Stock Units and Restricted Stock (In Thousands)	Weighted-Average Grant Date Fair Value per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Millions)
Unissued at December 31, 2005	247.1	$ 19.59		
Granted	164.9	26.02		
Vested and issued	(123.0)	19.21		
Unissued at December 31, 2006	289.0	23.42		
Granted	237.7	29.33		
Vested and issued	(127.5)	23.71		
Unissued at December 31, 2007	399.2	26.84		
Granted	467.1	27.21		
Vested and issued	(443.8)	29.67		
Cancelled	(186.3)	25.27		
Unissued at December 31, 2008	236.2	23.50	6.5	$ 5.9
Vested and unissued at December 31, 2008	—		—	$ —

During each of the years ended December 31, 2008, 2007 and 2006, we awarded 36,000 deferred stock units to our non-employee directors under our 1998 Plan. These stock units vest immediately, but the directors receive the underlying shares only after their board service ends or a change in control occurs, as defined by the 1998 and 2007 Plans. The stock units do not carry any voting or dividend rights, except the right to receive additional stock units in lieu of dividends.

Also during the years ended December 31, 2008, 2007 and 2006, we awarded 426,670, 185,820 and 127,500 shares of restricted stock, respectively, to our executive officers, of which 236,170 granted during 2008 were granted as part of our new annual grant program in December 2008. 21,000 and 19,500 of the shares awarded during 2007 and 2006, respectively, vested effective January 1 of the subsequent year. 392,170, 135,000 and 108,000, respectively, of the shares awarded vest in four equal annual installments beginning on the anniversary date of the original grant except that vesting may be accelerated if certain performance targets are achieved or under certain other conditions. The remaining 30,000 and 29,820 shares awarded during 2008 and 2007, respectively, had an original vesting date of December 31, 2008. During the vesting period, the participants have voting rights and receive dividends declared and paid on the shares, but the shares may not be sold, assigned, transferred or otherwise encumbered. Additionally, granted but unvested shares are forfeited in the event the participant resigns employment with us for other than good reason.

The fair value of stock units and restricted shares on the date of grant is amortized ratably over the vesting period, or the accelerated vesting period if certain performance targets are achieved.

As of the effective date of the merger with Allied of December 5, 2008, all of Republic's restricted stock outstanding and unvested was vested in accordance with the change in control provisions of the 1998 and 2007 Plans. We recorded compensation expense of $5.3 million in December 2008 to recognize the immediate vesting of the restricted stock. In addition, the deferred stock units were vested and a cash payment was made totaling $4.0 million based on the fair value of the deferred stock units as of the date of vesting.

During the years ended December 31, 2008, 2007 and 2006, compensation expense related to stock units and restricted shares totaled $10.0 million, $4.6 million and $4.9 million, respectively.

Defined Benefit Pension Plan

We currently have one qualified defined benefit pension plan, the BFI Retirement Plan (the Plan), which we acquired as part of our acquisition of Allied in December 2008. The Plan covers certain employees in the United States, including some employees subject to collective bargaining agreements.

The Plan benefits are frozen. Interest credits continue to be earned by participants in the Plan, and participants whose collective bargaining agreements provide for additional benefit accruals under the Plan continue to receive those credits in accordance with the terms of their bargaining agreements. The Plan was converted from a traditional defined benefit plan to a cash balance plan in 1993.

During 2002, the Plan and the Pension Plan of San Mateo County Scavenger Company and Affiliated Divisions of Browning-Ferris Industries of California, Inc. (San Mateo Pension Plan) were merged into one plan. However, benefits continue to be determined under two separate benefit structures.

Prior to the conversion of the cash balance design, benefits payable as a single life annuity under the Plan were based on the participant's highest five years of earnings out of the last ten years of service. Upon conversion to the cash balance plan, the existing accrued benefits were converted to a lump-sum value using the actuarial assumptions in effect at the time. Participants' cash balance accounts are increased until retirement by certain benefit and interest credits under the terms of their bargaining agreements. Participants may elect early retirement with the attainment of age 55 and completion of 10 years of credited service at reduced benefits. Participants with 35 years of service may retire at age 62 without any reduction in benefits.

The San Mateo Pension Plan covers certain employees at the San Mateo location excluding employees who are covered under collective bargaining agreements under which benefits had been the subject of good faith bargaining unless the collective bargaining agreement otherwise provides for such coverage. Benefits are based on the participant's highest five years of average earnings out of the last fifteen years of service. Effective January 1, 2004, participants who have attained the age of 55 and completed 30 years of credited service may elect early retirement without any reduction in benefits. Effective January 1, 2006, the San Mateo Pension Plan was amended to modify the definition of eligible employees to exclude highly compensated employees. In addition, no new employees hired or rehired after December 31, 2005 are eligible to participate in or accrue a benefit under the San Mateo Pension Plan.

Our pension contributions are made in accordance with funding standards established by ERISA and the IRC, as amended by the Pension Protection Act of 2006. No contributions are anticipated for 2009.

Our disclosures below were prepared as of the measurement date of December 31, 2008 and are presented in accordance with SFAS No. 132(R), *Employers' Disclosures about Pensions and Other Postretirement Benefits*.

In conjunction with the acquisition of Allied, we acquired pension obligations associated with the Plan of $335.9 million and Plan assets of $274.2 million as of the acquisition date. The Plan's unfunded status as of the acquisition date was primarily a result of market conditions in effect at the time.

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Changes in the Plan's projected benefit obligation and the fair value of its assets from December 5 through December 31, 2008 are as follows (in millions):

Pension liabilities acquired from Allied	$ 335.9
Interest cost	1.8
Actuarial loss	25.2
Benefits paid	(1.7)
Projected benefit obligation at end of period	$ 361.2
Fair value of plan assets acquired from Allied	$ 274.2
Actual return on plan assets	21.4
Benefits paid	(1.7)
Fair value of plan assets at end of period	$ 293.9

The funded status of the Plan and amounts recognized in the balance sheet as of December 31, 2008 (in millions) are as follows:

Funded status	$ (67.3)
Current liabilities	—
Non-current liabilities	$ 67.3

Components of accumulated other comprehensive income, which primarily relate to the Plan as of December 31, 2008, and the changes in such amounts from December 5, 2008 through December 31, 2008 are as follows (in millions):

	Net Actuarial Loss	Tax Benefit	Net of Tax Amount
Balance, December 5, 2008	$ —	$ —	$ —
Net actuarial loss arising during period	5.7	2.1	3.6
Balance, December 31, 2008	$ 5.7	$ 2.1	$ 3.6

The accumulated benefit obligation for the Plan was $360.6 million at December 31, 2008. The primary difference between the projected benefit obligation and the accumulated benefit obligation is that the projected benefit obligation includes assumptions about future compensation levels and the accumulated benefit obligation does not.

The components of the Plan's net periodic benefit cost from December 5, 2008 through December 31, 2008 (in millions) are summarized below:

Interest cost	$ 1.8
Expected return on plan assets	(1.7)
Net periodic benefit cost	$ .1

The following table provides additional information regarding the Plan for the period from December 5, 2008 to December 31, 2008 (in millions, except percentages):

Actual return on plan assets	$ 21.4
Actual rate of return on plan assets	7.8%

Assumptions used to determine the projected benefit obligation for the Plan as of December 31, 2008 are as follows:

Discount rate	5.75%
Average rate of compensation increase	4.00%

Assumptions used to determine the Plan's net periodic benefit cost during December 5, 2008 through December 31, 2008 are as follows:

Discount rate	6.50%
Average rate of compensation increase	4.00%
Expected return on plan assets	7.50%

We determine the discount rate used in the measurement of our obligations based on a model which matches the timing and amount of expected benefit payments to maturities of high quality bonds priced as of the pension plan measurement date. Where that timing does not correspond to a published high-quality bond rate, our model uses an expected yield curve to determine an appropriate current discount rate. The yields on the bonds are used to derive a discount rate for the liability. The term of our obligation, based on the expected retirement dates of our workforce, is approximately ten years.

In developing our expected rate of return assumption, we have evaluated the actual historical performance and long-term return projections of the Plan assets, which give consideration to the asset mix and the anticipated timing of the pension plan outflows. We employ a total return investment approach whereby a mix of equity and fixed income investments are used to maximize the long-term return of plan assets for what we consider a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long run. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and our financial condition. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S and non-U.S. stocks as well as growth, value, and small and large capitalizations. Derivatives may be used to gain market exposure in an efficient and timely manner. However, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset and liability studies, and quarterly investment portfolio reviews.

The following table summarizes our target asset allocation for 2009 and actual asset allocation at December 31, 2008:

	Target Asset Allocation	Actual Asset Allocation
Equity securities	60%	48%
Debt securities	40%	51%
Cash	—%	1%
Total	100%	100%

Estimated future pension benefit payments for the next ten years under the Plan (in millions) are as follows:

Estimated future payments:	
2009	$ 14.9
2010	15.9
2011	16.2
2012	19.2
2013	21.9
2014 through 2018	142.2

BFI Post Retirement Healthcare Plan

We acquired obligations under the BFI Post Retirement Healthcare Plan as part of our acquisition of Allied. This plan provides continued medical coverage for certain former employees following their retirement, including some employees subject to collective bargaining agreements. Eligibility for this plan is limited to certain of those employees who had ten or more years of service and were age 55 or older as of December 31, 1998, and certain employees in California who were hired on or before December 31, 2005 and who retire on or after age 55 with at least thirty years of service. Liabilities acquired for this plan were $1.2 million and $1.3 million, respectively, at the acquisition date and at December 31, 2008.

Multi-Employer Pension Plans

We contribute to 25 multi-employer pension plans under collective bargaining agreements covering union-represented employees. We acquired responsibility for contributions for a portion of these plans as part of our acquisition of Allied. Approximately 22% of our total current employees are participants in such multi-employer plans. These plans generally provide retirement benefits to participants based on their service to contributing employers. We do not administer these multi-employer plans. In general, these plans are managed by a board of trustees with the unions appointing certain trustees and other contributing employers of the plan appointing certain members. We generally are not represented on the board of trustees.

We do not have current plan financial information from the plans' administrators, but based on the information available to us, it is possible that some of the multi-employer plans to which we contribute may be underfunded. The Pension Protection Act, enacted in August 2006, requires underfunded pension plans to improve their funding ratios within prescribed intervals based on the level of their underfunding. Until the plan trustees develop the funding improvement plans or rehabilitation plans as required by the Pension Protection Act, we are unable to determine the amount of assessments we may be subject to, if any. Accordingly, we cannot determine at this time the impact that the Pension Protection Act may have on our consolidated financial position, results of operations or cash flows.

Furthermore, under current law regarding multi-employer benefit plans, a plan's termination, our voluntary withdrawal, or the mass withdrawal of all contributing employers from any under-funded, multi-employer pension plan would require us to make payments to the plan for our proportionate share of the multi-employer plan's unfunded vested liabilities. It is possible that there may be a mass withdrawal of employers contributing to these plans or plans may terminate in the near future. We could have adjustments to our estimates for these matters in the near term that could have a material effect on our consolidated financial condition, results of operations or cash flows.

Our pension expense for multi-employer plans was $21.8 million, $18.9 million and $17.3 million for the years ended December 31, 2008, 2007 and 2006, respectively.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Executive Retirement Plan

In conjunction with our merger with Allied, we acquired the obligations of Allied's Supplemental Executive Retirement Plan (SERP), which provides retirement benefits to certain of Allied's employees and former employees. SERP participants whose employment with us has been severed as a result of the merger will receive cash settlements six months following their respective separation dates. Benefits for SERP participants who remain with Republic were frozen as of the effective date of the merger. However, these active participants will continue to accrue interest credits at the annual rate of 6.0% until they are eligible for retirement. SERP participants who retired prior to the acquisition will continue to receive their benefits in accordance with the original plan provisions which allow for a maximum of ten years of retirement benefits equal to 60% of each participant's respective average base salary during the three consecutive full calendar years of employment immediately preceding their date of retirement. At December 31, 2008, there were one retired and three active participants in the plan.

We acquired SERP liabilities totaling $13.6 million as of the acquisition date. Changes in the SERP's projected benefit obligation and the fair value of its assets from December 5 through December 31, 2008 are as follows (in millions):

SERP liabilities acquired from the merger with Allied	$	13.6
Interest cost		.1
Curtailment		.1
Benefits paid		(1.1)
Projected benefit obligation at end of period	$	12.7
Fair value of plan assets at end of period	$	—

The funded status of the SERP and amounts recognized in the balance sheets as of December 31, 2008 are as follows (in millions):

Funded status	$	(12.7)
Current liabilities		8.2
Non-current liabilities	$	4.5

The accumulated benefit obligation for the SERP was $12.7 million at December 31, 2008. As the SERP is frozen, no assumptions are made about future compensation levels, and as such, there is no difference between the projected benefit and the accumulated benefit obligation.

Estimated future benefit payments for the next ten years under the SERP (in millions) are as follows:

Estimated future payments:		
2009	$	8.2
2010		.2
2011		.3
2012		.2
2013		.3
2014 through 2018		6.0

We also acquired post-retirement medical obligations associated with the SERP totaling $1.8 million as of the acquisition date. Medical liabilities were $2.0 million at December 31, 2008.

Defined Contribution Plans

We maintain the Republic Services 401(k) Plan (401(k) Plan), which is a defined contribution plan covering all eligible employees. Under the provisions of the Plan, participants may direct us to defer a portion of their

compensation to the Plan, subject to Internal Revenue Code limitations. We provide for an employer matching contribution equal to 100% of the first 3% of eligible compensation and 50% of the next 2% of eligible compensation contributed by each employee, which is funded in cash. All contributions vest immediately.

In conjunction with the merger with Allied, we acquired the Allied 401(k) Plan, which will be merged into the 401(k) Plan effective July 1, 2009. Participants in the Allied 401(k) Plan are eligible for the same employer matching contribution as those under the 401(k) Plan effective January 1, 2009.

Total expense recorded for the matching 401(k) contribution in 2008, 2007 and 2006 was $16.8 million, $10.9 million and $10.1 million, respectively.

Incentive Compensation Plans

Our compensation program includes a management incentive plan, which uses certain performance metrics such as free cash flow, targeted earnings and return on invested capital to measure performance. In addition, in connection with our merger with Allied, our Board of Directors has approved an integration bonus plan that provides compensation that depends on our achieving targeted synergies of approximately $150.0 million by the end of 2010. Incentive awards are payable in cash.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of common shares (including restricted stock and vested but unissued deferred stock units) outstanding during the period. Diluted earnings per share is based on the combined weighted average number of common shares and common share equivalents outstanding which include, where appropriate, the assumed exercise of employee stock options and unvested restricted stock awards. In computing diluted earnings per share, we utilize the treasury stock method.

Earnings per share for the years ended December 31, 2008, 2007 and 2006 are calculated as follows (in thousands, except per share amounts):

	2008	2007	2006
Basic earnings per share:			
Net income	$ 73,800	$ 290,200	$ 279,600
Weighted average common shares outstanding	196,703	190,103	198,242
Basic earnings per share	$ .38	$ 1.53	$ 1.41
Diluted earnings per share:			
Net income	$ 73,800	$ 290,200	$ 279,600
Weighted average common shares outstanding	196,703	190,103	198,242
Effect of dilutive securities:			
Options to purchase common stock	1,646	1,924	2,389
Unvested restricted stock awards	2	3	2
Weighted average common and common equivalent shares outstanding	198,351	192,030	200,633
Diluted earnings per share	$ .37	$ 1.51	$ 1.39
Antidilutive securities not included in the diluted earnings per share calculations:			
Options to purchase common stock	2,179	1,112	916

14. SEGMENT REPORTING

Our operations are managed and evaluated through four regions: Eastern, Central, Southern and Western. These four regions are presented below as our reportable segments. These reportable segments provide integrated waste management services consisting of collection, transfer and disposal of domestic non-hazardous solid waste.

During the three months ended March 31, 2008, we consolidated our Southwestern operations into our Western Region. The historical operating results for our Southwestern operations have been consolidated into our Western Region to provide financial information that reflects our current approach to managing our operations.

On December 5, 2008, we completed the merger with Allied. Due to the timing of the merger, management has reviewed, and we have presented, Allied as a separate reportable segment. During the first quarter of 2009, we will complete the reorganization of our operating segments and will provide internal and external reporting in accordance with our reorganized structure.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summarized financial information concerning our reportable segments for the respective years ended December 31, 2008, 2007 and 2006 is shown in the following tables (in millions):

	Gross Revenue	Intercompany Revenue[1]	Net Revenue	Depreciation, Amortization, Depletion and Accretion[2]	Operating Income (Loss)	Capital Expenditures	Total Assets
2008:							
Eastern[3]	$ 670.0	$ (93.9)	$ 576.1	$ 53.7	$ (99.9)	$ 54.1	$ 795.6
Central	847.0	(172.6)	674.4	84.8	119.5	69.0	1,099.7
Southern	932.1	(91.9)	840.2	74.5	177.1	97.0	933.7
Western[3]	1,375.8	(245.2)	1,130.6	100.1	203.6	102.1	1,316.4
Allied	554.9	(91.2)	463.7	56.4	29.8	36.0	15,460.7
Corporate entities[4]	.2	(.1)	.1	8.5	(146.9)	28.7	315.3
Total	$ 4,380.0	$ (694.9)	$ 3,685.1	$ 378.0	$ 283.2	$ 386.9	$ 19,921.4
2007:							
Eastern[3]	$ 675.4	$ (98.4)	$ 577.0	$ 51.6	$ 66.1	$ 44.7	$ 873.8
Central	824.9	(177.4)	647.5	82.0	119.9	69.0	1,117.8
Southern	924.7	(95.9)	828.8	73.2	180.2	83.3	912.7
Western[3]	1,370.5	(248.3)	1,122.2	108.6	233.9	91.8	1,304.3
Corporate entities[4]	.7	–	.7	7.2	(64.1)	3.7	259.2
Total	$ 3,796.2	$ (620.0)	$ 3,176.2	$ 322.6	$ 536.0	$ 292.5	$ 4,467.8
2006:							
Eastern	$ 667.5	$ (98.7)	$ 568.8	$ 43.7	$ 92.4	$ 44.7	$ 879.7
Central	815.1	(180.0)	635.1	90.7	111.4	69.2	1,126.1
Southern	887.4	(89.3)	798.1	75.3	153.6	69.4	895.4
Western	1,295.8	(225.7)	1,070.1	96.2	229.6	103.9	1,303.7
Corporate entities[4]	(1.5)	–	(1.5)	5.8	(67.5)	39.5	224.5
Total	$ 3,664.3	$ (593.7)	$ 3,070.6	$ 311.7	$ 519.5	$ 326.7	$ 4,429.4

(1) Intercompany operating revenue reflects transactions within and between segments that are generally made on a basis intended to reflect the market value of such services.

(2) Depreciation, amortization, depletion and accretion includes a net increase in amortization expense of $.6 million recorded during 2008, an increase in amortization expense of $3.3 million recorded during 2007 and a net decrease in amortization expense of $2.3 million recorded during 2006 related to changes in estimates and assumptions concerning the cost and timing of future final capping, closure and post-closure activities in accordance with SFAS 143.

(3) The operating loss in the Eastern Region for the year ended December 31, 2008 includes charges of $197.8 million related to remediation and related charges of $99.9 million and an impairment charge of $75.9 million for our Countywide facility. It also includes legal settlement reserves of $11.0 million for Countywide and $11.0 million for an unrelated legal matter. Operating income in the Eastern Region for the year ended December 31, 2007 includes remediation charges of $44.6 million for our Countywide facility. Operating income in the Western Region includes charges of $55.9 million recorded during the year ended December 31, 2008, including $34.0 million associated with conditions at the Sunrise landfill in Nevada and $21.9 million for increases in estimated leachate treatment and disposal costs at our closed disposal facility in Contra Costa County, California. The operating income in the Western Region for the year ended December 31, 2007 includes $9.6 million of charges associated with an increase in estimated leachate treatment and disposal costs at our closed disposal facility in Contra Costa County, California.

(4) Corporate functions include legal, tax, treasury, information technology, risk management, human resources, corporate accounts and other typical administrative functions. Capital expenditures for Corporate Entities primarily include vehicle inventory acquired but not yet assigned to operating locations and facilities.

The following table shows our total reported revenue by service line for the respective years ended December 31 (in millions). Intercompany revenue has been eliminated.

	2008	2007	2006
Collection:			
Residential	$ 966.0	$ 802.1	$ 758.3
Commercial	1,161.4	944.4	883.6
Industrial	711.4	645.6	654.1
Other	23.2	19.5	22.4
Total Collection	2,862.0	2,411.6	2,318.4
Transfer and disposal	1,343.4	1,192.5	1,182.1
Less: Intercompany	(683.5)	(612.3)	(588.6)
Transfer and Disposal, Net	659.9	580.2	593.5
Other	163.2	184.4	158.7
Revenue	$ 3,685.1	$ 3,176.2	$ 3,070.6

15. OTHER COMPREHENSIVE INCOME

Fuel Hedges

We have entered into multiple option agreements related to forecasted diesel fuel purchases. Under SFAS 133, the options qualified for, and were designated as, effective hedges of changes in the prices of forecasted diesel fuel purchases (fuel hedges).

The following table summarizes our outstanding fuel hedges at December 31, 2008 and 2007:

Inception Date	Commencement Date	Termination Date	Notional Amount (in Gallons Per Month)	Contract Price per Gallon
September 22, 2008	January 1, 2009	December 31, 2011	150,000	$4.1600-4.1700
March 17, 2008	January 5, 2009	December 31, 2012	50,000	3.7200
March 17, 2008	January 5, 2009	December 31, 2012	50,000	3.7400
November 5, 2007	January 5, 2009	December 30, 2013	60,000	3.2815
January 26, 2007	January 7, 2008	December 29, 2008	500,000	2.8285
January 26, 2007	January 5, 2009	December 28, 2009	500,000	2.8270
January 26, 2007	January 4, 2010	December 27, 2010	500,000	2.8100
August 29, 2006	October 2, 2006	December 31, 2007	500,000	3.1450

If the national U.S. on-highway average price for a gallon of diesel fuel (average price) as published by the Department of Energy exceeds the contract price per gallon, we receive the difference between the average price and the contract price (multiplied by the notional gallons) from the counter-party. If the national U.S. on-highway average price for a gallon of diesel fuel is less than the contract price per gallon, we pay the difference to the counter-party.

The fair values of the fuel hedges are obtained from third-party counter-parties and are determined using standard option valuation models with assumptions about commodity prices being based on those observed in underlying markets (Level 2 in the fair value hierarchy). The aggregated fair values of the outstanding fuel hedges at December 31, 2008 and 2007 were $11.7 million and $11.4 million, respectively, and have been recorded in other current liabilities and other current assets in our consolidated balance sheets, respectively.

In accordance with SFAS 133, the effective portions of the changes in fair values as of December 31, 2008 and 2007, net of tax, of $7.1 million and $6.9 million, respectively, have been recorded in stockholders'

equity as components of accumulated other comprehensive income. The ineffective portions of the changes in fair values as of December 31, 2008, 2007 and 2006 were immaterial and have been recorded in other income (expense), net in our consolidated statements of income. Realized gains of $5.9 million and realized losses of $1.6 million and $1.3 million related to these fuel hedges are included in cost of operations in our consolidated statements of income for the years ended December 31, 2008, 2007 and 2006, respectively.

Commodity Hedges

We have entered into multiple agreements related to certain forecasted commodity sales. Under SFAS 133, the options qualified for, and were designated as, effective hedges of changes in the prices of certain forecasted commodity sales (commodity hedges).

The following table summarizes our outstanding commodity hedges at December 31, 2008:

Inception Date	Commencement Date	Termination Date	Hedged Transaction	Notional Amount (in Short Tons per Month)	Contract Price per Short Ton
May 16, 2008	January 1, 2009	December 31, 2010	Old Corrugated Cardboard	1,000	$ 105.00
May 16, 2008	January 1, 2009	December 31, 2010	Old Newspaper	1,000	102.00
May 16, 2008	January 1, 2009	December 31, 2010	Old Newspaper	1,000	106.00
May 16, 2008	January 1, 2009	December 31, 2010	Old Corrugated Cardboard	1,000	103.00
April 28, 2008	January 1, 2009	December 31, 2010	Old Corrugated Cardboard	1,000	106.00
April 28, 2008	January 1, 2009	December 31, 2010	Old Newspaper	1,000	106.00
April 28, 2008	January 1, 2009	December 31, 2010	Old Corrugated Cardboard	1,000	110.00
April 28, 2008	January 1, 2009	December 31, 2010	Old Newspaper	1,000	103.00

If the price per short ton of the hedging instrument (average price) as reported on the Official Board Market is less than the contract price per short ton, we receive the difference between the average price and the contract price (multiplied by the notional short tons) from the counter-party. If the price of the commodity exceeds the contract price per short ton, we pay the difference to the counter-party.

The fair values of the commodity hedges are obtained from a third-party counter-party and are determined using standard option valuation models with assumptions about commodity prices being based on those observed in underlying markets (Level 2 in the fair value hierarchy). The aggregated fair value of the outstanding commodity hedges at December 31, 2008 was an asset of $8.8 million, and has been recorded in other current assets in our consolidated balance sheets.

In accordance with SFAS 133, the effective portions of the change in fair value as of December 31, 2008, net of tax, of $5.3 million, have been recorded in stockholders' equity as components of accumulated other comprehensive income. The ineffective portion of the change in fair value as of December 31, 2008 was immaterial, and has been recorded in other income (expense), net in our consolidated statements of income.

Fair Value Measurements

SFAS 157 provides a framework for measuring fair value and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value, giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. In measuring the fair value of our assets and liabilities, we use market data or

assumptions that we believe market participants would use in pricing an asset or liability, including assumptions about risk when appropriate. As of December 31, 2008, our assets and liabilities that are measured at fair value on a recurring basis include the following (in millions):

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Commodity hedges	$ 8.8	$ —	$ 8.8	$ —
Interest rate swaps	15.1	—	15.1	—
Total assets	$ 23.9	$ —	$ 23.9	$ —
Liabilities:				
Fuel hedges	$ 11.7	$ —	$ 11.7	$ —

Employee Benefit Plans

In conjunction with the acquisition of Allied, we acquired various defined benefit pension and post-retirement healthcare plans. The change in the funded status of these plans of $3.6 million, net of tax, from the acquisition date through the plans' measurement date are the result of changes in the discount rate and the plans' asset values, and have been reflected in accumulated other comprehensive income at December 31, 2008.

16. COMMITMENTS AND CONTINGENCIES

Litigation

We are subject to extensive and evolving laws and regulations and have implemented our own safeguards to respond to regulatory requirements. In the normal course of conducting our operations, we may become involved in certain legal and administrative proceedings. Some of these actions may result in fines, penalties or judgments against us, which may impact earnings and cash flows for a particular period. We accrue for legal matters and regulatory compliance contingencies when such costs are probable and can be reasonably estimated. Although the ultimate outcome of any legal matter cannot be predicted with certainty, except as described below or in Note 10, *Income Taxes*, in the discussion of our outstanding tax dispute with the IRS or as indicated otherwise below, we do not believe that the outcome of our pending legal and administrative proceedings will have a material adverse impact on our consolidated financial position, results of operations or cash flows.

Countywide Matter

On March 26, 2007, the Ohio Environmental Protection Agency (OEPA) issued Final Findings and Orders (F&Os) to Republic Services of Ohio II, LLC (Republic-Ohio), an Ohio limited liability company and our wholly owned subsidiary. The F&Os relate to environmental conditions attributed to a chemical reaction resulting from the disposal of certain aluminum production waste at the Countywide Recycling and Disposal facility (Countywide) in East Sparta, Ohio. The F&Os, and certain other remedial actions Republic-Ohio agreed with the OEPA to undertake to address the environmental conditions, include, without limitation, the following actions: (a) prohibiting leachate recirculation, (b) refraining from the disposal of solid waste in certain portions of the site, (c) updating engineering plans and specifications and providing further information regarding the integrity of various engineered components at the site, (d) performing additional data collection, (e) taking additional measures to address emissions, (f) expanding the gas collection and control system, (g) installing a "fire" break, (h) removing liquids

from gas extraction wells, and (i) submitting a plan to the OEPA to suppress the chemical reaction and, following approval by the OEPA, implementing such plan. We also paid approximately $.7 million in sanctions to comply with the F&Os during the three months ended March 31, 2007. Republic-Ohio has performed certain interim remedial actions required by the OEPA, but the OEPA has not approved Republic-Ohio's plan to suppress the chemical reaction.

Republic-Ohio received additional orders from the OEPA requiring certain actions to be taken by Republic-Ohio, including additional air quality monitoring and the installation and continued maintenance of gas well dewatering systems. Republic-Ohio has also entered into an Agreed Order on Consent (AOC) with the EPA requiring the reimbursement of costs incurred by the EPA and requiring Republic-Ohio to (a) design and install a temperature and gas monitoring system, (b) design and install a composite cap or cover, and (c) develop and implement an air monitoring program. The AOC became effective on April 17, 2008 and Republic-Ohio has complied with the terms of the AOC. Republic-Ohio also is in the process of constructing an additional "fire" break under the authority and supervision of the EPA.

We had learned that the Commissioner of the Stark County Health Department (Commission) recommended that the Stark County Board of Health (Board of Health) suspend Countywide's 2007 annual operating license. We had also learned that the Commissioner intended to recommend that the Board of Health deny Countywide's license application for 2008. Republic-Ohio obtained a preliminary injunction on November 28, 2007 prohibiting the Board of Health from suspending its 2007 operating license. Republic-Ohio also obtained a preliminary injunction on February 15, 2008 prohibiting the Board of Health from denying its 2008 operating license application. The litigation with the Board of Health is pending in the Stark County Court of Common Pleas. We and the Board of Health have been participating in discussions regarding facility licensing that have resulted in an agreement whereby Republic-Ohio will secure its operating license and pay $10.0 million to resolve the issues at Countywide. The specific terms of the agreement are being finalized.

We believe that we have performed or are diligently performing all actions required under the F&Os and the AOC and that Countywide does not pose a threat to the environment. Additionally, we believe that we satisfy the rules and regulations that govern the operating license at Countywide.

We are vigorously pursuing financial contributions from third parties for our costs to comply with the F&Os and the other required remedial actions.

In a suit filed on October 8, 2008 in the Tuscarawas County Ohio Court of Common Pleas, approximately 700 plaintiffs have named Republic Services, Inc. and Republic-Ohio as defendants. The claims alleged are negligence and nuisance and arise from the operation of Countywide. Republic-Ohio has owned and operated Countywide since February 1, 1999. Waste Management, Inc. and Waste Management Ohio, Inc., previous owners and operators of Countywide, have been named as defendants as well. Plaintiffs are individuals and businesses located in the geographic area around Countywide. They claim that due to the acceptance of a specific waste stream and operational issues and conditions, the landfill has generated odors and other unsafe emissions which have allegedly impaired the use and value of their property. There are also allegations that the emissions from the landfill may have adverse health effects. The relief requested includes compensatory damages, punitive damages, costs for medical monitoring and screening, interest on damages, costs and disbursements, and reasonable attorney and expert witness fees. We intend to vigorously defend against the plaintiffs' allegations.

Sunrise Matter

On August 1, 2008, Republic Services of Southern Nevada, our wholly owned subsidiary, signed a Consent Decree with the EPA, the Bureau of Land Management and Clark County, Nevada related to the Sunrise Landfill. Under the Consent Decree, RSSN has agreed to perform certain remedial actions at the

Sunrise Landfill for which RSSN and Clark County were otherwise jointly and severally liable. We also paid $1.0 million in sanctions related to the Consent Decree. RSSN is currently working with the Clark County Staff and Board of Commissioners to develop a mechanism to fund the costs to comply with the Consent Decree. However, we have not recorded any potential recoveries.

It is reasonably possible that we will need to adjust the environmental remediation liabilities recorded to reflect the effects of new or additional information, to the extent that such information impacts the costs, timing or duration of the required actions. Future changes in our estimates of the costs, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Luri Matter

On August 17, 2007, a lawsuit was filed against us and certain of our subsidiaries relating to an alleged retaliation claim by a former employee, Ronald Luri v. Republic Services, Inc., Republic Services of Ohio Hauling LLC, Republic Services of Ohio I LLC, Jim Bowen and Ron Krall in the Cuyahoga County Common Pleas Court in Ohio. On July 3, 2008, a jury verdict was awarded against us in the amount of $46.6 million, including $43.1 million in punitive damages. On September 24, 2008, the Court awarded pre-judgement interest of $.3 million and attorney fees and litigation costs of $1.1 million. Post-judgement interest is presently accruing at a rate of 8% for 2008 and 5% for 2009. Management anticipates that post-judgement interest could accrue through the middle of 2010 for a total of $5.4 million. Post-judgment motions filed on our behalf and certain of our subsidiaries were denied, and on October 1, 2008, we filed a notice of appeal. It is reasonably possible that a final, non-appealable judgment of liability for compensatory and punitive damages may be assessed against us related to this matter. Although it is not possible to predict the ultimate outcome, management believes that the amount of any final, non-appealable judgment will not be material.

Forward Matter

On November 23, 2005, Allied received a letter from the San Joaquin District Attorney's Office, Environmental Prosecutions Unit (the District Attorney), alleging violations of California permit and regulatory requirements relating to Forward, Inc. (Forward), its wholly owned subsidiary, and the operation of this landfill. The District Attorney is investigating whether Forward may have (i) mixed green waste with food waste as "alternative daily cover," (ii) exceeded the daily and weekly tonnage intake limits, (iii) allowed a concentration of methane gas well in excess of five percent, or (iv) accepted hazardous waste at a landfill which is not authorized to accept hazardous waste. Such conduct allegedly violates provisions of Business and Professions Code sections 17200, et seq., by virtue of violations of Public Resources Code Division 30, Part 4, Chapter 3, Article 1, sections 44004 and 44014(b); California Code of Regulations Title 27, Chapter 3, Subchapter 4, Article 6, sections 20690(11) and 20919.5; and Health and Safety Code sections 25200, 25100, et seq, and 25500, et seq. On December 7, 2006, Forward received a subpoena and interrogatories from the District Attorney and responded to both as of February 15, 2007. On October 1, 2008, the District Attorney served suit against Allied alleging violations of the California Business and Professional Code sections 17200, et seq. and is seeking monetary sanctions of up to $2,500 per violation and a permanent injunction to obey all applicable laws and regulations. We intend to vigorously defend the allegations.

Sycamore Matter

On July 10, 2008, the State of West Virginia Department of Environmental Protection filed suit against Allied's subsidiary Allied Waste Sycamore Landfill, LLC (Sycamore Landfill) in Putnam County Circuit Court alleging thirty-eight violations of the Solid Waste Management Act, W. Va. Code sec. 22-15-1 et seq,

the Water Pollution Control Act, W. Va. Code Sec. 22-11-1 et seq, and the Groundwater Protection Act, W. Va. Code sec. 22-12-1 et seq (collectively, the Applicable Statues) between January 2007 and August 2007. The State of West Virginia is seeking injunctive relief requiring the Sycamore Landfill to comply with the Applicable Statues as well to eliminate all common law public nuisances, and is seeking monetary sanctions of up to $25,000 per day for each violation. We are currently negotiating a settlement with the State which we believe will include monetary sanctions below $200,000.

20 Atlantic Avenue Matter

On October 3, 2008, a jury in federal district court in Boston, Massachusetts, returned a verdict in favor of the plaintiff and against the defendant, Allied, in a breach of contract action. The jury concluded that, between 1997 and 2002, Allied had failed to deliver as much fiber recyclables as required under a contract, and the jury stated that damages were approximately $10.4 million. Under applicable law, prejudgment interest of 12% per year (approximately $10.5 million through December 31, 2008) is automatically added to the verdict amount when judgment is entered by the court. The jury verdict did not address all the claims pending in the lawsuit. A hearing before the judge on some of the remaining claims was scheduled to begin January 6, 2009. On January 5, 2009, the parties reached a settlement in which all claims in the lawsuit will be dismissed in exchange for a payment of $18.0 million from us to the plaintiff, which we have recorded as a liability as of December 31, 2008. The payment will be made in three installments during the first three quarters of 2009 and the second and third installments will bear interest at 3% per annum.

Carter Valley Matter

On April 12, 2006, federal agents executed a search warrant at BFI Waste Systems of Tennessee, LLC's Carter Valley Landfill (the Landfill) and seized information regarding the Landfill's receipt of special waste from one of its commercial customers. On the same date, the U.S. Attorney's Office for the Eastern District of Tennessee served a grand jury subpoena on Allied seeking related documents (the 2006 Subpoena). Shortly thereafter, the government agreed to an indefinite extension of the time to respond to the subpoena, and there were no further communications between Allied and the federal government until 2008. In 2007, while the federal investigation was pending, the Tennessee Department of Environment and Conservation investigated the Landfill's receipt of the same special waste, determined that there was not a sufficient basis to conclude that the Landfill had disposed of hazardous waste, and took no enforcement action. On April 2, 2008, the US Attorney's Office issued a new grand jury subpoena seeking the same categories of documents requested in the 2006 Subpoena. We are currently producing documents in response to the 2008 subpoena. On January 21, 2009, the DOJ sent a letter to us stating that it believed, based on its initial investigation, that certain unnamed employees at the Landfill had violated the RCRA and that we were liable for these criminal violations under the theory of *respondeat superior*. If convicted, pursuant to applicable law, we could be subject to a wide range of criminal or civil penalties. Criminal penalties are limited to the greater of a maximum of $50,000 for each day of violation, a calculation of twice the gross pecuniary gain from the offense or a maximum of $500,000. We could also be subject to civil penalties of $32,500 per day per violation. We intend to meet with the DOJ as soon as practicable to discuss the government's investigation and understand the basis for the government's belief that our employees violated RCRA.

Litigation Related to the Merger with Allied

On July 25, 2008, a putative class action was filed, and on August 15, 2008 was amended, in the Court of Chancery of the State of Delaware by the New Jersey Carpenters Pension and the New Jersey Carpenters Annuity Funds against us and the members of our Board of Directors, individually.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

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On August 21, 2008, a second putative class action was filed in the Court of Chancery of the State of Delaware by David Shade against us, the members of Republic's Board of Directors, individually, and Allied. On September 22, 2008, the New Jersey Carpenters and the Shade cases were consolidated by the Court of Chancery, and on September 24, 2008, the plaintiffs in the Delaware case, now known as In Re: Republic Services Inc. Shareholders Litigation, filed a verified consolidated amended class action complaint in the Court of Chancery of the State of Delaware.

On September 5, 2008, a putative class action was filed in the Circuit Court in and for Broward County, Florida, by the Teamsters Local 456 Annuity Fund against us and the members of Republic's Board of Directors, individually.

Both the Delaware consolidated action and the Florida action were brought on behalf of a purported class of our stockholders and primarily sought, among other things, to enjoin the proposed transaction between Republic and Allied, as well as damages and attorneys' fees. The actions also sought to compel us to accept the unsolicited proposals made by Waste Management, Inc. (Waste), or at least compel our Board of Directors to further consider and evaluate the Waste proposals, which proposals were subsequently withdrawn.

On September 24, 2008, the defendants in the Florida litigation filed a motion to stay or to dismiss the lawsuit in light of the consolidated Delaware class action.

On October 17, 2008, plaintiffs in the consolidated Delaware action filed a motion for a preliminary injunction seeking to require the defendants to make certain additional disclosures prior to the shareholder vote on the merger.

On October 29, 2008, the defendants entered into a memorandum of understanding with plaintiffs regarding the settlement of the Delaware and Florida actions. As part of this memorandum of understanding, we agreed to make certain additional disclosures to our stockholders and such disclosures were made by us in our Current Report on Form 8-K filed with the SEC on October 30, 2008. As of January 16, 2009, following completion of certain confirmatory discovery by counsel to plaintiffs, the parties executed a stipulation of settlement. The stipulation of settlement is subject to customary conditions, including court approval following notice to our stockholders. The stipulation of settlement provides that a hearing will be scheduled at which the court will consider the fairness, reasonableness and adequacy of the settlement which, if finally approved by the court, will resolve all of the claims that were or could have been brought in the actions being settled, including all claims relating to the merger transaction, the merger agreement, our rejections of the unsolicited Waste proposals, and any disclosures made in connection therewith. The stipulation of settlement also provides that plaintiffs' counsel may petition the court for an award of attorneys' fees and expenses to be paid by us. On February 20, 2009, the court preliminarily approved the settlement agreed to in the stipulation and set a final hearing to consider the fairness of the settlement for May 19, 2009. There can be no assurance that the court will approve the settlement agreed to in the stipulation of settlement. In such event, the settlement may be terminated.

On December 3, 2008, the DOJ and seven state attorneys general filed a complaint, Hold Separate Stipulation and Order, and competitive impact statement, together with a proposed final judgment, in the United States District Court for the District of Columbia, in connection with approval under the HSR Act of our merger with Allied. The court entered the Hold Separate Stipulation and Order on December 4, 2008, which terminated the waiting period under the HSR Act and allowed the parties to close the transaction subject to the conditions described in the Hold Separate Stipulation and Order. These conditions include the divestiture of certain assets. However, the final judgment can only be approved by the court after the DOJ publishes a notice in the Federal Register and considers comments it receives. During this period, if the DOJ believes that the final judgment is no longer in the public interest, the DOJ may withdraw its

support of the final judgment and seek to prevent the final judgment from becoming final in its present form. Likewise, the court may, in its discretion, modify the divestitures or other relief sought by the DOJ if the court believes that such modification is in the public interest. The precise timing for the confirmation of the final judgment is not known. Management believes that the court will enter the final judgment and that modifications to the final judgment, if any, will not be material.

Lease Commitments

We and our subsidiaries lease real property, equipment and software under various operating leases with terms from one month to twenty years. Rent expense during the years ended December 31, 2008, 2007 and 2006 was $19.3 million, $11.5 million and $11.8 million, respectively.

Future minimum lease obligations under non-cancelable real property, equipment and software operating leases with initial terms in excess of one year at December 31, 2008 are as follows (in millions):

2009	$ 44.5
2010	36.0
2011	29.0
2012	22.6
2013	20.1
Thereafter	102.3
Total	$ 254.5

Unconditional Purchase Commitments

Royalties

We have entered into agreements to pay royalties to prior landowners, lessors or host communities where landfills are located, based on waste tonnage disposed at specified landfills. The payments are generally payable quarterly and amounts incurred, but not paid, are accrued in our consolidated balance sheets. Royalties are accrued as tonnage is disposed of in the landfill.

Disposal Agreements

We have several agreements expiring at various dates through 2019 that require us to dispose of a minimum number of tons at third-party disposal facilities. Under these put-or-pay agreements, we are required to pay for agreed-upon minimum volumes regardless of the actual number of tons placed at the facilities.

Future minimum payments under unconditional purchase commitments, including royalties, disposal agreements and other such commitments, at December 31, 2008 are as follows (in millions):

2009	$ 171.3
2010	66.9
2011	54.7
2012	43.9
2013	38.8
Thereafter	298.4
Total	$ 674.0

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Restricted Cash and Other Financial Guarantees

We are required to provide financial assurance to governmental agencies and a variety of other entities under applicable environmental regulations relating to our landfill operations for capping, closure and post-closure costs, and our performance under certain collection, landfill and transfer station contracts. We satisfy the financial assurance requirements by providing surety bonds, letters of credit, insurance policies or trust deposits. The amount of the financial assurance requirements for capping, closure and post-closure costs is determined by applicable state environmental regulations, which vary by state. The financial assurance requirements for capping, closure and post-closure costs can either be for costs associated with a portion of the landfill or the entire landfill. Generally, states will require a third-party engineering specialist to determine the estimated capping, closure and post-closure costs that are used to determine the required amount of financial assurance for a landfill. The amount of financial assurance required can, and generally will, differ from the obligation determined and recorded under GAAP. The amount of the financial assurance requirements related to contract performance varies by contract. Additionally, we are required to provide financial assurance for our self-insurance program and collateral for certain performance obligations.

We had the following financial instruments and collateral in place to secure our financial assurances at December 31, (in millions):

	2008	2007
Letters of credit[1]	$ 1,753.1	$ 669.1
Surety bonds[2]	2,119.2	484.2

[1] The above letters of credit include $1.7 billion outstanding under our Credit Facilities and $.1 billion outstanding under other agreements.

[2] Surety bonds expire on various dates through 2038.

These financial instruments are issued in the normal course of business and are not debt. Since we currently have no liability for this financial assurance, it is not reflected in our consolidated balance sheets. However, we have recorded capping, closure and post-closure obligations and self-insurance reserves as they are incurred. The underlying financial assurance obligations, in excess of those already reflected in our consolidated balance sheets, would be recorded if it is probable that we would be unable to fulfill our related obligations. We do not expect this to occur.

Our restricted cash deposits include, among other things, restricted cash held for capital expenditures under certain debt facilities, and restricted cash pledged to regulatory agencies and governmental entities as financial guarantees of our performance related to our final capping, closure and post-closure obligations at our landfills at December 31, as follows (in millions):

	2008	2007
Financing proceeds	$ 133.5	$ 71.4
Capping, closure and post-closure obligations	63.2	10.1
Other	85.2	83.5
Total restricted cash	$ 281.9	$ 165.0

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than operating leases and the financial assurance discussed above, which are not classified as debt. We have no transactions or obligations with related parties that are not disclosed, consolidated into or reflected in our reported financial position or results of operations. We have not guaranteed any third-party debt.

Guarantees

We enter into contracts in the normal course of business that include indemnification clauses. Indemnifications relating to known liabilities are recorded in the consolidated financial statements based on our best estimate of required future payments. Certain of these indemnifications relate to contingent events or occurrences, such as the imposition of additional taxes due to a change in the tax law or adverse interpretation of the tax law, and indemnifications made in divestiture agreements where we indemnify the buyer for liabilities that relate to our activities prior to the divestiture and that may become known in the future. We do not believe that these contingent obligations will have a material effect on our consolidated financial position, results of operations or cash flows.

We have entered into agreements with property owners to guarantee the value of certain property that is adjacent to certain of our landfills. These agreements have varying terms. These agreements are accounted for in accordance with FIN 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.* We do not believe that these contingent obligations will have a material effect on our consolidated financial position, results of operations or cash flows.

Other Matters

Our business activities are conducted in the context of a developing and changing statutory and regulatory framework. Governmental regulation of the waste management industry requires us to obtain and retain numerous governmental permits to conduct various aspects of our operations. These permits are subject to revocation, modification or denial. The costs and other capital expenditures which may be required to obtain or retain the applicable permits or comply with applicable regulations could be significant. Any revocation, modification or denial of permits could have a material adverse effect on us.

We are subject to various federal, state and local tax rules and regulations. Our compliance with such rules and regulations is periodically audited by tax authorities. These authorities may challenge the positions taken in our tax filings. As such, to provide for certain potential tax exposures, we maintain liabilities for uncertain tax positions for our estimate of the final outcome of the examinations. For further information related to our liabilities for uncertain tax positions, see Note 10, *Income Taxes*.

We believe that the liabilities we have for uncertain tax positions recorded are adequate. However, a significant assessment against us in excess of the liabilities recorded could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

17. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

The following tables summarize our unaudited consolidated quarterly results of operations as reported for 2008 and 2007 (in millions, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2008				
Revenue	$ 779.2	$ 827.5	$ 834.0	$ 1,244.4
Operating income (loss)(1)	142.2	85.6	167.0	(111.6)
Net income (loss)(1)	76.1	40.7	88.7	(131.7)
Diluted earnings (loss) per common share(1)	.41	.22	.48	(.55)
2007				
Revenue	$ 765.6	$ 808.4	$ 806.2	$ 796.0
Operating income(2)	114.7	153.1	128.3	139.9
Net income(2)	53.9	87.2	67.0	82.1
Diluted earnings per common share(2)	.28	.45	.35	.44

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) • During the three months ended June 30, 2008, we recorded a pre-tax charge of $34.0 million related to our Countywide disposal facility. Also during the three months ended June 30, 2008, we recorded a pre-tax charge of $35.0 million related to the Sunrise Landfill in Nevada.

Our financial results for the three months ended December 31, 2008, include the following items:

- A pre-tax charge of $89.8 million for asset impairments primarily related to our Countywide disposal facility, our former Corporate headquarters in Florida and expected losses on sales of DOJ required divestitures resulting from our merger with Allied.
- A pre-tax charge of $82.7 million for restructuring charges consisting primarily of severance and other employee termination and relocation benefits attributable to integrating our operations with Allied.
- Pre-tax remediation charges of $87.8 million related to our estimates of costs incurred at our Countywide disposal facility and our closed disposal facility in Contra Costa County, California.
- Pre-tax charges of $14.2 million related to conforming Allied's methodology for recording the allowance for doubtful accounts on accounts receivable with our methodology and $5.4 million to provide for specific bankruptcy exposures.
- Pre-tax charges of $24.3 million primarily associated with settlement charges related to our estimates of the outcome of various legal matters.
- Pre-tax, non-cash interest expenses of $10.1 million related primarily associated with amortizing the discount on the debt we acquired from Allied that was recorded at fair value in purchase accounting.
- In addition, our effective tax rate for the three months ended December 31, 2008 was impacted by several non-tax deductible expenses associated with the merger.

(2) • During the three months ended March 31, 2007, we recorded a pre-tax charge of $22.0 million related to estimated costs we believed would be required to comply with F&O's issued by the OEPA in response to environmental conditions at our Countywide facility in East Sparta, Ohio. We recorded an additional pre-tax charge for Countywide of $23.3 million during the three months ended September 30, 2007.

- During the three months ended September 30, 2007, we recorded a pre-tax charge of $9.6 million charge associated with an increase in estimated leachate disposal costs and costs to upgrade onsite equipment that captures and treats leachate at our closed disposal facility in Contra Costa County, California.
- During the three months ended March 31, 2007, we recorded a charge of $4.2 million, in our provision for income taxes related to the resolution of various income tax matters. During the three months ended June 30, 2007, we recorded a benefit of $5.0 million, in our provision for income taxes related to the resolution of various tax matters, including the effective completion of IRS audits of our consolidated tax returns for fiscal years 2001 through 2004. During the three months ended December 31, 2007, we recorded a benefit of $4.0 million, in our provision for income taxes related to the resolution of various income tax matters.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

REPORT OF MANAGEMENT ON REPUBLIC SERVICES, INC.'S INTERNAL CONTROL OVER FINANCIAL REPORTING

We, as members of management of Republic Services, Inc. are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Internal control over financial reporting is a process designed 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. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, our internal control systems and procedures may not prevent or detect misstatements. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

We excluded from our assessment of our effectiveness of the Company's internal control over financial reporting the internal controls of Allied Waste Industries, Inc. (Allied), which was acquired by us on December 5, 2008. Allied is included in the 2008 consolidated financial statements of Republic Services, Inc, and constituted $15,460.7 million and $(14.9) million of total assets and net assets, respectively, as of December 31, 2008, and $463.7 million and $(11.3) million of revenue and net income, respectively, for the year then ended. We will include the internal controls of Allied in our assessment of the effectiveness of our internal control over financial reporting for 2009.

We, under the supervision of and with the participation of our management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2008, based on criteria for effective internal control over financial reporting described in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we concluded that we maintained effective internal control over financial reporting as of December 31, 2008, based on the specified criteria.

Our internal control over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their attestation report which is included herein.

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e), and 15d-15(e)) as of the end of the

period covered by this Annual Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report.

Changes in Internal Control Over Financial Reporting

Based on an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, there has been no change in our internal control over financial reporting during our last fiscal quarter identified in connection with that evaluation, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

Part III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this item is incorporated by reference to the material appearing under the headings “Biographical Information Regarding Directors/Nominees and Executive Officers”, “Election of Directors”, “Board of Directors and Corporate Governance Matters”, “Section 16(a) Beneficial Ownership Reporting Compliance” and “Executive Officers” in the Proxy Statement for the 2009 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to the material appearing under the headings “Executive Compensation” and “Director Compensation” in the Proxy Statement for the 2009 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is incorporated by reference to the material appearing under the headings “Security Ownership of Five Percent Stockholders,” “Security Ownership of Management” and “Stockholder Proposals and Nominations” in the Proxy Statement for the 2009 Annual Meeting of Stockholders.

The following table sets forth certain information regarding equity compensation plans as of December 31, 2008 (number of securities in millions):

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans Excluding Securities Reflected in Column A
Equity compensation plans approved by security holders	18.9	$ 23.27	15.6
Equity compensation plans not approved by security holders	—	—	—
Total	18.9	$ 23.27	15.6

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference to the material appearing under the heading “Certain Relationships and Related Transactions” and “Board of Directors and Corporate Governance” in the Proxy Statement for the 2009 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is incorporated by reference to the material appearing under the heading “Audit and Related Fees” in the Proxy Statement for the 2009 Annual Meeting of Stockholders.

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements

Our consolidated financial statements are set forth under Item 8 of this report on Form 10-K.

2. Financial Statement Schedules

Schedule II — Valuation and Qualifying Accounts and Reserves, for each of the three years ended December 31, 2008, 2007 and 2006.

All other schedules are omitted as the required information is not applicable or the information is presented in the consolidated financial statements and notes thereto in Item 8 above.

3. Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Commission, as indicated in the description of each.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of June 22, 2008, by and among Republic Services, Inc., RS Merger Wedge, Inc. and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 2.1 of the Company’s Current Report on Form 8-K dated June 23, 2008).
2.2	First Amendment to Agreement and Plan of Merger, dated as of July 31, 2008, by and among Republic Services, Inc., RS Merger Wedge, Inc. and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 2.1 of the Company’s Current Report on Form 8-K dated August 6, 2008).
2.3	Second Amendment to Agreement and Plan of Merger, dated as of December 5, 2008, by and among Republic Services, Inc., RS Merger Wedge, Inc. and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 2.1 of the Company’s Current Report on Form 8-K dated December 10, 2008).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 1998).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Republic Services, Inc. (incorporated by reference to Exhibit 4.2 of the Company’s Registration Statement on Form S-8, Registration No. 333-81801, filed with the Commission on June 29, 1999).
3.3	Amended and Restated Bylaws of Republic Services, Inc. (incorporated by reference to Exhibit 3.1 of the Company’s Current Report on Form 8-K dated December 12, 2008).

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

Exhibit Number	Description
4.1	Republic Services, Inc. Common Stock Certificate (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8, Registration No. 333-81801, filed with the Commission on June 29, 1999).
4.2	Indenture, dated as of May 24, 1999, by and between Republic Services, Inc. and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
4.3	Form of 7 1/8% Notes due 2009 under the Indenture dated as of May 24, 1999 (incorporated by reference to Exhibit 4.6 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
4.4*	First Supplemental Indenture, dated as of December 5, 2008, to the Indenture dated as of May 24, 1999, by and among Republic Services, Inc., Allied Waste Industries, Inc., the guarantors party thereto and The Bank of New York Mellon (f/k/a The Bank of New York), as trustee.
4.5	Indenture, dated as of August 15, 2001, by and between Republic Services, Inc. and The Bank of New York, as trustee, including the form of notes (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated August 16, 2001).
4.6	First Supplemental Indenture, dated as of August 15, 2001, to the Indenture dated as of August 15, 2001, by and between Republic Services, Inc. and The Bank Of New York, as trustee, including the form of 6.75% Senior Notes due 2011 (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated August 16, 2001).
4.7	Second Supplemental Indenture, dated as of March 21, 2005, to the Indenture dated as of August 15, 2001, by and between Republic Services, Inc. and The Bank of New York, as trustee, including the form of 6.086% Notes due 2035 (incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2005).
4.8*	Third Supplemental Indenture, dated as of December 5, 2008, to the Indenture dated as of August 15, 2001, by and among Republic Services, Inc., Allied Waste Industries, Inc., the guarantors party thereto and The Bank of New York Mellon (f/k/a The Bank of New York), as trustee.
4.9	Amended and Restated Credit Agreement, dated as of April 26, 2007, by and among Republic Services, Inc., Bank of America N.A., as administrative agent, and the several financial institutions party thereto (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated May 2, 2007).
4.10	Amendment No. 1, dated as of September 18, 2008, to the Amended and Restated Credit Agreement dated as of April 26, 2007, by and among Republic Services, Inc., Bank of America, N.A., as administrative agent, and each of the lenders signatory thereto (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated September 24, 2008).
4.11	Credit Agreement, dated as of September 18, 2008, by and among Republic Services, Inc., Bank of America, N.A., as administrative agent, swing line lender and l/c issuer, JPMorgan Chase Bank, N.A., as syndication agent, Barclays Bank PLC, BNP Paribas and The Royal Bank of Scotland PLC, as co-documentation agents, and the other lenders party thereto (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated September 24, 2008).
4.12*	Letter Agreement, dated as of December 2, 2008, by and among Republic Services, Inc., Blackstone Capital Partners III Merchant Banking Fund L.P., Blackstone Offshore Capital Partners III L.P. and Blackstone Family Investment Partnership III L.P.
4.13	Restated Indenture, dated as of September 1, 1991, by and between Browning-Ferris Industries, Inc. and First City, Texas-Houston, National Association, as trustee (incorporated by reference to Exhibit 4.22 of Allied's Registration Statement on Form S-4 (No. 333-61744)).

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

Exhibit Number	Description
4.14	First Supplemental Indenture, dated as of July 30, 1999, to the Indenture dated as of September 1, 1991, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., Browning-Ferris Industries, Inc. and Chase Bank of Texas, National Association, as trustee (incorporated by reference to Exhibit 4.23 of Allied's Registration Statement on Form S-4 (No. 333-61744)).
4.15	First [sic] Supplemental Indenture, dated as of December 31, 2004, to the Indenture dated as of September 1, 1991, by and among Browning-Ferris Industries, Inc., BBCO, Inc. and JP Morgan Chase Bank, National Association as trustee (incorporated by reference to Exhibit 4.33 of Allied's Annual Report on Form 10-K for the year ended December 31, 2004).
4.16	Third Supplemental Indenture, dated as of December 5, 2008, to the Indenture dated as of September 1, 1991, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., Browning-Ferris Industries, LLC (successor to Browning-Ferris Industries, Inc.), BBCO, Inc., Republic Services, Inc., the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated December 10, 2008).
4.17	Senior Indenture, dated as of December 23, 1998, by and among Allied Waste North America, Inc., the guarantors party thereto and U.S. Bank Trust National Association, as trustee (incorporated by reference to Exhibit 4.1 of Allied's Registration Statement on Form S-4 (No. 333-70709)).
4.18	Tenth Supplemental Indenture, dated as of April 9, 2003, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste North America, Inc., Allied Waste Industries, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of $7^{7}/_{8}$% Senior Notes due 2013 (incorporated by reference to Exhibit 10.01 of Allied's Current Report on Form 8-K dated April 10, 2003).
4.19	Eleventh Supplemental Indenture, dated as of November 10, 2003, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste North America, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of $6^{1}/_{2}$% Senior Notes due 2010 (incorporated by reference to Exhibit 10.5 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2003).
4.20	Twelfth Supplemental Indenture, dated as of January 27, 2004, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste North America, Inc., Allied Waste Industries, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of $5^{3}/_{4}$% Senior Notes due 2011 (incorporated by reference to Exhibit 10.58 of Allied's Annual Report on Form 10-K for the year ended December 31, 2003).
4.21	Thirteenth Supplemental Indenture, dated as of January 27, 2004, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste North America, Inc., Allied Waste Industries, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of $6^{1}/_{8}$% Senior Notes due 2014 (incorporated by reference to Exhibit 10.59 of Allied's Annual Report on Form 10-K for the year ended December 31, 2003).
4.22	Fourteenth Supplemental Indenture, dated as of April 20, 2004, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste North America, Inc., Allied Waste Industries, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of $7^{3}/_{8}$% Senior Notes due 2014 (incorporated by reference to Exhibit 10.22 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
4.23	Fifteenth Supplemental Indenture, dated as of April 20, 2004, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste North America, Inc., Allied Waste Industries, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of $6^{3}/_{8}$% Senior Notes due 2011 (incorporated by reference to Exhibit 10.23 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

Exhibit Number	Description
4.24	Sixteenth Supplemental Indenture, dated as of March 9, 2005, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc. and U.S. Bank National Association, as trustee, including the form of 7 1/4% Senior Notes due 2015 (incorporated by reference to Exhibit 1.01 of Allied's Current Report on Form 8-K dated March 10, 2005).
4.25	Seventeenth Supplemental Indenture, dated as of May 17, 2006, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste North America, Inc., Allied Waste Industries, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of 7 1/8% Senior Notes due 2016 (incorporated by reference to Exhibit 1.01 of Allied's Current Report on Form 8-K dated May 17, 2006).
4.26	Eighteenth Supplemental Indenture, dated as of March 12, 2007, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste North America, Inc., Allied Waste Industries, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of 6 7/8% Senior Notes due 2017 (incorporated by reference to Exhibit 1.01 of Allied's Current Report on Form 8-K dated March 13, 2007).
4.27*	Nineteenth Supplemental Indenture, dated as of December 2, 2008, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee.
4.28	Twentieth Supplemental Indenture, dated as of December 5, 2008, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., Republic Services, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated December 10, 2008).
4.29	Twenty-First Supplemental Indenture, dated as of December 15, 2008, to the Senior Indenture dated as of December 23, 1998, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., Republic Services, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated December 19, 2008).
4.30	Indenture, dated as of April 20, 2004, by and between Allied Waste Industries, Inc. and U.S. Bank Trust National Association, as trustee, including the form of 4 1/4% Senior Subordinated Convertible Debentures due 2034 (incorporated by reference to Exhibit 10.24 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
4.31*	First Supplemental Indenture, dated as of December 5, 2008, to the Indenture dated as of April 20, 2004, by and among Allied Waste Industries, Inc., Republic Services, Inc. and U.S. Bank National Association, as trustee.
4.32	Registration Rights Agreement, dated as of November 10, 2003, by and among Allied Waste Industries, Inc., the guarantors party thereto and the initial purchasers, relating to $350.0 million aggregate principal amount of 6 1/2% Senior Notes due 2010 (incorporated by reference to Exhibit 10.4 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2003).
4.33	Registration Rights Agreement, dated as of April 20, 2004, by and among Allied Waste Industries, Inc., the guarantors party thereto and the initial purchasers, relating to $275.0 million aggregate principal amount of 6 3/8% Senior Notes due 2011 (incorporated by reference to Exhibit 10.20 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
4.34	Registration Rights Agreement, dated as of April 20, 2004, by and among Allied Waste Industries, Inc., the guarantors party thereto and the initial purchasers, relating to $400.0 million aggregate principal amount of 7 3/8% Senior Notes due 2014 (incorporated by reference to Exhibit 10.21 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

Exhibit Number	Description
4.35	Registration Rights Agreement, dated as of March 9, 2005, by and among Allied Waste Industries, Inc., Allied Waste North America, Inc., J.P. Morgan Securities Inc., UBS Securities LLC, Credit Suisse First Boston LLC, Wachovia Capital Markets, LLC, Banc of America Securities LLC, BNP Paribas Securities Corp., Calyon Securities (USA) and Scotia Capital (USA) Inc., relating to $600.0 million aggregate principal amount of 7 1/4% Senior Notes due 2015 (incorporated by reference to Exhibit 1.02 of Allied's Current Report on Form 8-K dated March 10, 2005).
4.36	Registration Rights Agreement, dated as of May 17, 2006, by and among Allied Waste North America, Inc., Allied Waste Industries, Inc., the guarantors party thereto and the initial purchasers, relating to $600.0 million aggregate principal amount of 7 1/8% Senior Notes due 2016 (incorporated by reference to Exhibit 1.02 of Allied's Current Report on Form 8-K dated May 17, 2006).
4.37	The Company is a party to other agreements for unregistered long-term debt securities, which do not exceed 10% of the Company's total assets. The Company agrees to furnish a copy of such agreements to the Commission upon request.
10.1+	Republic Services, Inc. 1998 Stock Incentive Plan, as amended and restated March 6, 2002 (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2002).
10.2+*	Form of Stock Option Agreement under the Republic Services, Inc. 1998 Stock Incentive Plan.
10.3+*	Form of Director Stock Option Agreement under the Republic Services, Inc. 1998 Stock Incentive Plan.
10.4+*	Form of Executive Restricted Stock Agreement under the Republic Services, Inc. 1998 Stock Incentive Plan (1-year vesting).
10.5+*	Form of Executive Restricted Stock Agreement under the Republic Services, Inc. 1998 Stock Incentive Plan (4-year vesting).
10.6+*	Form of Non-Employee Director Stock Unit Agreement under the Republic Services, Inc. 1998 Stock Incentive Plan.
10.7+	Republic Services, Inc. 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007).
10.8+*	Amendment to the Republic Services, Inc. 2007 Stock Incentive Plan.
10.9+*	Form of Stock Option Agreement under the Republic Services, Inc. 2007 Stock Incentive Plan.
10.10+*	Form of Restricted Stock Agreement under the Republic Services, Inc. 2007 Stock Incentive Plan.
10.11+*	Form of Non-Employee Director Restricted Stock Units Agreement (3-year vesting) under the Republic Services, Inc. 2007 Stock Incentive Plan.
10.12+*	Form of Non-Employee Director Restricted Stock Units Agreement (immediate vesting) under the Republic Services, Inc. 2007 Stock Incentive Plan.
10.13+	Republic Services, Inc. Executive Incentive Plan, effective January 1, 2003 (incorporated by reference to Exhibit 10.9 of the Company's Annual Report on Form 10-K for the year ended December 31, 2003).
10.14+*	First Amendment, effective January 30, 2007, to the Republic Services, Inc. Executive Incentive Plan, effective January 1, 2003.
10.15+	Republic Services, Inc. Deferred Compensation Plan, as amended and restated November 1, 2003 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated January 31, 2005).
10.16+*	Republic Services, Inc. Deferred Compensation Plan, effective January 1, 2005.

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

Exhibit Number	Description
10.17+	Employment Agreement, dated as of July 31, 2001, by and between Harris W. Hudson and Republic Services, Inc. (incorporated by reference to Exhibit 10.8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2001).
10.18+*	Consulting Agreement, dated as of December 3, 2008, by and between Harris W. Hudson and Republic Services, Inc.
10.19+	Second Amended and Restated Employment Agreement, effective as of the effective time of the merger, by and between James E. O'Connor and Republic Services, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated February 24, 2009).
10.20+	Amended and Restated Employment Agreement, dated as of February 21, 2007, by and between Michael Cordesman and Republic Services, Inc. (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2007).
10.21+	First Amendment, dated as of December 1, 2008, to the Amended and Restated Employment Agreement dated as of February 21, 2007 by and between Michael Cordesman and Republic Services, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated December 5, 2008).
10.22+	Amended and Restated Employment Agreement, dated as of February 21, 2007, by and between Tod C. Holmes and Republic Services, Inc. (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2007).
10.23+	Amended and Restated Employment Agreement, dated as of February 21, 2007, by and between David A. Barclay and Republic Services, Inc. (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2007).
10.24+	First Amendment, dated as of December 1, 2008, to the Amended and Restated Employment Agreement dated as of February 21, 2007 by and between David A. Barclay and Republic Services, Inc. (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated December 5, 2008).
10.25+*	Consulting Agreement, dated as of December 15, 2008, by and between David A. Barclay and Republic Services, Inc.
10.26+	Executive Employment Agreement, dated as of March 2, 2007, by and between Donald W. Slager and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 10.3 of Allied's Quarterly Report on Form 10-Q for the period ended June 30, 2008).
10.27+	First Amendment, dated as of December 31, 2008, to Executive Employment Agreement dated as of March 2, 2007 by and between Donald W. Slager and Allied Waste Industries, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated January 7, 2009).
10.28+	Employment Agreement, dated January 31, 2009, by and between Republic Services, Inc. and Donald W. Slager (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated February 5, 2009).
10.29+	Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan (incorporated by reference to Exhibit 3 of Allied's Definitive Proxy Statement in accordance with Schedule 14A dated April 18, 2001).
10.30+	First Amendment to the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, dated as of August 8, 2001 (incorporated by reference to Exhibit 4.14 of Allied's Annual Report on Form 10-K for the year ended December 31, 2001).
10.31+	Second Amendment to the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, dated as of December 12, 2002 (incorporated by reference to Exhibit 10.49 of Allied's Annual Report on Form 10-K for the year ended December 31, 2002).

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

Exhibit Number	Description
10.32+	Third Amendment to the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, effective February 5, 2004 (incorporated by reference to Exhibit 10.6 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
10.33+	Fourth Amendment to the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, effective February 5, 2004 (incorporated by reference to Exhibit 10.7 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
10.34+	Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan, effective February 5, 2004 (incorporated by reference to Exhibit 10.8 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
10.35+	First Amendment to the Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan, as amended and restated effective February 5, 2004 (incorporated by reference to Exhibit 10.03 of Allied's Current Report on Form 8-K dated December 10, 2004).
10.36+	Form of Nonqualified Stock Option Agreement under the Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan (incorporated by reference to Exhibit 10.01 of Allied's Current Report on Form 8-K dated December 10, 2004).
10.37+	Form of Nonqualified Stock Option Agreement under the Amended and Restated Allied Waste Industries, Inc. 1991 Incentive Stock Plan (incorporated by reference to Exhibit 10.01 of Allied's Current Report on Form 8-K dated January 5, 2006).
10.38+*	Amendment to Certain Allied Waste Industries, Inc. Equity Award Agreements (Global — Employees) under the Allied Waste Industries, Inc. 1991 Incentive Stock Plan and the Allied Waste Industries, Inc. 2006 Incentive Stock Plan.
10.39+	Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.7 of Allied's Quarterly Report on Form 10-Q for the period ended June 30, 2005).
10.40+	First Amendment to the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.02 of Allied's Current Report on Form 8-K dated February 14, 2006).
10.41+	Amended and Restated Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan, effective January 1, 2008 (incorporated by reference to Exhibit 10.123 of Allied's Annual Report on Form 10-K for the year ended December 31, 2007).
10.42+*	Republic Services, Inc. 2005 Non-Employee Director Equity Compensation Plan (f/k/a Amended and Restated Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan), as amended and restated effective December 5, 2008.
10.43+	Form of Stock Option Agreement under the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.4 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2005).
10.44+	Form of Restricted Stock Agreement under the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.2 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2005).
10.45+*	Amendment to Certain Allied Waste Industries, Inc. Equity Award Agreements (Global — Directors) under the Allied Waste Industries, Inc. 1994 Non-Employee Director Stock Option Plan and the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan.
10.46+	Allied Waste Industries, Inc. 2006 Incentive Stock Plan (incorporated by reference to Exhibit 10.2 of Allied's Quarterly Report on Form 10-Q for the period ended June 30, 2006).
10.47+	First Amendment to the Allied Waste Industries, Inc. 2006 Incentive Stock Plan, dated as of July 27, 2006 (incorporated by reference to Exhibit 10.1 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2006).

Exhibit Number	Description
10.48+	Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan, dated as of July 27, 2006 (incorporated by reference to Exhibit 10.2 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2006).
10.49+	First Amendment, dated as of December 5, 2006, to the Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan, dated as of July 27, 2006 (incorporated by reference to Exhibit 10.47 of Allied's Annual Report on Form 10-K for the year ended December 31, 2006).
10.50+	Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan, effective October 24, 2007 (incorporated by reference to Exhibit 10.122 of Allied's Annual Report on Form 10-K for the year ended December 31, 2007).
10.51+*	Republic Services, Inc. 2006 Incentive Stock Plan (f/k/a Amended and Restated Allied Waste Industries, Inc. 2006 Incentive Stock Plan), as amended and restated effective December 5, 2008.
10.52+	Form of Nonqualified Stock Option Agreement under the Allied Waste Industries, Inc. 2006 Incentive Stock Plan (incorporated by reference to Exhibit 10.3 of Allied's Quarterly Report on Form 10-Q for the period ended September 30, 2006).
10.53+	Allied Waste Industries, Inc. Supplemental Executive Retirement Plan, effective August 1, 2003 (incorporated by reference to Exhibit 10.10 of Allied's Quarterly Report on Form 10-Q for the period ended March 31, 2004).
10.54+	Allied Waste Industries, Inc. Supplemental Executive Retirement Plan, restated effective January 1, 2006 (incorporated by reference to Exhibit 10.03 of Allied's Current Report on Form 8-K dated February 14, 2006).
10.55+*	Amended and Restated Schedule A, dated as of April 11, 2007, to the Allied Waste Industries, Inc. Supplemental Executive Retirement Plan.
10.56	Participation Agreement, effective July 1, 2006, by and between Allied Waste Industries, Inc. and CoreTrust Purchasing Group LLC, the exclusive agent, for the purchase by Allied of certain goods and services (incorporated by reference to Exhibit 10.4 of Allied's Quarterly Report on Form 10-Q for the period ended June 30, 2006).
10.57+	Amended and Restated Executive Employment Agreement, dated as of June 22, 2008, by and between Allied Waste Industries, Inc. and Timothy R. Donovan, as assumed by Republic Services, Inc. at the effective time of the merger (incorporated by reference to Exhibit 10.6 of Allied's Quarterly Report on Form 10-Q for the period ended June 30, 2008).
18.1*	Preferability Letter of Ernst & Young LLP
21.1*	Subsidiaries of the Company.
23.1*	Consent of Ernst & Young LLP.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32.1*	Section 1350 Certification of Chief Executive Officer.
32.2*	Section 1350 Certification of Chief Financial Officer.

* Filed herewith

\+ Indicates a management or compensatory plan or arrangement.

Signatures

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

REPUBLIC SERVICES, INC.

Date: March 2, 2009

By: /s/ JAMES E. O'CONNOR
James E. O'Connor
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

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

Signature	Title	Date
/s/ JAMES E. O'CONNOR James E. O'Connor	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	March 2, 2009
/s/ TOD C. HOLMES Tod C. Holmes	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 2, 2009
/s/ CHARLES F. SERIANNI Charles F. Serianni	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 2, 2009
/s/ JOHN W. CROGHAN John W. Croghan	Director	March 2, 2009
/s/ JAMES W. CROWNOVER James W. Crownover	Director	March 2, 2009
/s/ WILLIAM J. FLYNN William J. Flynn	Director	March 2, 2009
/s/ DAVID I. FOLEY David I. Foley	Director	March 2, 2009
/s/ NOLAN LEHMANN Nolan Lehmann	Director	March 2, 2009
/s/ W. LEE NUTTER W. Lee Nutter	Director	March 2, 2009
/s/ RAMON A. RODRIGUEZ Ramon A. Rodriguez	Director	March 2, 2009
/s/ ALLAN C. SORENSEN Allan C. Sorensen	Director	March 2, 2009
/s/ JOHN M. TRANI John M. Trani	Director	March 2, 2009
/s/ MICHAEL W. WICKHAM Michael W. Wickham	Director	March 2, 2009

REPUBLIC SERVICES, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
SCHEDULE II

(in millions)

	Balance at Beginning of Year	Additions Charged to Income (1)(3)	Accounts Written Off	Acquisitions (2)	Balance at End of Year
Allowance for doubtful accounts:					
2008	$14.7	$36.5	$(12.7)	$27.2	$65.7
2007	18.8	3.9	(7.8)	(.2)	14.7
2006	17.3	8.4	(6.9)	—	18.8

(1) Additions charged to income in 2008 include $14.2 million to adjust the allowance for doubtful accounts acquired from Allied to conform to Republic's accounting policies and $5.4 million to provide for specific bankruptcy exposures.

(2) The allowance for doubtful accounts of acquired businesses in 2008 consists of the allowance acquired from Allied.

(3) Additions charged to income in 2007 are net of a $4.3 million reduction to the allowance for doubtful accounts resulting from refining our estimate for our allowance based on our historical collection experience.

FIRST SUPPLEMENTAL INDENTURE
(2009 Notes Indenture)

THIS FIRST SUPPLEMENTAL INDENTURE (this "First Supplemental Indenture"), dated as of December 5, 2008 among Republic Services, Inc., a Delaware corporation (the "Company"), Allied Waste Industries, Inc. ("Allied Waste"), a Delaware corporation, each of the entities identified on Schedule A hereto (the "Republic Subsidiary Guarantors") and on Schedule B hereto (the "Allied Subsidiary Guarantors", and together with the Republic Subsidiary Guarantors, the "Subsidiary Guarantors", and the Subsidiary Guarantors, together with Allied Waste, the "Guarantors"), and The Bank of New York Mellon (f/k/a The Bank of New York), as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Company and the Trustee executed and delivered an Indenture, dated as of May 24, 1999 (as the same may be amended, modified, restated or supplemented, from time to time, the "Indenture"), to provide for the issuance by the Company of certain debt securities evidencing its indebtedness, including $375,000,000 aggregate principal amount of its 7 1/8% Senior Notes due 2009 (the "Securities");

WHEREAS, the Company has entered into an Agreement and Plan of Merger, dated as of June 22, 2008, as amended July 31, 2008, pursuant to which Republic will acquire 100% of the outstanding capital stock of Allied Waste through a merger of RS Merger Wedge, Inc., a wholly owned subsidiary of Republic, with and into Allied Waste (the "Merger");

WHEREAS, the Republic Subsidiary Guarantors have each delivered its guarantee (as the same may be amended, modified, waived, restated, supplemented, amended and restated, refinanced or replaced from time to time, the "Republic Subsidiary Credit Facility Guaranty"), and the Allied Subsidiary Guarantors have each delivered its guarantee pursuant to a Guaranty Joinder Agreement, effective upon the date following the effective date of the Merger (as the same may be amended, modified, waived, restated, supplemented, amended and restated, refinanced or replaced from time to time, the "Allied Subsidiary Credit Facility Guaranty" and together with the Republic Subsidiary Credit Facility Guaranty, the "Republic Credit Facility Guaranty") in connection with each of (i) that certain Credit Agreement, dated as of April 26, 2007, among Republic, Bank of America, N. A., as administrative agent, swing line lender and L/C issuer, Citibank, N. A., as syndication agent, JPMorgan Chase Bank, N.A., Barclays Bank PLC, and SunTrust Bank, as co-documentation agents, and certain other lenders thereto, as amended by Amendment No. 1 to Credit Agreement, dated as of September 18, 2008 (as the same may be amended, modified, waived, restated, supplemented, amended and restated, refinanced or replaced from time to time ("Initial Republic Credit Facility") and (ii) that certain Credit Agreement, dated as of September 18, 2008, among Republic, Bank of America, N. A., as administrative agent, swing line lender and L/C issuer, JPMorgan Chase Bank, N. A., as syndication agent, Barclays Bank PLC, BNP Paribas, and The Royal Bank of Scotland, as co-documentation agents, and certain other lenders thereto (as the same may be amended, modified, waived, restated, supplemented, amended and restated, refinanced or replaced from time to time hereafter, the "Supplemental Republic Credit Facility" and together with the Initial Republic Credit Facility, the "Republic Credit Facility");

WHEREAS, the Republic Credit Facility is unsecured;

WHEREAS, pursuant to resolutions adopted by the board of directors, partners or members, as the case may be, of each of Republic and each Guarantor, each of Republic and each Guarantor has duly authorized the execution, delivery and performance of this First Supplemental Indenture;

WHEREAS, Section 901(f) of the Indenture permits the execution and delivery of supplemental indentures by the Trustee and the Company without the consent of any Holders of the Securities, for the purpose of adding guarantees with respect to any series of the Securities;

NOW THEREFORE, for and in consideration of the premises, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or any series thereof, as follows:

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01 Definitions.

All capitalized terms used herein without definition shall have the meanings specified in the Indenture.

SECTION 1.02 Provisions of General Application.

All rules of construction and other provisions of general application set forth in Article 101 of the Indenture are hereby incorporated herein by reference.

SECTION 1.03 Effectiveness.

This First Supplemental Indenture shall become effective with respect to the Republic Subsidiary Guarantors upon the effectiveness of the Merger without any further action of any of the parties hereto, and with respect to Allied Waste and the Allied Subsidiary Guarantors on the day following the effectiveness of the Merger without any further action of any of the parties hereto.

ARTICLE TWO
GUARANTEE

SECTION 2.01 Guarantee.

A. Guarantee. Each of the Guarantors hereby jointly and severally unconditionally guarantees for the benefit of each Holder of a Security that has been authenticated and delivered by the Trustee, and for the benefit of the Trustee on behalf of each such Holder, in accordance with the terms and conditions of this First Supplemental Indenture, the due and punctual payment of the principal of, premium, if any, and interest on such Security when and as the same shall become due and payable, whether at its stated maturity or following acceleration, call for redemption, purchase or otherwise, in each case in accordance with the terms and conditions of

such Security and the Indenture. In case of the failure of the Company punctually to make any such payment, each Guarantor hereby jointly and severally agrees to cause such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity or by acceleration, call for redemption, purchase or otherwise, and as if such payment were made by the Company. This is a guaranty of payment, not of collection. Except as expressly provided in the Indenture or any Supplemental Indenture to which the Guarantors are parties or any Security, each Guarantor further agrees that the obligations guaranteed hereunder may be amended, supplemented, modified, restated, extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any such amendment, supplement, modification, extension or renewal of any such obligation.

B. Release of Guarantors.

(i) Concurrently with the satisfaction and discharge of the Indenture under Section 1201 of the Indenture, the Guarantors shall be released from all of their obligations under this First Supplemental Indenture, and from their obligations, if any, endorsed on any of the Securities.

(ii) Concurrently with the defeasance of any series of Securities under Section 402 of the Indenture or the covenant defeasance of the Securities under Section 403 of the Indenture, the Guarantors shall be released from all of their obligations under this First Supplemental Indenture, and from their obligations, if any, endorsed on any of the Securities.

(iii) Upon the consummation of any transaction (whether involving a sale or other disposition of securities, a merger or otherwise) whereby any Guarantor ceases to be a Subsidiary of Republic, such Guarantor shall automatically without further action on the part of the Trustee or any Holder of the Securities, be released from all obligations under this First Supplemental Indenture, and from their obligations, if any, endorsed on any of the Securities.

(iv) Concurrently with the termination of any Guarantor's obligations under its guarantees provided with respect to the Republic Credit Facility (including, but not limited to the Republic Credit Facility Guaranty), or upon the release of any Guarantor from its obligations under the Republic Credit Facility Guaranty, such Guarantor shall automatically, without further action on the part of the Trustee or any Holder of Securities, be released from all of its obligations under this First Supplemental Indenture, and from its obligations, if any, endorsed on any of the Securities.

ARTICLE THREE
CONCERNING THE TRUSTEE

SECTION 3.01 Acceptance of Trusts.

The Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions set forth in the Indenture and in this First Supplemental Indenture, to all of which the Company and the Guarantors agree and the Holders of Securities at any time outstanding by their acceptance thereof agree.

SECTION 3.02 No Responsibility of the Trustee for Recitals, etc.

The recitals and statements contained in this First Supplemental Indenture shall be taken as the recitals and statements of the Company and the Guarantors, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture.

ARTICLE FOUR
MISCELLANEOUS PROVISIONS

SECTION 4.01 Binding Agreement; Assignments.

Whenever in this First Supplemental Indenture any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of each Guarantor that are contained in this First Supplemental Indenture shall bind and inure to the benefit of each party hereto and their respective successors and assigns.

SECTION 4.02 Relation to Indenture.

This First Supplemental Indenture and all the terms and provisions herein contained shall form a part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture and each and every term and condition contained in the Indenture shall apply to this First Supplemental Indenture with the same force and effect as if the same were set forth in full in this First Supplemental Indenture, with such omissions, variations and modifications thereof as may be appropriate to make each such term and condition consistent with this First Supplemental Indenture. The Indenture is hereby ratified and confirmed and shall remain and continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended by this First Supplemental Indenture and the Indenture and this First Supplemental Indenture shall be read, taken and construed together as one instrument.

SECTION 4.03 Counterparts.

This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

SECTION 4.04 Governing Law.

THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

[Signatures on Following Pages]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed as of the day and year first above written.

REPUBLIC SERVICES, INC., a Delaware corporation

By: _____
Name: Edward A. Lang, III
Title: Vice President, Finance & Treasurer

ALLIED WASTE INDUSTRIES, INC., a Delaware corporation, as Guarantor of the Securities

By: _____

Name: Jo Lynn White
Title: Vice President, Assistant Secretary & Deputy General Counsel

Each of the Republic Subsidiary Guarantors Listed on Schedule A hereto, as Guarantor of the Securities

A D A J CORPORATION
ATLAS TRANSPORT, INC.
BAY COLLECTION SERVICES, INC.
BAY ENVIRONMENTAL MANAGEMENT, INC.
BAY LANDFILLS, INC.
BAY LEASING COMPANY, INC.
BERKELEY SANITARY SERVICE, INC.
BLT ENTERPRISES OF OXNARD, INC.
CROCKETT SANITARY SERVICE, INC.
GOLDEN BEAR TRANSFER SERVICES, INC.
PERDOMO & SONS, INC.
POTRERO HILLS LANDFILL, INC.
RI/ALAMEDA CORP.
RICHMOND SANITARY SERVICE, INC.
SOLANO GARBAGE COMPANY
WEST CONTRA COSTA ENERGY RECOVERY COMPANY
WEST CONTRA COSTA SANITARY LANDFILL, INC.
WEST COUNTY LANDFILL, INC.
WEST COUNTY RESOURCE RECOVERY, INC.
ZAKAROFF SERVICES
COMPACTOR RENTAL SYSTEMS OF DELAWARE, INC.
OHIO REPUBLIC CONTRACTS, II, INC.
REPUBLIC SERVICES FINANCIAL LP, INC.
REPUBLIC SERVICES HOLDING COMPANY, INC.
REPUBLIC SERVICES OF CALIFORNIA HOLDING COMPANY, INC.
REPUBLIC SERVICES OF FLORIDA GP, INC.
REPUBLIC SERVICES OF FLORIDA LP, INC.
REPUBLIC SERVICES OF INDIANA LP, INC.

By:_____
Name: Edward A. Lang, III
Title: Treasurer of each of the foregoing corporations

REPUBLIC SERVICES OF MICHIGAN HOLDING COMPANY, INC.
REPUBLIC WASTE SERVICES OF TEXAS GP, INC.
REPUBLIC WASTE SERVICES OF TEXAS LP, INC.
ENVIROCYCLE, INC.
REPUBLIC SERVICES AVIATION, INC.
SCHOFIELD CORPORATION OF ORLANDO
ARC DISPOSAL COMPANY, INC.
CWI OF ILLINOIS, INC.
SOUTHERN ILLINOIS REGIONAL LANDFILL, INC.
CALVERT TRASH SYSTEMS, INCORPORATED
HONEYGO RUN RECLAMATION CENTER, INC.
FLL, INC.
RELIABLE DISPOSAL, INC.
TAY-BAN CORPORATION
TRI-COUNTY REFUSE SERVICE, INC.
CWI OF MISSOURI, INC.
REPUBLIC SERVICES REAL ESTATE HOLDING, INC.
REPUBLIC DUMPCO, INC.
REPUBLIC ENVIRONMENTAL TECHNOLOGIES, INC.
REPUBLIC SILVER STATE DISPOSAL, INC.
OHIO REPUBLIC CONTRACTS, INC.
McCUSKER RECYCLING, INC.
BARKER BROTHERS WASTE INCORPORATED
NORTHWEST TENNESSEE DISPOSAL CORPORATION
623 LANDFILL, INC.
SANDY HOLLOW LANDFILL CORP.

By:_____
Name: Edward A. Lang, III
Title: Treasurer of each of the foregoing corporations

THE FOLLOWING LIMITED LIABILITY COMPANIES, AS GUARANTORS:

REPUBLIC SERVICES OF ARIZONA HAULING, LLC
REPUBLIC SERVICES OF COLORADO HAULING, LLC
REPUBLIC SERVICES OF COLORADO I, LLC
ARIANA, LLC
CONSOLIDATED DISPOSAL SERVICE, L.L.C.
CONTINENTAL WASTE INDUSTRIES, L.L.C.
REPUBLIC SERVICES GROUP, LLC
REPUBLIC SERVICES OF CALIFORNIA I, LLC
REPUBLIC SERVICES OF CALIFORNIA II, LLC
REPUBLIC SERVICES OF GEORGIA GP, LLC
REPUBLIC SERVICES OF GEORGIA LP, LLC
REPUBLIC SERVICES OF INDIANA TRANSPORTATION, LLC
REPUBLIC SERVICES OF NEW JERSEY, LLC
REPUBLIC SERVICES OF PENNSYLVANIA, LLC
REPUBLIC SERVICES OF SOUTH CAROLINA, LLC
REPUBLIC SERVICES OF SOUTHERN CALIFORNIA, LLC
REPUBLIC SERVICES OF WISCONSIN GP, LLC
REPUBLIC SERVICES OF WISCONSIN LP, LLC
REPUBLIC SERVICES VASCO ROAD, LLC
REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC
RITM, LLC
RUBBISH CONTROL, LLC
CENTRAL VIRGINIA PROPERTIES, LLC
WAYNE DEVELOPERS, LLC

By:_____
Name: Edward A. Lang, III
Title: Treasurer of each of the foregoing limited liability companies

AGRICULTURAL ACQUISITIONS, LLC
REPUBLIC SERVICES OF KENTUCKY, LLC
REPUBLIC SERVICES OF MICHIGAN HAULING, LLC
REPUBLIC SERVICES OF MICHIGAN I, LLC
REPUBLIC SERVICES OF MICHIGAN II, LLC
REPUBLIC SERVICES OF MICHIGAN III, LLC
REPUBLIC SERVICES OF MICHIGAN IV, LLC
REPUBLIC SERVICES OF MICHIGAN V, LLC
REPUBLIC SERVICES OF NORTH CAROLINA, LLC
REPUBLIC OHIO CONTRACTS, LLC
REPUBLIC SERVICES OF OHIO HAULING, LLC
REPUBLIC SERVICES OF OHIO I, LLC
REPUBLIC SERVICES OF OHIO II, LLC
REPUBLIC SERVICES OF OHIO III, LLC
REPUBLIC SERVICES OF OHIO IV, LLC
REPUBLIC SERVICES OF VIRGINIA, LLC

By:_____
Name: Edward A. Lang, III
Title: Treasurer of each of the foregoing limited liability companies

THE FOLLOWING PARTNERSHIPS, AS GUARANTORS:

REPUBLIC SERVICES FINANCIAL, LIMITED PARTNERSHIP

By: REPUBLIC SILVER STATE DISPOSAL, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC SERVICES OF FLORIDA, LIMITED PARTNERSHIP

By: REPUBLIC SERVICES OF FLORIDA GP, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC SERVICES OF GEORGIA, LIMITED PARTNERSHIP

By: REPUBLIC SERVICES OF GEORGIA GP, LLC, as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC SERVICES OF INDIANA, LIMITED PARTNERSHIP

By: REPUBLIC SERVICES, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC SERVICES OF WISCONSIN, LIMITED PARTNERSHIP

By: REPUBLIC SERVICES OF WISCONSIN GP, LLC, as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

RWS TRANSPORT, L.P.

By: REPUBLIC WASTE SERVICES OF TEXAS GP, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC WASTE SERVICES OF TEXAS, LTD.

By: REPUBLIC WASTE SERVICES OF TEXAS GP, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

THE FOLLOWING GENERAL PARTNERSHIP, AS GUARANTOR:

OCEANSIDE WASTE AND RECYCLING SERVICES

By: REPUBLIC SERVICES, INC., Partner

By: _____
Name: Edward A. Lang, III
Title: Treasurer

Each of the Allied Subsidiary Guarantors Listed on Schedule B hereto, as Guarantor of the Securities, by:

ACTION DISPOSAL, INC.
ADA COUNTY DEVELOPMENT COMPANY, INC.
ADRIAN LANDFILL, INC.
ADS OF ILLINOIS, INC.
ADS, INC.
AGRI-TECH, INC. OF OREGON
ALABAMA RECYCLING SERVICES, INC.
ALBANY-LEBANON SANITATION, INC.
ALLIED ACQUISITION PENNSYLVANIA, INC.
ALLIED ACQUISITION TWO, INC.
ALLIED ENVIROENGINEERING, INC.
ALLIED GREEN POWER, INC.
ALLIED NOVA SCOTIA, INC.
ALLIED WASTE ALABAMA, INC.
ALLIED WASTE COMPANY, INC.
ALLIED WASTE HAULING OF GEORGIA, INC.
ALLIED WASTE HOLDINGS (CANADA) LTD.
ALLIED WASTE INDUSTRIES (ARIZONA), INC.
ALLIED WASTE INDUSTRIES (NEW MEXICO), INC.
ALLIED WASTE INDUSTRIES (SOUTHWEST), INC.
ALLIED WASTE INDUSTRIES OF GEORGIA, INC.
ALLIED WASTE INDUSTRIES OF ILLINOIS, INC.
ALLIED WASTE INDUSTRIES OF NORTHWEST INDIANA, INC.
ALLIED WASTE INDUSTRIES OF TENNESSEE, INC.
ALLIED WASTE LANDFILL HOLDINGS, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

ALLIED WASTE OF CALIFORNIA, INC.
ALLIED WASTE OF LONG ISLAND, INC.
ALLIED WASTE OF NEW JERSEY, INC.
ALLIED WASTE RURAL SANITATION, INC.
ALLIED WASTE SERVICES OF BULLHEAD CITY, INC.
ALLIED WASTE SERVICES OF COLORADO, INC.
ALLIED WASTE SERVICES OF LAKE HAVASU CITY, INC.
ALLIED WASTE SERVICES OF MESA, INC.
ALLIED WASTE SERVICES OF PAGE, INC.
ALLIED WASTE SERVICES OF PHOENIX, INC.
ALLIED WASTE SERVICES OF STILLWATER, INC.
ALLIED WASTE SERVICES OF YUMA, INC.
ALLIED WASTE SYSTEMS HOLDINGS, INC.
ALLIED WASTE SYSTEMS, INC.
ALLIED WASTE TRANSFER SERVICES OF UTAH, INC.
ALLIED WASTE TRANSPORTATION, INC.
AMERICAN DISPOSAL SERVICES OF ILLINOIS, INC.
AMERICAN DISPOSAL SERVICES OF KANSAS, INC.
AMERICAN DISPOSAL SERVICES OF MISSOURI, INC.
AMERICAN DISPOSAL SERVICES OF NEW JERSEY, INC.
AMERICAN DISPOSAL SERVICES OF WEST VIRGINIA, INC.
AMERICAN DISPOSAL SERVICES, INC.
AMERICAN DISPOSAL TRANSFER SERVICES OF ILLINOIS, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

AMERICAN MATERIALS RECYCLING CORP.
AMERICAN SANITATION, INC.
AMERICAN TRANSFER COMPANY, INC.
APACHE JUNCTION LANDFILL CORPORATION
AREA DISPOSAL, INC.
ATLANTIC WASTE HOLDING COMPANY, INC.
ATTWOODS OF NORTH AMERICA, INC.
AUTOMATED MODULAR SYSTEMS, INC.
AUTOSHRED, INC.
AWIN LEASING COMPANY, INC.
AWIN MANAGEMENT, INC.
BBCO, INC.
BELLEVILLE LANDFILL, INC.
BFI ATLANTIC, INC.
BFI ENERGY SYSTEMS OF ALBANY, INC.
BFI ENERGY SYSTEMS OF DELAWARE COUNTY, INC.
BFI ENERGY SYSTEMS OF ESSEX COUNTY, INC.
BFI ENERGY SYSTEMS OF HEMPSTEAD, INC.
BFI ENERGY SYSTEMS OF NIAGARA II, INC.
BFI ENERGY SYSTEMS OF NIAGARA, INC.
BFI ENERGY SYSTEMS OF SEMASS, INC.
BFI ENERGY SYSTEMS OF SOUTHEASTERN CONNECTICUT, INC.
BFI INTERNATIONAL, INC.
BFI REF-FUEL, INC.
BFI TRANS RIVER (GP), INC.
BFI TRANSFER SYSTEMS OF NEW JERSEY, INC.
BFI WASTE SYSTEMS OF NEW JERSEY, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

BIO-MED OF OREGON, INC.
BOND COUNTY LANDFILL, INC.
BORREGO LANDFILL, INC.
BORROW PIT CORP.
BRICKYARD DISPOSAL & RECYCLING, INC.
BROWNING-FERRIS FINANCIAL SERVICES, INC.
BROWNING-FERRIS INDUSTRIES CHEMICAL SERVICES, INC.
BROWNING-FERRIS INDUSTRIES OF CALIFORNIA, INC.
BROWNING-FERRIS INDUSTRIES OF FLORIDA, INC.
BROWNING-FERRIS INDUSTRIES OF ILLINOIS, INC.
BROWNING-FERRIS INDUSTRIES OF NEW JERSEY, INC.
BROWNING-FERRIS INDUSTRIES OF NEW YORK, INC.
BROWNING-FERRIS INDUSTRIES OF OHIO, INC.
BROWNING-FERRIS INDUSTRIES OF TENNESSEE, INC.
BROWNING-FERRIS INDUSTRIES, INC.
BROWNING-FERRIS SERVICES, INC.
BROWNING-FERRIS, INC.
BUNTING TRASH SERVICE, INC.
CAPITOL RECYCLING AND DISPOSAL, INC.
CAVE CREEK TRANSFER STATION, INC.
CC LANDFILL, INC.
CECOS INTERNATIONAL, INC.
CELINA LANDFILL, INC.
CENTRAL ARIZONA TRANSFER, INC.
CENTRAL SANITARY LANDFILL, INC.
CHAMBERS DEVELOPMENT OF NORTH CAROLINA, INC.
CHARTER EVAPORATION RESOURCE RECOVERY SYSTEMS
CHEROKEE RUN LANDFILL, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

CITIZENS DISPOSAL, INC.
CITY-STAR SERVICES, INC.
CLARKSTON DISPOSAL, INC.
COCOPAH LANDFILL, INC.
COPPER MOUNTAIN LANDFILL, INC.
CORVALLIS DISPOSAL CO.
COUNTY DISPOSAL (OHIO), INC.
COUNTY DISPOSAL, INC.
COUNTY LANDFILL, INC.
DALLAS DISPOSAL CO.
DELTA CONTAINER CORPORATION
DELTA DADE RECYCLING CORP.
DELTA PAPER STOCK, CO.
DELTA RESOURCES CORP.
DELTA SITE DEVELOPMENT CORP.
DELTA WASTE CORP.
DEMPSEY WASTE SYSTEMS II, INC.
DENVER RL NORTH, INC.
DTC MANAGEMENT, INC.
EAGLE INDUSTRIES LEASING, INC.
EAST CHICAGO COMPOST FACILITY, INC.
ECDC ENVIRONMENTAL OF HUMBOLDT COUNTY, INC.
ECDC HOLDINGS, INC.
ELDER CREEK TRANSFER & RECOVERY, INC.
ENVIRONMENTAL DEVELOPMENT CORP.
ENVIRONMENTAL RECLAMATION COMPANY
ENVIRONTECH, INC.
EVERGREEN SCAVENGER SERVICE, INC.
F. P. McNAMARA RUBBISH REMOVAL INC.
FORWARD, INC.
FRED BARBARA TRUCKING CO., INC.
G. VAN DYKEN DISPOSAL INC.
GEK, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

GENERAL REFUSE ROLLOFF CORP.
GEORGIA RECYCLING SERVICES, INC.
GOLDEN WASTE DISPOSAL, INC.
GRANTS PASS SANITATION, INC.
GREAT LAKES DISPOSAL SERVICE, INC.
GULFCOAST WASTE SERVICE, INC.
HARLAND'S SANITARY LANDFILL, INC.
ILLINOIS LANDFILL, INC.
ILLINOIS RECYCLING SERVICES, INC.
ILLINOIS VALLEY RECYCLING, INC.
IMPERIAL LANDFILL, INC.
INDEPENDENT TRUCKING COMPANY
INGRUM WASTE DISPOSAL, INC.
INTERNATIONAL DISPOSAL CORP. OF CALIFORNIA
ISLAND WASTE SERVICES LTD.
JETTER DISPOSAL, INC.
KANKAKEE QUARRY, INC.
KELLER CANYON LANDFILL COMPANY
KELLER DROP BOX, INC.
LA CAÑADA DISPOSAL COMPANY, INC.
LAKE HAVASU LF SERVICES, INC.
LAKE NORMAN LANDFILL, INC.
LANDCOMP CORPORATION
LATHROP SUNRISE SANITATION CORPORATION
LEE COUNTY LANDFILL, INC.
LIBERTY WASTE HOLDINGS, INC.
LOOP RECYCLING, INC.
LOOP TRANSFER, INCORPORATED
LOUIS PINTO & SON, INC., SANITATION CONTRACTORS
LUCAS COUNTY LAND DEVELOPMENT, INC.
MANUMIT OF FLORIDA, INC.
McINNIS WASTE SYSTEMS, INC.
MESA DISPOSAL, INC.
MIDWAY DEVELOPMENT COMPANY, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

MISSISSIPPI WASTE PAPER COMPANY
MOUNTAIN HOME DISPOSAL, INC.
NATIONSWASTE CATAWBA REGIONAL LANDFILL, INC.
NATIONSWASTE, INC.
NCORP, INC.
NEW MORGAN LANDFILL COMPANY, INC.
NEWCO WASTE SYSTEMS OF NEW JERSEY, INC.
NOBLE ROAD LANDFILL, INC.
NORTHLAKE TRANSFER, INC.
OAKLAND HEIGHTS DEVELOPMENT, INC.
OSCAR'S COLLECTION SYSTEM OF FREMONT, INC.
OTAY LANDFILL, INC.
OTTAWA COUNTY LANDFILL, INC.
PALOMAR TRANSFER STATION, INC.
PARADISE WASTE TS, INC.
PELTIER REAL ESTATE COMPANY
PINAL COUNTY LANDFILL CORP.
PITTSBURG COUNTY LANDFILL, INC.
PORT CLINTON LANDFILL, INC.
PORTABLE STORAGE CO.
PREBLE COUNTY LANDFILL, INC.
PRICE & SONS RECYCLING COMPANY
R.C. MILLER ENTERPRISES, INC.
R.C. MILLER REFUSE SERVICE INC.
RABANCO RECYCLING, INC.
RABANCO, LTD.
RAMONA LANDFILL, INC.
RCS, INC.
RESOURCE RECOVERY, INC.
RISK SERVICES, INC.
ROCK ROAD INDUSTRIES, INC.
ROSS BROS. WASTE & RECYCLING CO.
ROSSMAN SANITARY SERVICE, INC.
ROXANA LANDFILL, INC.
ROYAL HOLDINGS, INC.
S & S RECYCLING, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

SALINE COUNTY LANDFILL, INC.
SAN MARCOS NCRRF, INC.
SANGAMON VALLEY LANDFILL, INC.
SANITARY DISPOSAL SERVICE, INC.
SAUK TRAIL DEVELOPMENT, INC.
SHRED — ALL RECYCLING SYSTEMS INC.
SOURCE RECYCLING, INC.
STANDARD DISPOSAL SERVICES, INC.
STANDARD ENVIRONMENTAL SERVICES, INC.
STANDARD WASTE, INC.
STREATOR AREA LANDFILL, INC.
SUBURBAN TRANSFER, INC. [DE]
SUBURBAN TRANSFER, INC. [IL]
SUBURBAN WAREHOUSE, INC.
SUMMIT WASTE SYSTEMS, INC.
SUNRISE SANITATION SERVICE, INC.
SUNSET DISPOSAL SERVICE, INC.
SUNSET DISPOSAL, INC.
SYCAMORE LANDFILL, INC.
TATE'S TRANSFER SYSTEMS, INC.
TAYLOR RIDGE LANDFILL, INC.
TENNESSEE UNION COUNTY LANDFILL, INC.
THE ECOLOGY GROUP, INC.
THOMAS DISPOSAL SERVICE, INC.
TOM LUCIANO'S DISPOSAL SERVICE, INC.
TOTAL SOLID WASTE RECYCLERS, INC.
TRI-STATE RECYCLING SERVICES, INC.
TRI-STATE REFUSE CORPORATION
TRICIL (N.Y.), INC.
UNITED DISPOSAL SERVICE, INC.
UPPER ROCK ISLAND COUNTY LANDFILL, INC.
VALLEY LANDFILLS, INC.
VINING DISPOSAL SERVICE, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

WASATCH REGIONAL LANDFILL, INC.
WASTE CONTROL SYSTEMS, INC.
WASTE SERVICES OF NEW YORK, INC.
WASTEHAUL, INC.
WAYNE COUNTY LANDFILL IL, INC.
WDTR, INC.
WILLAMETTE RESOURCES, INC.
WILLIAMS COUNTY LANDFILL INC.
WJR ENVIRONMENTAL, INC.
WOODLAKE SANITARY SERVICE, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

ALLIED WASTE NORTH AMERICA, INC.

By:_____
Name: Jo Lynn White
Title: Assistant Secretary

DINVERNO, INC.

By:_____
Name: Roger A. Groen, Jr,
Title: President

ALLIED GAS RECOVERY SYSTEMS, L.L.C.
ALLIED SERVICES, LLC
ALLIED TRANSFER SYSTEMS OF NEW JERSEY, LLC
ALLIED WASTE ENVIRONMENTAL MANAGEMENT GROUP, LLC
ALLIED WASTE NIAGARA FALLS LANDFILL, LLC
ALLIED WASTE OF NEW JERSEY-NEW YORK, LLC
ALLIED WASTE RECYCLING SERVICES OF NEW HAMPSHIRE, LLC
ALLIED WASTE SERVICES OF MASSACHUSETTS, LLC
ALLIED WASTE SERVICES OF NORTH AMERICA, LLC
ALLIED WASTE SYCAMORE LANDFILL, LLC
ALLIED WASTE SYSTEMS OF ARIZONA, LLC
ALLIED WASTE SYSTEMS OF COLORADO, LLC
ALLIED WASTE SYSTEMS OF INDIANA, LLC
ALLIED WASTE SYSTEMS OF MICHIGAN, LLC
ALLIED WASTE SYSTEMS OF MONTANA, LLC
ALLIED WASTE SYSTEMS OF NEW JERSEY, LLC
ALLIED WASTE SYSTEMS OF NORTH CAROLINA, LLC
ALLIED WASTE SYSTEMS OF PENNSYLVANIA, LLC
ALLIED WASTE TRANSFER SERVICES OF ARIZONA, LLC
ALLIED WASTE TRANSFER SERVICES OF CALIFORNIA, LLC
ALLIED WASTE TRANSFER SERVICES OF FLORIDA, LLC

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

ALLIED WASTE TRANSFER SERVICES OF IOWA, LLC
ALLIED WASTE TRANSFER SERVICES OF LIMA, LLC
ALLIED WASTE TRANSFER SERVICES OF NEW YORK, LLC
ALLIED WASTE TRANSFER SERVICES OF NORTH CAROLINA, LLC
ALLIED WASTE TRANSFER SERVICES OF OREGON, LLC
ALLIED WASTE TRANSFER SERVICES OF RHODE ISLAND, LLC
ANDERSON REGIONAL LANDFILL, LLC
ANSON COUNTY LANDFILL NC, LLC
AUTAUGA COUNTY LANDFILL, LLC
AWIN LEASING II, LLC
BFGSI, L.L.C.
BFI TRANSFER SYSTEMS OF ALABAMA, LLC
BFI TRANSFER SYSTEMS OF DC, LLC
BFI TRANSFER SYSTEMS OF GEORGIA, LLC
BFI TRANSFER SYSTEMS OF MARYLAND, LLC
BFI TRANSFER SYSTEMS OF MASSACHUSETTS, LLC
BFI TRANSFER SYSTEMS OF MISSISSIPPI, LLC
BFI TRANSFER SYSTEMS OF PENNSYLVANIA, LLC
BFI TRANSFER SYSTEMS OF VIRGINIA, LLC
BFI WASTE SERVICES OF PENNSYLVANIA, LLC
BFI WASTE SERVICES OF TENNESSEE, LLC
BFI WASTE SERVICES, LLC
BFI WASTE SYSTEMS OF ALABAMA, LLC
BFI WASTE SYSTEMS OF ARKANSAS, LLC

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

BFI WASTE SYSTEMS OF GEORGIA, LLC
BFI WASTE SYSTEMS OF KENTUCKY, LLC
BFI WASTE SYSTEMS OF LOUISIANA, LLC
BFI WASTE SYSTEMS OF MASSACHUSETTS, LLC
BFI WASTE SYSTEMS OF MISSISSIPPI, LLC
BFI WASTE SYSTEMS OF MISSOURI, LLC
BFI WASTE SYSTEMS OF NORTH AMERICA, LLC
BFI WASTE SYSTEMS OF NORTH CAROLINA, LLC
BFI WASTE SYSTEMS OF OKLAHOMA, LLC
BFI WASTE SYSTEMS OF SOUTH CAROLINA, LLC
BFI WASTE SYSTEMS OF TENNESSEE, LLC
BFI WASTE SYSTEMS OF VIRGINIA, LLC
BRIDGETON LANDFILL, LLC
BRIDGETON TRANSFER STATION, LLC
BROWNING-FERRIS INDUSTRIES, LLC
BRUNSWICK WASTE MANAGEMENT FACILITY, LLC
BUTLER COUNTY LANDFILL, LLC
C & C EXPANDED SANITARY LANDFILL, LLC
CACTUS WASTE SYSTEMS, LLC
CARBON LIMESTONE LANDFILL, LLC
CHILTON LANDFILL, LLC
COUNTY ENVIRONMENTAL LANDFILL, LLC
COUNTY LAND DEVELOPMENT LANDFILL, LLC
COURTNEY RIDGE LANDFILL, LLC
CRESCENT ACRES LANDFILL, LLC
CUMBERLAND COUNTY

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

DEVELOPMENT COMPANY, LLC
D & L DISPOSAL, L.L.C.
E LEASING COMPANY, LLC
ECDC ENVIRONMENTAL, L.C.
ELLIS SCOTT LANDFILL MO, LLC
ENVOTECH-ILLINOIS L.L.C.
EVERGREEN SCAVENGER SERVICE, L.L.C.
FLINT HILL ROAD, LLC
FOREST VIEW LANDFILL, LLC
FRONTIER WASTE SERVICES (COLORADO), LLC
FRONTIER WASTE SERVICES (UTAH), LLC
FRONTIER WASTE SERVICES OF LOUISIANA L.L.C.
GATEWAY LANDFILL, LLC
GENERAL REFUSE SERVICE OF OHIO, L.L.C.
GREAT PLAINS LANDFILL OK, LLC
GREENRIDGE RECLAMATION, LLC
GREENRIDGE WASTE SERVICES, LLC
H LEASING COMPANY, LLC
HANCOCK COUNTY DEVELOPMENT COMPANY, LLC
HARRISON COUNTY LANDFILL, LLC
JACKSON COUNTY LANDFILL, LLC
JEFFERSON CITY LANDFILL, LLC
JEFFERSON PARISH DEVELOPMENT COMPANY, LLC
KANDEL ENTERPRISES, LLC
LEE COUNTY LANDFILL SC, LLC
LEMONS LANDFILL, LLC
LIBERTY WASTE SERVICES LIMITED, L.L.C.
LIBERTY WASTE SERVICES OF ILLINOIS, L.L.C.
LIBERTY WASTE SERVICES OF McCOOK, L.L.C.
LITTLE CREEK LANDING, LLC

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

LOCAL SANITATION OF ROWAN COUNTY, L.L.C.
LORAIN COUNTY LANDFILL, LLC
LUCAS COUNTY LANDFILL, LLC
MADISON COUNTY DEVELOPMENT, LLC
MENANDS ENVIRONMENTAL SOLUTIONS, LLC
MISSOURI CITY LANDFILL, LLC
N LEASING COMPANY, LLC
NEW YORK WASTE SERVICES, LLC
NORTHEAST LANDFILL, LLC
OBSCURITY LAND DEVELOPMENT, LLC
OKLAHOMA CITY LANDFILL, L.L.C.
PACKERTON LAND COMPANY, L.L.C.
PINECREST LANDFILL OK, LLC
POLK COUNTY LANDFILL, LLC
PRINCE GEORGE'S COUNTY LANDFILL, LLC
S LEASING COMPANY, LLC
SAN DIEGO LANDFILL SYSTEMS, LLC
SAND VALLEY HOLDINGS, L.L.C.
SHOW-ME LANDFILL, LLC
SOUTHEAST LANDFILL, LLC
ST. BERNARD PARISH DEVELOPMENT COMPANY, LLC
ST. JOSEPH LANDFILL, LLC
TOTAL ROLL-OFFS, L.L.C.
WAYNE COUNTY LAND DEVELOPMENT, LLC
WEBSTER PARISH LANDFILL, L.L.C.
WILLOW RIDGE LANDFILL, LLC

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

ABILENE LANDFILL TX, LP
BFI TRANSFER SYSTEMS OF TEXAS, LP
BFI WASTE SERVICES OF INDIANA, LP
BFI WASTE SERVICES OF TEXAS, LP
BFI WASTE SYSTEMS OF INDIANA, LP
BLUE RIDGE LANDFILL TX, LP
BRENHAM TOTAL ROLL-OFFS, LP
CAMELOT LANDFILL TX, LP
CEFE LANDFILL TX, LP
CROW LANDFILL TX, L.P.
DESARROLLO DEL RANCHO LA GLORIA TX, LP
EL CENTRO LANDFILL, L.P.
ELLIS COUNTY LANDFILL TX, LP
FORT WORTH LANDFILL TX, LP
FRONTIER WASTE SERVICES, L.P.
GALVESTON COUNTY LANDFILL TX, LP
GILES ROAD LANDFILL TX, LP
GOLDEN TRIANGLE LANDFILL TX, LP
GREENWOOD LANDFILL TX, LP
GULF WEST LANDFILL TX, LP
ITASCA LANDFILL TX, LP
KERRVILLE LANDFILL TX, LP
LEWISVILLE LANDFILL TX, LP
MARS ROAD TX, LP
McCARTY ROAD LANDFILL TX, LP
MESQUITE LANDFILL TX, LP
MEXIA LANDFILL TX, LP
PANAMA ROAD LANDFILL, TX, L.P.
PINE HILL FARMS LANDFILL TX, LP
PLEASANT OAKS LANDFILL TX, LP
RIO GRANDE VALLEY LANDFILL TX, LP
ROYAL OAKS LANDFILL TX, LP
SOUTH CENTRAL TEXAS LAND CO. TX, LP
SOUTHWEST LANDFILL TX, LP
TESSMAN ROAD LANDFILL TX, LP

By: Allied Waste Landfill Holdings, Inc., as General Partner of the foregoing limited partnerships

By:_____
Name: Jo Lynn White
Title: Secretary

[Signature page to First Supplemental Indenture]

TURKEY CREEK LANDFILL TX, LP
VICTORIA LANDFILL TX, LP
WHISPERING PINES LANDFILL TX, LP

By: Allied Waste Landfill Holdings, Inc., as General Partner of the foregoing limited partnerships

By:_____
Name: Jo Lynn White
Title: Secretary

BFI ENERGY SYSTEMS OF SOUTHEASTERN CONNECTICUT, LIMITED PARTNERSHIP

By: BFI Energy Systems of Southeastern Connecticut, Inc., as General Partner

By:_____
Name: Jo Lynn White
Title: Secretary

BENTON COUNTY DEVELOPMENT COMPANY
CLINTON COUNTY LANDFILL PARTNERSHIP
COUNTY LINE LANDFILL PARTNERSHIP
ILLIANA DISPOSAL PARTNERSHIP
JASPER COUNTY DEVELOPMENT COMPANY PARTNERSHIP
KEY WASTE INDIANA PARTNERSHIP
LAKE COUNTY C & D DEVELOPMENT PARTNERSHIP
NEWTON COUNTY LANDFILL PARTNERSHIP
SPRINGFIELD ENVIRONMENTAL GENERAL PARTNERSHIP
TIPPECANOE COUNTY WASTE SERVICES PARTNERSHIP
WARRICK COUNTY DEVELOPMENT COMPANY

By: Allied Waste North America, Inc., as General Partner of the foregoing general partnerships

By:_____
Name: Jo Lynn White
Title: Assistant Secretary

By: Allied Waste Landfill Holdings, Inc., as General Partner of the foregoing general partnerships

By:_____
Name: Jo Lynn White
Title: Secretary

BENSON VALLEY LANDFILL GENERAL PARTNERSHIP
BLUE RIDGE LANDFILL GENERAL PARTNERSHIP
GREEN VALLEY LANDFILL GENERAL PARTNERSHIP
MOREHEAD LANDFILL GENERAL PARTNERSHIP

By: Allied Waste North America, Inc., as General Partner of the foregoing general partnerships

By:_____
Name: Jo Lynn White
Title: Assistant Secretary

By: Browning-Ferris Industries of Tennessee, Inc., as General Partner of the foregoing general partnerships

By:_____
Name: Jo Lynn White
Title: Secretary

RABANCO COMPANIES

By: Rabanco, Ltd., as General Partner of the foregoing general partnership

By:_____
Name: Jo Lynn White
Title: Secretary

By: Rabanco Recycling, Inc., as General Partner of the foregoing general partnership

By:_____
Name: Jo Lynn White
Title: Secretary

THE BANK OF NEW YORK MELLON, as
Trustee

By: _____
Name:
Title:

SCHEDULE A

NAME OF REPUBLIC SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
623 Landfill, Inc.	Virginia
ADAJ Corporation	California
Agricultural Acquisitions, LLC	Indiana
Arc Disposal Company, Inc.	Illinois
Ariana, LLC	Delaware
Atlas Transport, Inc.	California
Barker Brothers Waste Incorporated	Tennessee
Bay Collection Services, Inc.	California
Bay Environmental Management, Inc.	California
Bay Landfills, Inc.	California
Bay Leasing Company, Inc.	California
Berkeley Sanitary Service, Inc.	California
BLT Enterprises of Oxnard, Inc.	California
Calvert Trash Systems, Incorporated	Maryland
Central Virginia Properties, LLC	Georgia
Compactor Rental Systems of Delaware, Inc.	Delaware
Consolidated Disposal Service, L.L.C.	Delaware
Continental Waste Industries, L.L.C.	Delaware
Crockett Sanitary Service, Inc.	California
CWI of Illinois, Inc.	Illinois
CWI of Missouri, Inc.	Missouri
Envirocycle, Inc.	Florida
FLL, Inc.	Michigan
Golden Bear Transfer Services, Inc.	California
Honeygo Run Reclamation Center, Inc.	Maryland
McCusker Recycling, Inc.	Pennsylvania
Northwest Tennessee Disposal Corporation	Tennessee
Oceanside Waste and Recycling Services	California
Ohio Republic Contracts, II, Inc.	Delaware
Ohio Republic Contracts, Inc.	Ohio
Perdomo & Sons, Inc.	California
Potrero Hills Landfill, Inc.	California
Reliable Disposal, Inc.	Michigan
Republic Dumpco, Inc.	Nevada
Republic Enivronmental Technologies, Inc.	Nevada
Republic Ohio Contracts, LLC	Ohio
Republic Services Aviation, Inc.	Florida
Republic Services Financial LP, Inc.	Delaware
Republic Services Financial, Limited Partnership	Delaware

Republic Services Group, LLC	Delaware
Republic Services Holding Company, Inc.	Delaware
Republic Services of Arizona Hauling, LLC	Arizona
Republic Services of California Holding Company, Inc.	Delaware
Republic Services of California I, LLC	Delaware
Republic Services of California II, LLC	Delaware
Republic Services of Colorado Hauling, LLC	Colorado
Republic Services of Colorado I, LLC	Colorado
Republic Services of Florida GP, Inc.	Delaware
Republic Services of Florida LP, Inc.	Delaware
Republic Services of Florida, Limited Partnership	Delaware
Republic Services of Georgia GP, LLC	Delaware
Republic Services of Georgia LP, LLC	Delaware
Republic Services of Georgia, Limited Partnership	Delaware
Republic Services of Indiana LP, Inc.	Delaware
Republic Services of Indiana Transportation, LLC	Delaware
Republic Services of Indiana, Limited Partnership	Delaware
Republic Services of Kentucky, LLC	Kentucky
Republic Services of Michigan Hauling, LLC	Michigan
Republic Services of Michigan Holding Company, Inc.	Delaware
Republic Services of Michigan I, LLC	Michigan
Republic Services of Michigan II, LLC	Michigan
Republic Services of Michigan III, LLC	Michigan
Republic Services of Michigan IV, LLC	Michigan
Republic Services of Michigan V, LLC	Michigan
Republic Services of New Jersey, LLC	Delaware
Republic Services of North Carolina, LLC	North Carolina
Republic Services of Ohio Hauling, LLC	Ohio
Republic Services of Ohio I, LLC	Ohio
Republic Services of Ohio II, LLC	Ohio
Republic Services of Ohio III, LLC	Ohio
Republic Services of Ohio IV, LLC	Ohio
Republic Services of Pennsylvania, LLC	Delaware
Republic Services of South Carolina, LLC	Delaware
Republic Services of Southern California, LLC	Delaware
Republic Services of Virginia, LLC	Virgina
Republic Services of Wisconsin GP, LLC	Delaware

Republic Services of Wisconsin LP, LLC	Delaware
Republic Services of Wisconsin, Limited Partnership	Delaware
Republic Services Real Estate Holding, Inc.	North Carolina
Republic Services Vasco Road, LLC	Delaware
Republic Services, Inc.	Delaware
Republic Silver State Disposal, Inc.	Nevada
Republic Transportation Services of Canada, Inc.	Ontario, Canada
Republic Waste Services of Southern California, LLC	Delaware
Republic Waste Services of Texas GP, Inc.	Delaware
Republic Waste Services of Texas LP, Inc.	Delaware
Republic Waste Services of Texas, Ltd.	Texas
RI/Alameda Corp.	California
Richmond Sanitary Service, Inc.	California
RITM, LLC	Delaware
Rubbish Control, LLC	Delaware
RWS Transport, L.P.	Delaware
Sandy Hollow Landfill Corp.	West Virginia
Schofield Corporation of Orlando	Florida
Solano Garbage Company	California
Southern Illinois Regional Landfill, Inc.	Illinois
Tay-Ban Corporation	Michigan
Tri-County Refuse Service, Inc,	Michigan
Wayne Developers, LLC	Georgia
West Contra Costa Energy Recovery Company	California
West Contra Costa Sanitary Landfill, Inc.	California
West County Landfill, Inc.	California
West County Resource Recovery, Inc.	California
Zakaroff Services	California

SCHEDULE B

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Abilene Landfill TX, LP	Delaware
Action Disposal, Inc.	Texas
Ada County Development Company, Inc.	Idaho
Adrian Landfill, Inc.	Michigan
ADS of Illinois, Inc.	Illinois
ADS, Inc.	Oklahoma
Agri-Tech, Inc. of Oregon	Oregon
Alabama Recycling Services, Inc.	Alabama
Albany—Lebanon Sanitation, Inc.	Oregon
Allied Acquisition Pennsylvania, Inc.	Pennsylvania
Allied Acquisition Two, Inc.	Massachusetts
Allied Enviroengineering, Inc.	Delaware
Allied Gas Recovery Systems, L.L.C.	Delaware
Allied Green Power, Inc.	Delaware
Allied Nova Scotia, Inc.	Delaware
Allied Services, LLC	Delaware
Allied Transfer Systems of New Jersey, LLC	New Jersey
Allied Waste Alabama, Inc.	Delaware
Allied Waste Company, Inc.	Delaware
Allied Waste Environmental Management Group, LLC	Delaware
Allied Waste Hauling of Georgia, Inc.	Georgia
Allied Waste Holdings (Canada) Ltd.	Delaware
Allied Waste Industries (Arizona), Inc.	Arizona
Allied Waste Industries (New Mexico), Inc.	New Mexico
Allied Waste Industries (Southwest), Inc.	Arizona
Allied Waste Industries of Georgia, Inc.	Georgia
Allied Waste Industries of Illinois, Inc.	Illinois
Allied Waste Industries of Northwest Indiana, Inc.	Indiana
Allied Waste Industries of Tennessee, Inc.	Tennessee
Allied Waste Industries, Inc. (Parent)	Arizona
Allied Waste Landfill Holdings, Inc.	Delaware
Allied Waste Niagara Falls Landfill, LLC	New York
Allied Waste North America, Inc.	Delaware
Allied Waste of California, Inc.	California
Allied Waste of Long Island, Inc.	New York
Allied Waste of New Jersey, Inc.	New Jersey
Allied Waste of New Jersey-New York, LLC	Delaware
Allied Waste Recycling Services of New Hampshire, LLC	Delaware
Allied Waste Rural Sanitation, Inc.	Delaware

Allied Waste Services of Bullhead City, Inc.	Delaware
Allied Waste Services of Colorado, Inc.	Delaware
Allied Waste Services of Lake Havasu City, Inc.	Delaware
Allied Waste Services of Massachusetts, LLC	Massachusetts
Allied Waste Services of Mesa, Inc.	Delaware
Allied Waste Services of North America, LLC	Delaware
Allied Waste Services of Page, Inc.	Idaho
Allied Waste Services of Phoenix, Inc.	Delaware
Allied Waste Services of Stillwater, Inc.	Oklahoma
Allied Waste Services of Yuma, Inc.	Delaware
Allied Waste Sycamore Landfill, LLC	Delaware
Allied Waste Systems Holdings, Inc.	Delaware
Allied Waste Systems of Arizona, LLC	Arizona
Allied Waste Systems of Colorado, LLC	Colorado
Allied Waste Systems of Indiana, LLC	Delaware
Allied Waste Systems of Michigan, LLC	Michigan
Allied Waste Systems of Montana, LLC	Montana
Allied Waste Systems of New Jersey, LLC	New Jersey
Allied Waste Systems of North Carolina, LLC	North Carolina
Allied Waste Systems of Pennsylvania, LLC	Pennsylvania
Allied Waste Systems, Inc.	Delaware
Allied Waste Transfer Services of Arizona, LLC	Delaware
Allied Waste Transfer Services of California, LLC	California
Allied Waste Transfer Services of Florida, LLC	Florida
Allied Waste Transfer Services of Iowa, LLC	Iowa
Allied Waste Transfer Services of Lima, LLC	Ohio
Allied Waste Transfer Services of New York, LLC	New York
Allied Waste Transfer Services of North Carolina, LLC	North Carolina
Allied Waste Transfer Services of Oregon, LLC	Oregon
Allied Waste Transfer Services of Rhode Island, LLC	Delaware
Allied Waste Transfer Services of Utah, Inc.	Utah
Allied Waste Transportation, Inc.	Delaware
American Disposal Services of Illinois, Inc.	Delaware
American Disposal Services of Kansas, Inc.	Kansas
American Disposal Services of Missouri, Inc.	Oklahoma
American Disposal Services of New Jersey, Inc.	Delaware
American Disposal Services of West Virginia, Inc.	Delaware
American Disposal Services, Inc.	Delaware
American Disposal Transfer Services of Illinois, Inc.	Delaware
American Materials Recycling Corp.	New Jersey
American Sanitation, Inc.	Idaho
American Transfer Company, Inc.	New York
Anderson Regional Landfill, LLC	Delaware
Anson County Landfill NC, LLC	Delaware

Apache Junction Landfill Corporation	Arizona
Area Disposal, Inc.	Illinois
Atlantic Waste Holding Company, Inc.	Massachusetts
Attwoods of North America, Inc.	Delaware
Autauga County Landfill, LLC	Alabama
Automated Modular Systems, Inc.	New Jersey
Autoshred, Inc.	Missouri
AWIN Leasing Company, Inc.	Delaware
AWIN Leasing II, LLC	Ohio
AWIN Management, Inc.	Delaware
BBCO, Inc.	Delaware
Belleville Landfill, Inc.	Missouri
Benson Valley Landfill General Partnership	Kentucky
Benton County Development Company	Indiana
BFGSI, L.L.C.	Delaware
BFI Atlantic, Inc.	Delaware
BFI Energy Systems of Albany, Inc.	Delaware
BFI Energy Systems of Delaware County, Inc.	Delaware
BFI Energy Systems of Essex County, Inc.	New Jersey
BFI Energy Systems of Hempstead, Inc.	Delaware
BFI Energy Systems of Niagara II, Inc.	Delaware
BFI Energy Systems of Niagara, Inc.	Delaware
BFI Energy Systems of SEMASS, Inc.	Delaware
BFI Energy Systems of Southeastern Connecticut, Inc.	Delaware
BFI Energy Systems of Southeastern Connecticut, Limited Partnership	Delaware
BFI International, Inc.	Delaware
BFI REF-FUEL, INC.	Delaware
BFI Trans River (GP), Inc.	Delaware
BFI Transfer Systems of Alabama, LLC	Delaware
BFI Transfer Systems of DC, LLC	Delaware
BFI Transfer Systems of Georgia, LLC	Delaware
BFI Transfer Systems of Maryland, LLC	Delaware
BFI Transfer Systems of Massachusetts, LLC	Massachusetts
BFI Transfer Systems of Mississippi, LLC	Delaware
BFI Transfer Systems of New Jersey, Inc.	New Jersey
BFI Transfer Systems of Pennsylvania, LLC	Pennsylvania
BFI Transfer Systems of Texas, LP	Delaware
BFI Transfer Systems of Virginia, LLC	Delaware
BFI Waste Services of Indiana, LP	Delaware
BFI Waste Services of Pennsylvania, LLC	Pennsylvania
BFI Waste Services of Tennessee, LLC	Delaware
BFI Waste Services of Texas, LP	Delaware
BFI Waste Services, LLC	Delaware
BFI Waste Systems of Alabama, LLC	Delaware

BFI Waste Systems of Arkansas, LLC	Delaware
BFI Waste Systems of Georgia, LLC	Delaware
BFI Waste Systems of Indiana, LP	Delaware
BFI Waste Systems of Kentucky, LLC	Delaware
BFI Waste Systems of Louisiana, LLC	Delaware
BFI Waste Systems of Massachusetts, LLC	Massachusetts
BFI Waste Systems of Mississippi, LLC	Delaware
BFI Waste Systems of Missouri, LLC	Delaware
BFI Waste Systems of New Jersey, Inc.	New Jersey
BFI Waste Systems of North America, LLC	Delaware
BFI Waste Systems of North Carolina, LLC	Delaware
BFI Waste Systems of Oklahoma, LLC	Oklahoma
BFI Waste Systems of South Carolina, LLC	Delaware
BFI Waste Systems of Tennessee, LLC	Delaware
BFI Waste Systems of Virginia, LLC	Delaware
Bio-Med of Oregon, Inc.	Oregon
Blue Ridge Landfill General Partnership	Kentucky
Blue Ridge Landfill TX, LP	Delaware
Bond County Landfill, Inc.	Delaware
Borrego Landfill, Inc.	California
Borrow Pit Corp.	Illinois
Brenham Total Roll-Offs, LP	Delaware
Brickyard Disposal & Recycling, Inc.	Illinois
Bridgeton Landfill, LLC	Delaware
Bridgeton Transfer Station, LLC	Delaware
Browning-Ferris Financial Services, Inc.	Delaware
Browning-Ferris Industries Chemical Services, Inc.	Nevada
Browning-Ferris Industries of California, Inc.	California
Browning-Ferris Industries of Florida, Inc.	Delaware
Browning-Ferris Industries of Illinois, Inc.	Delaware
Browning-Ferris Industries of New Jersey, Inc.	New Jersey
Browning-Ferris Industries of New York, Inc.	New York
Browning-Ferris Industries of Ohio, Inc.	Delaware
Browning-Ferris Industries of Tennessee, Inc.	Tennessee
Browning-Ferris Industries, Inc.	Massachusetts
Browning-Ferris Industries, LLC	Delaware
Browning-Ferris Services, Inc.	Delaware
Browning-Ferris, Inc.	Maryland
Brunswick Waste Management Facility, LLC	Delaware
Bunting Trash Service, Inc.	Colorado
Butler County Landfill, LLC	Delaware
C & C Expanded Sanitary Landfill, LLC	Michigan
Cactus Waste Systems, LLC	Arizona
Camelot Landfill TX, LP	Delaware
Capitol Recycling and Disposal, Inc.	Oregon
Carbon Limestone Landfill, LLC	Ohio

Cave Creek Transfer Station, Inc.	Delaware
CC Landfill, Inc.	Delaware
CECOS International, Inc.	New York
Cefe Landfill TX, LP	Delaware
Celina Landfill, Inc.	Ohio
Central Arizona Transfer, Inc.	Arizona
Central Sanitary Landfill, Inc.	Michigan
Chambers Development of North Carolina, Inc.	North Carolina
Charter Evaporation Resource Recovery Systems	California
Cherokee Run Landfill, Inc.	Ohio
Chilton Landfill, LLC	Delaware
Citizens Disposal, Inc.	Michigan
City-Star Services, Inc.	Michigan
Clarkston Disposal, Inc.	Michigan
Clinton County Landfill Partnership	Indiana
Cocopah Landfill, Inc.	Delaware
Copper Mountain Landfill, Inc.	Delaware
Corvallis Disposal Co.	Oregon
County Disposal (Ohio), Inc.	Delaware
County Disposal, Inc.	Delaware
County Environmental Landfill, LLC	Ohio
County Land Development Landfill, LLC	Ohio
County Landfill, Inc.	Delaware
County Line Landfill Partnership	Indiana
Courtney Ridge Landfill, LLC	Delaware
Crescent Acres Landfill, LLC	Louisiana
Crow Landfill TX, L.P.	Delaware
Cumberland County Development Company, LLC	Virginia
D & L Disposal, L.L.C.	Delaware
Dallas Disposal Co.	Oregon
Delta Container Corporation	California
Delta Dade Recycling Corp.	Florida
Delta Paper Stock, Co.	California
Delta Resources Corp.	Florida
Delta Site Development Corp.	Florida
Delta Waste Corp.	Florida
Dempsey Waste Systems II, Inc.	Ohio
Denver RL North, Inc.	Colorado
Desarrollo del Rancho La Gloria TX, LP	Texas
Dinverno, Inc.	Michigan
DTC Management, Inc.	Indiana
E Leasing Company, LLC	Delaware
Eagle Industries Leasing, Inc.	Michigan
East Chicago Compost Facility, Inc.	Delaware
ECDC Environmental of Humboldt County, Inc.	Delaware
ECDC Environmental, L.C.	Utah

ECDC Holdings, Inc.	Delaware
El Centro Landfill, L.P.	Texas
Elder Creek Transfer & Recovery, Inc.	California
Ellis County Landfill TX, LP	Delaware
Ellis Scott Landfill MO, LLC	Delaware
Environmental Reclamation Company	Illinois
Environtech, Inc.	Delaware
Envotech-Illinois L.L.C.	Delaware
Evergreen Scavenger Service, Inc.	Delaware
Evergreen Scavenger Service, L.L.C.	Delaware
F. P. McNamara Rubbish Removal Inc.	Massachusetts
Flint Hill Road, LLC	South Carolina
Forest View Landfill, LLC	Delaware
Fort Worth Landfill TX, LP	Delaware
Forward, Inc.	California
Fred Barbara Trucking Co., Inc.	Illinois
Frontier Waste Services (Colorado), LLC	Colorado
Frontier Waste Services (Utah), LLC	Utah
Frontier Waste Services of Louisiana L.L.C.	Louisiana
Frontier Waste Services, L.P.	Texas
G. Van Dyken Disposal Inc.	Michigan
Galveston County Landfill TX, LP	Delaware
Gateway Landfill, LLC	Georgia
GEK, Inc.	Alabama
General Refuse Rolloff Corp.	Delaware
General Refuse Service of Ohio, L.L.C.	Ohio
Georgia Recycling Services, Inc.	Delaware
Giles Road Landfill TX, LP	Delaware
Golden Triangle Landfill TX, LP	Delaware
Golden Waste Disposal, Inc.	Georgia
Grants Pass Sanitation, Inc.	Oregon
Great Lakes Disposal Service, Inc.	Delaware
Great Plains Landfill OK, LLC	Delaware
Green Valley Landfill General Partnership	Kentucky
Greenridge Reclamation, LLC	Pennsylvania
Greenridge Waste Services, LLC	Pennsylvania
Greenwood Landfill TX, LP	Delaware
Gulf West Landfill TX, LP	Delaware
Gulfcoast Waste Service, Inc.	Florida
H Leasing Company, LLC	Delaware
Hancock County Development Company, LLC	Mississippi
Harland’s Sanitary Landfill, Inc.	Michigan
Harrison County Landfill, LLC	Mississippi
Illiana Disposal Partnership	Indiana
Illinois Landfill, Inc.	Illinois
Illinois Recycling Services, Inc.	Illinois

Illinois Valley Recycling, Inc.	Illinois
Imperial Landfill, Inc.	California
Independent Trucking Company	California
Ingrum Waste Disposal, Inc.	Illinois
International Disposal Corp. of California	California
Island Waste Services Ltd.	New York
Itasca Landfill TX, LP	Delaware
Jackson County Landfill, LLC	Mississippi
Jasper County Development Company Partnership	Indiana
Jefferson City Landfill, LLC	Delaware
Jefferson Parish Development Company, LLC	Louisiana
Jetter Disposal, Inc.	Iowa
Kandel Enterprises, LLC	Delaware
Kankakee Quarry, Inc.	Illinois
Keller Canyon Landfill Company	California
Keller Drop Box, Inc.	Oregon
Kerrville Landfill TX, LP	Delaware
Key Waste Indiana Partnership	Indiana
La Cañada Disposal Company, Inc.	California
Lake County C & D Development Partnership	Indiana
Lake Havasu LF Services, Inc.	Delaware
Lake Norman Landfill, Inc.	North Carolina
LandComp Corporation	Illinois
Lathrop Sunrise Sanitation Corporation	California
Lee County Landfill SC LLC	Delaware
Lee County Landfill, Inc.	Illinois
Lemons Landfill, LLC	Delaware
Lewisville Landfill TX, LP	Delaware
Liberty Waste Holdings, Inc.	Delaware
Liberty Waste Services Limited, L.L.C.	Delaware
Liberty Waste Services of Illinois, L.L.C.	Illinois
Liberty Waste Services of McCook, L.L.C.	Delaware
Little Creek Landing, LLC	Delaware
Local Sanitation of Rowan County, L.L.C.	Delaware
Loop Recycling, Inc.	Illinois
Loop Transfer, Incorporated	Illinois
Lorain County Landfill, LLC	Ohio
Louis Pinto & Son, Inc., Sanitation Contractors	New Jersey
Lucas County Land Development, Inc.	Delaware
Lucas County Landfill, LLC	Ohio
Madison County Development, LLC	Tennessee
Manumit of Florida, Inc.	Florida
Mars Road TX, LP	Delaware
McCarty Road Landfill TX, LP	Delaware
McInnis Waste Systems, Inc.	Oregon
Menands Environmental Solutions, LLC	New York

Mesa Disposal, Inc.	Arizona
Mesquite Landfill TX, LP	Delaware
Mexia Landfill TX, LP	Delaware
Midway Development Company, Inc.	Arizona
Mississippi Waste Paper Company	Mississippi
Missouri City Landfill, LLC	Missouri
Morehead Landfill General Partnership	Kentucky
Mountain Home Disposal, Inc.	Delaware
N Leasing Company, LLC	Delaware
NationsWaste Catawba Regional Landfill, Inc.	South Carolina
NationsWaste, Inc.	Delaware
Ncorp, Inc.	Delaware
New Morgan Landfill Company, Inc.	Pennsylvania
New York Waste Services, LLC	Delaware
Newco Waste Systems of New Jersey, Inc.	New Jersey
Newton County Landfill Partnership	Indiana
Noble Road Landfill, Inc.	Ohio
Northeast Landfill, LLC	Delaware
Northlake Transfer, Inc.	Illinois
Oakland Heights Development, Inc.	Michigan
Obscurity Land Development, LLC	Virginia
Oklahoma City Landfill, L.L.C.	Oklahoma
Oscar’s Collection System of Fremont, Inc.	Nebraska
Otay Landfill, Inc.	California
Ottawa County Landfill, Inc.	Delaware
Packerton Land Company, L.L.C.	Delaware
Palomar Transfer Station, Inc.	California
Panama Road Landfill, TX, L.P.	Delaware
Paradise Waste TS, Inc.	Delaware
Peltier Real Estate Company	Oregon
Pinal County Landfill Corp.	Arizona
Pine Hill Farms Landfill TX, LP	Delaware
Pinecrest Landfill OK, LLC	Delaware
Pinehill Landfill TX, LP	Delaware
Pittsburg County Landfill, Inc.	Oklahoma
Pleasant Oaks Landfill TX, LP	Delaware
Polk County Landfill, LLC	Delaware
Port Clinton Landfill, Inc.	Ohio
Portable Storage Co.	Oregon
Preble County Landfill, Inc.	Ohio
Price & Sons Recycling Company	Georgia
Prince George’s County Landfill, LLC	Maryland
PSI Waste Systems, Inc.	Idaho
R.C. Miller Enterprises, Inc.	Ohio
R.C. Miller Refuse Service Inc.	Ohio
Rabanco Companies	Washington

Rabanco Recycling, Inc.	Washington
Rabanco, Ltd.	Washington
Ramona Landfill, Inc.	California
RCS, Inc.	Illinois
Resource Recovery, Inc.	Kansas
Rio Grande Valley Landfill TX, LP	Delaware
Risk Services, Inc.	Delaware
Rock Road Industries, Inc.	Missouri
Ross Bros. Waste & Recycling Co.	Ohio
Rossman Sanitary Service, Inc.	Oregon
Roxana Landfill, Inc.	Illinois
Royal Holdings, Inc.	Michigan
Royal Oaks Landfill TX, LP	Delaware
S & S Recycling, Inc.	Georgia
S Leasing Company, LLC	Delaware
Saline County Landfill, Inc.	Illinois
San Diego Landfill Systems, LLC	California
San Marcos NCRRF, Inc.	California
Sand Valley Holdings, L.L.C.	Delaware
Sangamon Valley Landfill, Inc.	Delaware
Sanitary Disposal Service, Inc.	Michigan
Sauk Trail Development, Inc.	Michigan
Show-Me Landfill, LLC	Delaware
Shred — All Recycling Systems Inc.	Illinois
Source Recycling, Inc.	Oregon
South Central Texas Land Co. TX, LP	Texas
Southeast Landfill, LLC	Delaware
Southwest Landfill TX, LP	Delaware
Springfield Environmental General Partnership	Indiana
St. Bernard Parish Development Company, LLC	Louisiana
St. Joseph Landfill, LLC	Missouri
Standard Disposal Services, Inc.	Michigan
Standard Environmental Services, Inc.	Michigan
Standard Waste, Inc.	Delaware
Streator Area Landfill, Inc.	Illinois
Suburban Transfer, Inc.	Delaware / Illinois
Suburban Warehouse, Inc.	Illinois
Summit Waste Systems, Inc.	Arizona
Sunrise Sanitation Service, Inc.	California
Sunset Disposal Service, Inc.	California
Sunset Disposal, Inc.	Kansas
Sycamore Landfill, Inc.	California
Tate’s Transfer Systems, Inc.	Missouri
Taylor Ridge Landfill, Inc.	Delaware
Tennessee Union County Landfill, Inc.	Delaware
Tessman Road Landfill TX, LP	Delaware

The Ecology Group, Inc.	Ohio
Thomas Disposal Service, Inc.	Missouri
Tippecanoe County Waste Services Partnership	Indiana
Tom Luciano’s Disposal Service, Inc.	New Jersey
Total Roll-Offs, L.L.C.	Texas
Total Solid Waste Recyclers, Inc.	New Jersey
Tricil (N.Y.), Inc.	New York
Tri-State Recycling Services, Inc.	Illinois
Tri-State Refuse Corporation	Arizona
Turkey Creek Landfill TX, LP	Delaware
United Disposal Service, Inc.	Oregon
Upper Rock Island County Landfill, Inc.	Illinois
Valley Landfills, Inc.	Oregon
Victoria Landfill TX, LP	Delaware
Vining Disposal Service, Inc.	Massachusetts
Warrick County Development Company	Indiana
Wasatch Regional Landfill, Inc.	Utah
Waste Control Systems, Inc.	Oregon
Waste Services of New York, Inc.	New York
Wastehaul, Inc.	Indiana
Wayne County Land Development, LLC	New York
Wayne County Landfill IL, Inc.	Delaware
WDTR, Inc.	Oregon
Webster Parish Landfill, L.L.C.	Delaware
Whispering Pines Landfill TX, LP	Delaware
Willamette Resources, Inc.	Oregon
Williams County Landfill Inc.	Ohio
Willow Ridge Landfill, LLC	Delaware
WJR Environmental, Inc.	Washington
Woodlake Sanitary Service, Inc.	Minnesota

THIRD SUPPLEMENTAL INDENTURE
(2011 and 2035 Notes)

THIS THIRD SUPPLEMENTAL INDENTURE (this "Third Supplemental Indenture"), dated as of December 5, 2008 among Republic Services, Inc., a Delaware corporation (the "Company"), Allied Waste Industries, Inc. ("Allied Waste"), a Delaware corporation, each of the entities identified on Schedule A hereto (the "Republic Subsidiary Guarantors") and on Schedule B hereto (the "Allied Subsidiary Guarantors", and together with the Republic Subsidiary Guarantors, the "Subsidiary Guarantors", and the Subsidiary Guarantors, together with Allied Waste, the "Guarantors"), and The Bank of New York Mellon (f/k/a The Bank of New York), as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Company and the Trustee executed and delivered an Indenture, dated as of August 15, 2001 (as the same may be amended, modified, restated or supplemented, from time to time, the "Base Indenture"), to provide for the issuance by the Company from time to time of debt securities evidencing its indebtedness (the "Securities");

WHEREAS, pursuant to the First Supplemental Indenture (the "First Supplemental Indenture"), dated as of August 15, 2001, the Company issued $450,000,000 aggregate principal amount of its 6.75% Senior Notes due 2011;

WHEREAS, pursuant to the Second Supplemental Indenture (the "Second Supplemental Indenture"; the Second Supplemental Indenture, together with the Base Indenture and the First Supplemental Indenture, are referred to herein as the "Indenture"), dated as of March 21, 2005, the Company issued up to $275,674,000 aggregate principal amount of its 6.086% Notes due 2035;

WHEREAS, the Company has entered into an Agreement and Plan of Merger, dated as of June 22, 2008, as amended July 31, 2008, pursuant to which Republic will acquire 100% of the outstanding capital stock of Allied Waste through a merger of RS Merger Wedge, Inc., a wholly owned subsidiary of Republic, with and into Allied Waste (the "Merger");

WHEREAS, the Republic Subsidiary Guarantors have each delivered its guarantee (as the same may be amended, modified, waived, restated, supplemented, amended and restated, refinanced or replaced from time to time, the "Republic Subsidiary Credit Facility Guaranty"), and the Allied Subsidiary Guarantors have each delivered its guarantee pursuant to a Guaranty Joinder Agreement, effective upon the date following the effective date of the Merger (as the same may be amended, modified, waived, restated, supplemented, amended and restated, refinanced or replaced from time to time, the "Allied Subsidiary Credit Facility Guaranty" and together with the Republic Subsidiary Credit Facility Guaranty, the "Republic Credit Facility Guaranty") in connection with each of (i) that certain Credit Agreement, dated as of April 26, 2007, among Republic, Bank of America, N. A., as administrative agent, swing line lender and L/C issuer, Citibank, N. A., as syndication agent, JPMorgan Chase Bank, N.A., Barclays Bank PLC, and SunTrust Bank, as co-documentation agents, and certain other lenders thereto, as amended by Amendment No. 1 to Credit Agreement, dated as of September 18, 2008 (as the same may be amended, modified, waived, restated, supplemented, amended and restated,

refinanced or replaced from time to time ("Initial Republic Credit Facility") and (ii) that certain Credit Agreement, dated as of September 18, 2008, among Republic, Bank of America, N. A., as administrative agent, swing line lender and L/C issuer, JPMorgan Chase Bank, N. A., as syndication agent, Barclays Bank PLC, BNP Paribas, and The Royal Bank of Scotland, as co-documentation agents, and certain other lenders thereto (as the same may be amended, modified, waived, restated, supplemented, amended and restated, refinanced or replaced from time to time hereafter, the "Supplemental Republic Credit Facility" and together with the Initial Republic Credit Facility, the "Republic Credit Facility");

WHEREAS, the Republic Credit Facility is unsecured;

WHEREAS, pursuant to resolutions adopted by the board of directors, partners or members, as the case may be, of each of Republic and each Guarantor, each of Republic and each Guarantor has duly authorized the execution, delivery and performance of this Third Supplemental Indenture;

WHEREAS, Section 901(j) of the Base Indenture permits the execution and delivery of supplemental indentures by the Trustee and the Company without the consent of any Holders of the Securities, for the purpose of adding guarantees with respect to any series of the Securities;

NOW THEREFORE, for and in consideration of the premises, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or any series thereof, as follows:

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01 Definitions.

All capitalized terms used herein without definition shall have the meanings specified in the Indenture.

SECTION 1.02 Provisions of General Application.

All rules of construction and other provisions of general application set forth in Article 101 of the Base Indenture are hereby incorporated herein by reference.

SECTION 1.03 Effectiveness.

This Third Supplemental Indenture shall become effective with respect to the Republic Subsidiary Guarantors upon the effectiveness of the Merger without any further action of any of the parties hereto, and with respect to Allied Waste and the Allied Subsidiary Guarantors on the day following the effectiveness of the Merger without any further action of any of the parties hereto.

ARTICLE TWO
GUARANTEE

SECTION 2.01 Guarantee.

A. Guarantee. Each of the Guarantors hereby jointly and severally unconditionally guarantees for the benefit of each Holder of a Security that has been authenticated and delivered by the Trustee, and for the benefit of the Trustee on behalf of each such Holder, in accordance with the terms and conditions of this First Supplemental Indenture, the due and punctual payment of the principal of, premium, if any, and interest on such Security when and as the same shall become due and payable, whether at its stated maturity or following acceleration, call for redemption, purchase or otherwise, in each case in accordance with the terms and conditions of such Security and the Indenture. In case of the failure of the Company punctually to make any such payment, each Guarantor hereby jointly and severally agrees to cause such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity or by acceleration, call for redemption, purchase or otherwise, and as if such payment were made by the Company. This is a guaranty of payment, not of collection. Except as expressly provided in the Indenture or any Supplemental Indenture to which the Guarantors are parties or any Security, each Guarantor further agrees that the obligations guaranteed hereunder may be amended, supplemented, modified, restated, extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any such amendment, supplement, modification, extension or renewal of any such obligation.

B. Release of Guarantors.

(i) Concurrently with the satisfaction and discharge of the Indenture under Section 1201 of the Base Indenture, the Guarantors shall be released from all of their obligations under this Third Supplemental Indenture, and from their obligations, if any, endorsed on any of the Securities.

(ii) Concurrently with the defeasance of any series of Securities under Section 402 of the Base Indenture or the covenant defeasance of the Securities under Section 403 of the Base Indenture, the Guarantors shall be released from all of their obligations under this Third Supplemental Indenture, and from their obligations, if any, endorsed on any of the Securities.

(iii) Upon the consummation of any transaction (whether involving a sale or other disposition of securities, a merger or otherwise) whereby any Guarantor ceases to be a Subsidiary of Republic, such Guarantor shall automatically without further action on the part of the Trustee or any Holder of the Securities, be released from all obligations under this Third Supplemental Indenture, and from their obligations, if any, endorsed on any of the Securities.

(iv) Concurrently with the termination of any Guarantor's obligations under its guarantees provided with respect to the Republic Credit Facility (including, but not limited to the Republic Credit Facility Guaranty), or upon the release of any Guarantor from its obligations under the Republic Credit Facility Guaranty, such Guarantor shall automatically, without further action on the part of the Trustee or any Holder of Securities, be released from all of its obligations under this Third Supplemental Indenture, and from its obligations, if any, endorsed on any of the Securities.

ARTICLE THREE
CONCERNING THE TRUSTEE

SECTION 3.01 Acceptance of Trusts.

The Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions set forth in the Indenture and in this Third Supplemental Indenture, to all of which the Company and the Guarantors agree and the Holders of Securities at any time outstanding by their acceptance thereof agree.

SECTION 3.02 No Responsibility of the Trustee for Recitals, etc.

The recitals and statements contained in this Third Supplemental Indenture shall be taken as the recitals and statements of the Company and the Guarantors, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Third Supplemental Indenture.

ARTICLE FOUR
MISCELLANEOUS PROVISIONS

SECTION 4.01 Binding Agreement; Assignments.

Whenever in this Third Supplemental Indenture any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of each Guarantor that are contained in this Third Supplemental Indenture shall bind and inure to the benefit of each party hereto and their respective successors and assigns.

SECTION 4.02 Relation to Indenture.

This Third Supplemental Indenture and all the terms and provisions herein contained shall form a part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture and each and every term and condition contained in the Indenture shall apply to this Third Supplemental Indenture with the same force and effect as if the same were set forth in full in this Third Supplemental Indenture, with such omissions, variations and modifications thereof as may be appropriate to make each such term and condition consistent with this Third Supplemental Indenture. The Indenture is hereby ratified and confirmed and shall remain and continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended by this Third Supplemental Indenture and the Indenture and this Third Supplemental Indenture shall be read, taken and construed together as one instrument.

SECTION 4.03 Counterparts.

This Third Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

SECTION 4.04 Governing Law.

THIS THIRD SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

[Signatures on Following Pages]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed as of the day and year first above written.

REPUBLIC SERVICES, INC., a Delaware corporation

By: _____
Name: Edward A. Lang, III
Title: Vice President, Finance & Treasurer

ALLIED WASTE INDUSTRIES, INC., as
Guarantor of the Notes

By: _____
Name: Jo Lynn White
Title: Vice President, Assistant Secretary &
Deputy General Counsel

[Signature page to Third Supplemental Indenture]

Each of the Republic Subsidiary Guarantors listed on Schedule A hereto, as guarantor of the Securities by:

A D A J CORPORATION
ATLAS TRANSPORT, INC.
BAY COLLECTION SERVICES, INC.
BAY ENVIRONMENTAL MANAGEMENT, INC.
BAY LANDFILLS, INC.
BAY LEASING COMPANY, INC.
BERKELEY SANITARY SERVICE, INC.
BLT ENTERPRISES OF OXNARD, INC.
CROCKETT SANITARY SERVICE, INC.
GOLDEN BEAR TRANSFER SERVICES, INC.
PERDOMO & SONS, INC.
POTRERO HILLS LANDFILL, INC.
RI/ALAMEDA CORP.
RICHMOND SANITARY SERVICE, INC.
SOLANO GARBAGE COMPANY
WEST CONTRA COSTA ENERGY RECOVERY COMPANY
WEST CONTRA COSTA SANITARY LANDFILL, INC.
WEST COUNTY LANDFILL, INC.
WEST COUNTY RESOURCE RECOVERY, INC.
ZAKAROFF SERVICES
COMPACTOR RENTAL SYSTEMS OF DELAWARE, INC.
OHIO REPUBLIC CONTRACTS, II, INC.
REPUBLIC SERVICES FINANCIAL LP, INC.
REPUBLIC SERVICES HOLDING COMPANY, INC.
REPUBLIC SERVICES OF CALIFORNIA HOLDING COMPANY, INC.
REPUBLIC SERVICES OF FLORIDA GP, INC.
REPUBLIC SERVICES OF FLORIDA LP, INC.
REPUBLIC SERVICES OF INDIANA LP, INC.

By:_____
Name: Edward A. Lang, III
Title: Treasurer of each of the foregoing corporations

REPUBLIC SERVICES OF MICHIGAN HOLDING COMPANY, INC.
REPUBLIC WASTE SERVICES OF TEXAS GP, INC.
REPUBLIC WASTE SERVICES OF TEXAS LP, INC.
ENVIROCYCLE, INC.
REPUBLIC SERVICES AVIATION, INC.
SCHOFIELD CORPORATION OF ORLANDO
ARC DISPOSAL COMPANY, INC.
CWI OF ILLINOIS, INC.
SOUTHERN ILLINOIS REGIONAL LANDFILL, INC.
CALVERT TRASH SYSTEMS, INCORPORATED
HONEYGO RUN RECLAMATION CENTER, INC.
FLL, INC.
RELIABLE DISPOSAL, INC.
TAY-BAN CORPORATION
TRI-COUNTY REFUSE SERVICE, INC.
CWI OF MISSOURI, INC.
REPUBLIC SERVICES REAL ESTATE HOLDING, INC.
REPUBLIC DUMPCO, INC.
REPUBLIC ENVIRONMENTAL TECHNOLOGIES, INC.
REPUBLIC SILVER STATE DISPOSAL, INC.
OHIO REPUBLIC CONTRACTS, INC.
McCUSKER RECYCLING, INC.
BARKER BROTHERS WASTE INCORPORATED
NORTHWEST TENNESSEE DISPOSAL CORPORATION
623 LANDFILL, INC.
SANDY HOLLOW LANDFILL CORP.

By:_____
Name: Edward A. Lang, III
Title: Treasurer of each of the foregoing corporations

REPUBLIC SERVICES OF ARIZONA HAULING, LLC
REPUBLIC SERVICES OF COLORADO HAULING, LLC
REPUBLIC SERVICES OF COLORADO I, LLC
ARIANA, LLC
CONSOLIDATED DISPOSAL SERVICE, L.L.C.
CONTINENTAL WASTE INDUSTRIES, L.L.C.
REPUBLIC SERVICES GROUP, LLC
REPUBLIC SERVICES OF CALIFORNIA I, LLC
REPUBLIC SERVICES OF CALIFORNIA II, LLC
REPUBLIC SERVICES OF GEORGIA GP, LLC
REPUBLIC SERVICES OF GEORGIA LP, LLC
REPUBLIC SERVICES OF INDIANA TRANSPORTATION, LLC
REPUBLIC SERVICES OF NEW JERSEY, LLC
REPUBLIC SERVICES OF PENNSYLVANIA, LLC
REPUBLIC SERVICES OF SOUTH CAROLINA, LLC
REPUBLIC SERVICES OF SOUTHERN CALIFORNIA, LLC
REPUBLIC SERVICES OF WISCONSIN GP, LLC
REPUBLIC SERVICES OF WISCONSIN LP, LLC
REPUBLIC SERVICES VASCO ROAD, LLC
REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC
RITM, LLC
RUBBISH CONTROL, LLC
CENTRAL VIRGINIA PROPERTIES, LLC
WAYNE DEVELOPERS, LLC
AGRICULTURAL ACQUISITIONS, LLC
REPUBLIC SERVICES OF KENTUCKY, LLC

By:_____
Name: Edward A. Lang, III
Title: Treasurer of each of the foregoing limited liability companies

REPUBLIC SERVICES OF MICHIGAN HAULING, LLC
REPUBLIC SERVICES OF MICHIGAN I, LLC
REPUBLIC SERVICES OF MICHIGAN II, LLC
REPUBLIC SERVICES OF MICHIGAN III, LLC
REPUBLIC SERVICES OF MICHIGAN IV, LLC
REPUBLIC SERVICES OF MICHIGAN V, LLC
REPUBLIC SERVICES OF NORTH CAROLINA, LLC
REPUBLIC OHIO CONTRACTS, LLC
REPUBLIC SERVICES OF OHIO HAULING, LLC
REPUBLIC SERVICES OF OHIO I, LLC
REPUBLIC SERVICES OF OHIO II, LLC
REPUBLIC SERVICES OF OHIO III, LLC
REPUBLIC SERVICES OF OHIO IV, LLC
REPUBLIC SERVICES OF VIRGINIA, LLC

By:_____
Name: Edward A. Lang, III
Title: Treasurer of each of the foregoing limited liability companies

REPUBLIC SERVICES FINANCIAL, LIMITED PARTNERSHIP

By: REPUBLIC SILVER STATE DISPOSAL, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC SERVICES OF FLORIDA, LIMITED PARTNERSHIP

By: REPUBLIC SERVICES OF FLORIDA GP, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC SERVICES OF GEORGIA, LIMITED PARTNERSHIP

By: REPUBLIC SERVICES OF GEORGIA GP, LLC, as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC SERVICES OF INDIANA, LIMITED PARTNERSHIP

By: REPUBLIC SERVICES, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC SERVICES OF WISCONSIN, LIMITED PARTNERSHIP

By: REPUBLIC SERVICES OF WISCONSIN GP, LLC, as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

RWS TRANSPORT, L.P.

By: REPUBLIC WASTE SERVICES OF TEXAS GP, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

REPUBLIC WASTE SERVICES OF TEXAS, LTD.

By: REPUBLIC WASTE SERVICES OF TEXAS GP, INC., as General Partner

By:_____
Name: Edward A. Lang, III
Title: Treasurer

[Signature page to Third Supplemental Indenture]

THE FOLLOWING GENERAL PARTNERSHIP, AS GUARANTOR:

OCEANSIDE WASTE AND RECYCLING SERVICES

By: REPUBLIC SERVICES, INC., Partner

By: _____
Name: Edward A. Lang, III
Title: Treasurer

[Signature page to Third Supplemental Indenture]

Each of the Allied Subsidiary Guarantors Listed on Schedule B hereto, as Guarantor of the Securities.
by:

ACTION DISPOSAL, INC.
ADA COUNTY DEVELOPMENT COMPANY, INC.
ADRIAN LANDFILL, INC.
ADS OF ILLINOIS, INC.
ADS, INC.
AGRI-TECH, INC. OF OREGON
ALABAMA RECYCLING SERVICES, INC.
ALBANY-LEBANON SANITATION, INC.
ALLIED ACQUISITION PENNSYLVANIA, INC.
ALLIED ACQUISITION TWO, INC.
ALLIED ENVIROENGINEERING, INC.
ALLIED GREEN POWER, INC.
ALLIED NOVA SCOTIA, INC.
ALLIED WASTE ALABAMA, INC.
ALLIED WASTE COMPANY, INC.
ALLIED WASTE HAULING OF GEORGIA, INC.
ALLIED WASTE HOLDINGS (CANADA) LTD.
ALLIED WASTE INDUSTRIES (ARIZONA), INC.
ALLIED WASTE INDUSTRIES (NEW MEXICO), INC.
ALLIED WASTE INDUSTRIES (SOUTHWEST), INC.
ALLIED WASTE INDUSTRIES OF GEORGIA, INC.
ALLIED WASTE INDUSTRIES OF ILLINOIS, INC.
ALLIED WASTE INDUSTRIES OF NORTHWEST INDIANA, INC.
ALLIED WASTE INDUSTRIES OF TENNESSEE, INC.
ALLIED WASTE LANDFILL HOLDINGS, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

ALLIED WASTE OF CALIFORNIA, INC.
ALLIED WASTE OF LONG ISLAND, INC.
ALLIED WASTE OF NEW JERSEY, INC.
ALLIED WASTE RURAL SANITATION, INC.
ALLIED WASTE SERVICES OF BULLHEAD CITY, INC.
ALLIED WASTE SERVICES OF COLORADO, INC.
ALLIED WASTE SERVICES OF LAKE HAVASU CITY, INC.
ALLIED WASTE SERVICES OF MESA, INC.
ALLIED WASTE SERVICES OF PAGE, INC.
ALLIED WASTE SERVICES OF PHOENIX, INC.
ALLIED WASTE SERVICES OF STILLWATER, INC.
ALLIED WASTE SERVICES OF YUMA, INC.
ALLIED WASTE SYSTEMS HOLDINGS, INC.
ALLIED WASTE SYSTEMS, INC.
ALLIED WASTE TRANSFER SERVICES OF UTAH, INC.
ALLIED WASTE TRANSPORTATION, INC.
AMERICAN DISPOSAL SERVICES OF ILLINOIS, INC.
AMERICAN DISPOSAL SERVICES OF KANSAS, INC.
AMERICAN DISPOSAL SERVICES OF MISSOURI, INC.
AMERICAN DISPOSAL SERVICES OF NEW JERSEY, INC.
AMERICAN DISPOSAL SERVICES OF WEST VIRGINIA, INC.
AMERICAN DISPOSAL SERVICES, INC.
AMERICAN DISPOSAL TRANSFER SERVICES OF ILLINOIS, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

AMERICAN MATERIALS RECYCLING CORP.
AMERICAN SANITATION, INC.
AMERICAN TRANSFER COMPANY, INC.
APACHE JUNCTION LANDFILL CORPORATION
AREA DISPOSAL, INC.
ATLANTIC WASTE HOLDING COMPANY, INC.
ATTWOODS OF NORTH AMERICA, INC.
AUTOMATED MODULAR SYSTEMS, INC.
AUTOSHRED, INC.
AWIN LEASING COMPANY, INC.
AWIN MANAGEMENT, INC.
BBCO, INC.
BELLEVILLE LANDFILL, INC.
BFI ATLANTIC, INC.
BFI ENERGY SYSTEMS OF ALBANY, INC.
BFI ENERGY SYSTEMS OF DELAWARE COUNTY, INC.
BFI ENERGY SYSTEMS OF ESSEX COUNTY, INC.
BFI ENERGY SYSTEMS OF HEMPSTEAD, INC.
BFI ENERGY SYSTEMS OF NIAGARA II, INC.
BFI ENERGY SYSTEMS OF NIAGARA, INC.
BFI ENERGY SYSTEMS OF SEMASS, INC.
BFI ENERGY SYSTEMS OF SOUTHEASTERN CONNECTICUT, INC.
BFI INTERNATIONAL, INC.
BFI REF-FUEL, INC.
BFI TRANS RIVER (GP), INC.
BFI TRANSFER SYSTEMS OF NEW JERSEY, INC.
BFI WASTE SYSTEMS OF NEW JERSEY, INC.
BIO-MED OF OREGON, INC.
BOND COUNTY LANDFILL, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

BORREGO LANDFILL, INC.
BORROW PIT CORP.
BRICKYARD DISPOSAL & RECYCLING, INC.
BROWNING-FERRIS FINANCIAL SERVICES, INC.
BROWNING-FERRIS INDUSTRIES CHEMICAL SERVICES, INC.
BROWNING-FERRIS INDUSTRIES OF CALIFORNIA, INC.
BROWNING-FERRIS INDUSTRIES OF FLORIDA, INC.
BROWNING-FERRIS INDUSTRIES OF ILLINOIS, INC.
BROWNING-FERRIS INDUSTRIES OF NEW JERSEY, INC.
BROWNING-FERRIS INDUSTRIES OF NEW YORK, INC.
BROWNING-FERRIS INDUSTRIES OF OHIO, INC.
BROWNING-FERRIS INDUSTRIES OF TENNESSEE, INC.
BROWNING-FERRIS INDUSTRIES, INC.
BROWNING-FERRIS SERVICES, INC.
BROWNING-FERRIS, INC.
BUNTING TRASH SERVICE, INC.
CAPITOL RECYCLING AND DISPOSAL, INC.
CAVE CREEK TRANSFER STATION, INC.
CC LANDFILL, INC.
CECOS INTERNATIONAL, INC.
CELINA LANDFILL, INC.
CENTRAL ARIZONA TRANSFER, INC.
CENTRAL SANITARY LANDFILL, INC.
CHAMBERS DEVELOPMENT OF NORTH CAROLINA, INC.
CHARTER EVAPORATION RESOURCE RECOVERY SYSTEMS
CHEROKEE RUN LANDFILL, INC.
CITIZENS DISPOSAL, INC.
CITY-STAR SERVICES, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

CLARKSTON DISPOSAL, INC.
COCOPAH LANDFILL, INC.
COPPER MOUNTAIN LANDFILL, INC.
CORVALLIS DISPOSAL CO.
COUNTY DISPOSAL (OHIO), INC.
COUNTY DISPOSAL, INC.
COUNTY LANDFILL, INC.
DALLAS DISPOSAL CO.
DELTA CONTAINER CORPORATION
DELTA DADE RECYCLING CORP.
DELTA PAPER STOCK, CO.
DELTA RESOURCES CORP.
DELTA SITE DEVELOPMENT CORP.
DELTA WASTE CORP.
DEMPSEY WASTE SYSTEMS II, INC.
DENVER RL NORTH, INC.
DTC MANAGEMENT, INC.
EAGLE INDUSTRIES LEASING, INC.
EAST CHICAGO COMPOST FACILITY, INC.
ECDC ENVIRONMENTAL OF HUMBOLDT COUNTY, INC.
ECDC HOLDINGS, INC.
ELDER CREEK TRANSFER & RECOVERY, INC.
ENVIRONMENTAL DEVELOPMENT CORP.
ENVIRONMENTAL RECLAMATION COMPANY
ENVIRONTECH, INC.
EVERGREEN SCAVENGER SERVICE, INC.
F. P. McNAMARA RUBBISH REMOVAL INC.
FORWARD, INC.
FRED BARBARA TRUCKING CO., INC.
G. VAN DYKEN DISPOSAL INC.
GEK, INC.
GENERAL REFUSE ROLLOFF CORP.
GEORGIA RECYCLING SERVICES, INC.
GOLDEN WASTE DISPOSAL, INC.
GRANTS PASS SANITATION, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

GREAT LAKES DISPOSAL SERVICE, INC.
GULFCOAST WASTE SERVICE, INC.
HARLAND'S SANITARY LANDFILL, INC.
ILLINOIS LANDFILL, INC.
ILLINOIS RECYCLING SERVICES, INC.
ILLINOIS VALLEY RECYCLING, INC.
IMPERIAL LANDFILL, INC.
INDEPENDENT TRUCKING COMPANY
INGRUM WASTE DISPOSAL, INC.
INTERNATIONAL DISPOSAL CORP. OF CALIFORNIA
ISLAND WASTE SERVICES LTD.
JETTER DISPOSAL, INC.
KANKAKEE QUARRY, INC.
KELLER CANYON LANDFILL COMPANY
KELLER DROP BOX, INC.
LA CAÑADA DISPOSAL COMPANY, INC.
LAKE HAVASU LF SERVICES, INC.
LAKE NORMAN LANDFILL, INC.
LANDCOMP CORPORATION
LATHROP SUNRISE SANITATION CORPORATION
LEE COUNTY LANDFILL, INC.
LIBERTY WASTE HOLDINGS, INC.
LOOP RECYCLING, INC.
LOOP TRANSFER, INCORPORATED
LOUIS PINTO & SON, INC., SANITATION CONTRACTORS
LUCAS COUNTY LAND DEVELOPMENT, INC.
MANUMIT OF FLORIDA, INC.
McINNIS WASTE SYSTEMS, INC.
MESA DISPOSAL, INC.
MIDWAY DEVELOPMENT COMPANY, INC.
MISSISSIPPI WASTE PAPER COMPANY
MOUNTAIN HOME DISPOSAL, INC.
NATIONSWASTE CATAWBA REGIONAL LANDFILL, INC.
NATIONSWASTE, INC.
NCORP, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

NEW MORGAN LANDFILL COMPANY, INC.
NEWCO WASTE SYSTEMS OF NEW JERSEY, INC.
NOBLE ROAD LANDFILL, INC.
NORTHLAKE TRANSFER, INC.
OAKLAND HEIGHTS DEVELOPMENT, INC.
OSCAR'S COLLECTION SYSTEM OF FREMONT, INC.
OTAY LANDFILL, INC.
OTTAWA COUNTY LANDFILL, INC.
PALOMAR TRANSFER STATION, INC.
PARADISE WASTE TS, INC.
PELTIER REAL ESTATE COMPANY
PINAL COUNTY LANDFILL CORP.
PITTSBURG COUNTY LANDFILL, INC.
PORT CLINTON LANDFILL, INC.
PORTABLE STORAGE CO.
PREBLE COUNTY LANDFILL, INC.
PRICE & SONS RECYCLING COMPANY
R.C. MILLER ENTERPRISES, INC.
R.C. MILLER REFUSE SERVICE INC.
RABANCO RECYCLING, INC.
RABANCO, LTD.
RAMONA LANDFILL, INC.
RCS, INC.
RESOURCE RECOVERY, INC.
RISK SERVICES, INC.
ROCK ROAD INDUSTRIES, INC.
ROSS BROS. WASTE & RECYCLING CO.
ROSSMAN SANITARY SERVICE, INC.
ROXANA LANDFILL, INC.
ROYAL HOLDINGS, INC.
S & S RECYCLING, INC.
SALINE COUNTY LANDFILL, INC.
SAN MARCOS NCRRF, INC.
SANGAMON VALLEY LANDFILL, INC.
SANITARY DISPOSAL SERVICE, INC.
SAUK TRAIL DEVELOPMENT, INC.
SHRED — ALL RECYCLING SYSTEMS INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

SOURCE RECYCLING, INC.
STANDARD DISPOSAL SERVICES, INC.
STANDARD ENVIRONMENTAL SERVICES, INC.
STANDARD WASTE, INC.
STREATOR AREA LANDFILL, INC.
SUBURBAN TRANSFER, INC. [DE]
SUBURBAN TRANSFER, INC. [IL]
SUBURBAN WAREHOUSE, INC.
SUMMIT WASTE SYSTEMS, INC.
SUNRISE SANITATION SERVICE, INC.
SUNSET DISPOSAL SERVICE, INC.
SUNSET DISPOSAL, INC.
SYCAMORE LANDFILL, INC.
TATE'S TRANSFER SYSTEMS, INC.
TAYLOR RIDGE LANDFILL, INC.
TENNESSEE UNION COUNTY LANDFILL, INC.
THE ECOLOGY GROUP, INC.
THOMAS DISPOSAL SERVICE, INC.
TOM LUCIANO'S DISPOSAL SERVICE, INC.
TOTAL SOLID WASTE RECYCLERS, INC.
TRI-STATE RECYCLING SERVICES, INC.
TRI-STATE REFUSE CORPORATION
TRICIL (N.Y.), INC.
UNITED DISPOSAL SERVICE, INC.
UPPER ROCK ISLAND COUNTY LANDFILL, INC.
VALLEY LANDFILLS, INC.
VINING DISPOSAL SERVICE, INC.
WASATCH REGIONAL LANDFILL, INC.
WASTE CONTROL SYSTEMS, INC.
WASTE SERVICES OF NEW YORK, INC.
WASTEHAUL, INC.
WAYNE COUNTY LANDFILL IL, INC.
WDTR, INC.
WILLAMETTE RESOURCES, INC.
WILLIAMS COUNTY LANDFILL INC.
WJR ENVIRONMENTAL, INC.
WOODLAKE SANITARY SERVICE, INC.

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing corporations

ALLIED WASTE NORTH AMERICA, INC.

By:_____
Name: Jo Lynn White
Title: Assistant Secretary

DINVERNO, INC.

By:_____
Name: Roger A. Groen, Jr,
Title: President

[Signature page to Third Supplemental Indenture]

ALLIED GAS RECOVERY SYSTEMS, L.L.C.
ALLIED SERVICES, LLC
ALLIED TRANSFER SYSTEMS OF NEW JERSEY, LLC
ALLIED WASTE ENVIRONMENTAL MANAGEMENT GROUP, LLC
ALLIED WASTE NIAGARA FALLS LANDFILL, LLC
ALLIED WASTE OF NEW JERSEY-NEW YORK, LLC
ALLIED WASTE RECYCLING SERVICES OF NEW HAMPSHIRE, LLC
ALLIED WASTE SERVICES OF MASSACHUSETTS, LLC
ALLIED WASTE SERVICES OF NORTH AMERICA, LLC
ALLIED WASTE SYCAMORE LANDFILL, LLC
ALLIED WASTE SYSTEMS OF ARIZONA, LLC
ALLIED WASTE SYSTEMS OF COLORADO, LLC
ALLIED WASTE SYSTEMS OF INDIANA, LLC
ALLIED WASTE SYSTEMS OF MICHIGAN, LLC
ALLIED WASTE SYSTEMS OF MONTANA, LLC
ALLIED WASTE SYSTEMS OF NEW JERSEY, LLC
ALLIED WASTE SYSTEMS OF NORTH CAROLINA, LLC
ALLIED WASTE SYSTEMS OF PENNSYLVANIA, LLC
ALLIED WASTE TRANSFER SERVICES OF ARIZONA, LLC
ALLIED WASTE TRANSFER SERVICES OF CALIFORNIA, LLC

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

ALLIED WASTE TRANSFER SERVICES OF FLORIDA, LLC
ALLIED WASTE TRANSFER SERVICES OF IOWA, LLC
ALLIED WASTE TRANSFER SERVICES OF LIMA, LLC
ALLIED WASTE TRANSFER SERVICES OF NEW YORK, LLC
ALLIED WASTE TRANSFER SERVICES OF NORTH CAROLINA, LLC
ALLIED WASTE TRANSFER SERVICES OF OREGON, LLC
ALLIED WASTE TRANSFER SERVICES OF RHODE ISLAND, LLC
ANDERSON REGIONAL LANDFILL, LLC
ANSON COUNTY LANDFILL NC, LLC
AUTAUGA COUNTY LANDFILL, LLC
AWIN LEASING II, LLC
BFGSI, L.L.C.
BFI TRANSFER SYSTEMS OF ALABAMA, LLC
BFI TRANSFER SYSTEMS OF DC, LLC
BFI TRANSFER SYSTEMS OF GEORGIA, LLC
BFI TRANSFER SYSTEMS OF MARYLAND, LLC
BFI TRANSFER SYSTEMS OF MASSACHUSETTS, LLC
BFI TRANSFER SYSTEMS OF MISSISSIPPI, LLC
BFI TRANSFER SYSTEMS OF PENNSYLVANIA, LLC
BFI TRANSFER SYSTEMS OF VIRGINIA, LLC
BFI WASTE SERVICES OF PENNSYLVANIA, LLC
BFI WASTE SERVICES OF TENNESSEE, LLC
BFI WASTE SERVICES, LLC
BFI WASTE SYSTEMS OF ALABAMA, LLC

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

BFI WASTE SYSTEMS OF ARKANSAS, LLC
BFI WASTE SYSTEMS OF GEORGIA, LLC
BFI WASTE SYSTEMS OF KENTUCKY, LLC
BFI WASTE SYSTEMS OF LOUISIANA, LLC
BFI WASTE SYSTEMS OF MASSACHUSETTS, LLC
BFI WASTE SYSTEMS OF MISSISSIPPI, LLC
BFI WASTE SYSTEMS OF MISSOURI, LLC
BFI WASTE SYSTEMS OF NORTH AMERICA, LLC
BFI WASTE SYSTEMS OF NORTH CAROLINA, LLC
BFI WASTE SYSTEMS OF OKLAHOMA, LLC
BFI WASTE SYSTEMS OF SOUTH CAROLINA, LLC
BFI WASTE SYSTEMS OF TENNESSEE, LLC
BFI WASTE SYSTEMS OF VIRGINIA, LLC
BRIDGETON LANDFILL, LLC
BRIDGETON TRANSFER STATION, LLC
BROWNING-FERRIS INDUSTRIES, LLC
BRUNSWICK WASTE MANAGEMENT FACILITY, LLC
BUTLER COUNTY LANDFILL, LLC
C & C EXPANDED SANITARY LANDFILL, LLC
CACTUS WASTE SYSTEMS, LLC
CARBON LIMESTONE LANDFILL, LLC
CHILTON LANDFILL, LLC
COUNTY ENVIRONMENTAL LANDFILL, LLC
COUNTY LAND DEVELOPMENT LANDFILL, LLC
COURTNEY RIDGE LANDFILL, LLC
CRESCENT ACRES LANDFILL, LLC

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

CUMBERLAND COUNTY DEVELOPMENT COMPANY, LLC
D & L DISPOSAL, L.L.C.
E LEASING COMPANY, LLC
ECDC ENVIRONMENTAL, L.C.
ELLIS SCOTT LANDFILL MO, LLC
ENVOTECH-ILLINOIS L.L.C.
EVERGREEN SCAVENGER SERVICE, L.L.C.
FLINT HILL ROAD, LLC
FOREST VIEW LANDFILL, LLC
FRONTIER WASTE SERVICES (COLORADO), LLC
FRONTIER WASTE SERVICES (UTAH), LLC
FRONTIER WASTE SERVICES OF LOUISIANA L.L.C.
GATEWAY LANDFILL, LLC
GENERAL REFUSE SERVICE OF OHIO, L.L.C.
GREAT PLAINS LANDFILL OK, LLC
GREENRIDGE RECLAMATION, LLC
GREENRIDGE WASTE SERVICES, LLC
H LEASING COMPANY, LLC
HANCOCK COUNTY DEVELOPMENT COMPANY, LLC
HARRISON COUNTY LANDFILL, LLC
JACKSON COUNTY LANDFILL, LLC
JEFFERSON CITY LANDFILL, LLC
JEFFERSON PARISH DEVELOPMENT COMPANY, LLC
KANDEL ENTERPRISES, LLC
LEE COUNTY LANDFILL SC, LLC
LEMONS LANDFILL, LLC
LIBERTY WASTE SERVICES LIMITED, L.L.C.
LIBERTY WASTE SERVICES OF ILLINOIS, L.L.C.
LIBERTY WASTE SERVICES OF McCOOK, L.L.C.
LITTLE CREEK LANDING, LLC

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

LOCAL SANITATION OF ROWAN COUNTY, L.L.C.
LORAIN COUNTY LANDFILL, LLC
LUCAS COUNTY LANDFILL, LLC
MADISON COUNTY DEVELOPMENT, LLC
MENANDS ENVIRONMENTAL SOLUTIONS, LLC
MISSOURI CITY LANDFILL, LLC
N LEASING COMPANY, LLC
NEW YORK WASTE SERVICES, LLC
NORTHEAST LANDFILL, LLC
OBSCURITY LAND DEVELOPMENT, LLC
OKLAHOMA CITY LANDFILL, L.L.C.
PACKERTON LAND COMPANY, L.L.C.
PINECREST LANDFILL OK, LLC
POLK COUNTY LANDFILL, LLC
PRINCE GEORGE'S COUNTY LANDFILL, LLC
S LEASING COMPANY, LLC
SAN DIEGO LANDFILL SYSTEMS, LLC
SAND VALLEY HOLDINGS, L.L.C.
SHOW-ME LANDFILL, LLC
SOUTHEAST LANDFILL, LLC
ST. BERNARD PARISH DEVELOPMENT COMPANY, LLC
ST. JOSEPH LANDFILL, LLC
TOTAL ROLL-OFFS, L.L.C.
WAYNE COUNTY LAND DEVELOPMENT, LLC
WEBSTER PARISH LANDFILL, L.L.C.
WILLOW RIDGE LANDFILL, LLC

By:_____
Name: Jo Lynn White
Title: Secretary of each of the foregoing limited liability companies

ABILENE LANDFILL TX, LP
BFI TRANSFER SYSTEMS OF TEXAS, LP
BFI WASTE SERVICES OF INDIANA, LP
BFI WASTE SERVICES OF TEXAS, LP
BFI WASTE SYSTEMS OF INDIANA, LP
BLUE RIDGE LANDFILL TX, LP
BRENHAM TOTAL ROLL-OFFS, LP
CAMELOT LANDFILL TX, LP
CEFE LANDFILL TX, LP
CROW LANDFILL TX, L.P.
DESARROLLO DEL RANCHO LA GLORIA TX, LP
EL CENTRO LANDFILL, L.P.
ELLIS COUNTY LANDFILL TX, LP
FORT WORTH LANDFILL TX, LP
FRONTIER WASTE SERVICES, L.P.
GALVESTON COUNTY LANDFILL TX, LP
GILES ROAD LANDFILL TX, LP
GOLDEN TRIANGLE LANDFILL TX, LP
GREENWOOD LANDFILL TX, LP
GULF WEST LANDFILL TX, LP
ITASCA LANDFILL TX, LP
KERRVILLE LANDFILL TX, LP
LEWISVILLE LANDFILL TX, LP
MARS ROAD TX, LP
McCARTY ROAD LANDFILL TX, LP
MESQUITE LANDFILL TX, LP
MEXIA LANDFILL TX, LP
PANAMA ROAD LANDFILL, TX, L.P.
PINE HILL FARMS LANDFILL TX, LP
PLEASANT OAKS LANDFILL TX, LP
RIO GRANDE VALLEY LANDFILL TX, LP
ROYAL OAKS LANDFILL TX, LP
SOUTH CENTRAL TEXAS LAND CO. TX, LP
SOUTHWEST LANDFILL TX, LP
TESSMAN ROAD LANDFILL TX, LP
TURKEY CREEK LANDFILL TX, LP
VICTORIA LANDFILL TX, LP

By: Allied Waste Landfill Holdings, Inc., as General Partner of the foregoing limited partnerships

By:_____
Name: Jo Lynn White
Title: Secretary

[Signature page to Third Supplemental Indenture]

WHISPERING PINES LANDFILL TX, LP

By: Allied Waste Landfill Holdings, Inc., as General Partner of the foregoing limited partnerships

By:_____
Name: Jo Lynn White
Title: Secretary

BFI ENERGY SYSTEMS OF SOUTHEASTERN CONNECTICUT, LIMITED PARTNERSHIP

By: BFI Energy Systems of Southeastern Connecticut, Inc., as General Partner

By:_____
Name: Jo Lynn White
Title: Secretary

BENTON COUNTY DEVELOPMENT COMPANY
CLINTON COUNTY LANDFILL PARTNERSHIP
COUNTY LINE LANDFILL PARTNERSHIP
ILLIANA DISPOSAL PARTNERSHIP
JASPER COUNTY DEVELOPMENT COMPANY PARTNERSHIP
KEY WASTE INDIANA PARTNERSHIP
LAKE COUNTY C & D DEVELOPMENT PARTNERSHIP
NEWTON COUNTY LANDFILL PARTNERSHIP
SPRINGFIELD ENVIRONMENTAL GENERAL PARTNERSHIP
TIPPECANOE COUNTY WASTE SERVICES PARTNERSHIP
WARRICK COUNTY DEVELOPMENT COMPANY

By: Allied Waste North America, Inc., as General Partner of the foregoing general partnerships

By:_____
Name: Jo Lynn White
Title: Assistant Secretary

By: Allied Waste Landfill Holdings, Inc., as General Partner of the foregoing general partnerships

By:_____
Name: Jo Lynn White
Title: Secretary

BENSON VALLEY LANDFILL GENERAL PARTNERSHIP
BLUE RIDGE LANDFILL GENERAL PARTNERSHIP
GREEN VALLEY LANDFILL GENERAL PARTNERSHIP
MOREHEAD LANDFILL GENERAL PARTNERSHIP

By: Allied Waste North America, Inc., as General Partner of the foregoing general partnerships

By:_____
Name: Jo Lynn White
Title: Assistant Secretary

By: Browning-Ferris Industries of Tennessee, Inc., as General Partner of the foregoing general partnerships

By:_____
Name: Jo Lynn White
Title: Secretary

RABANCO COMPANIES

By: Rabanco, Ltd., as General Partner of the foregoing general partnership

By:_____
Name: Jo Lynn White
Title: Secretary

By: Rabanco Recycling, Inc., as General Partner of the foregoing general partnership

By:_____
Name: Jo Lynn White
Title: Secretary

ALLIED WASTE INDUSTRIES, INC., a Delaware corporation, as Guarantor of the Securities

By: _____
Name: Jo Lynn White
Title: Vice President, Assistant Secretary & Deputy General Counsel

[Signature page to Third Supplemental Indenture]

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Name:
Title:

[Signature page to Third Supplemental Indenture]

SCHEDULE A

NAME OF REPUBLIC SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
623 Landfill, Inc.	Virgina
ADAJ Corporation	California
Agricultural Acquisitions, LLC	Indiana
Arc Disposal Company, Inc.	Illinois
Ariana, LLC	Delaware
Atlas Transport, Inc.	California
Barker Brothers Waste Incorporated	Tennessee
Bay Collection Services, Inc.	California
Bay Environmental Management, Inc.	California
Bay Landfills, Inc.	California
Bay Leasing Company, Inc.	California
Berkeley Sanitary Service, Inc.	California
BLT Enterprises of Oxnard, Inc.	California
Calvert Trash Systems, Incorporated	Maryland
Central Virginia Properties, LLC	Georgia
Compactor Rental Systems of Delaware, Inc.	Delaware
Consolidated Disposal Service, L.L.C.	Delaware
Continental Waste Industries, L.L.C.	Delaware
Crockett Sanitary Service, Inc.	California
CWI of Illinois, Inc.	Illinois
CWI of Missouri, Inc.	Missouri
Envirocycle, Inc.	Florida
FLL, Inc.	Michigan
Golden Bear Transfer Services, Inc.	California
Honeygo Run Reclamation Center, Inc.	Maryland
McCusker Recycling, Inc.	Pennsylvania
Northwest Tennessee Disposal Corporation	Tennessee
Oceanside Waste and Recycling Services	California
Ohio Republic Contracts, II, Inc.	Delaware
Ohio Republic Contracts, Inc.	Ohio
Perdomo & Sons, Inc.	California
Potrero Hills Landfill, Inc.	California
Reliable Disposal, Inc.	Michigan
Republic Dumpco, Inc.	Nevada
Republic Enivronmental Technologies, Inc.	Nevada
Republic Ohio Contracts, LLC	Ohio
Republic Services Aviation, Inc.	Florida
Republic Services Financial LP, Inc.	Delaware
Republic Services Financial, Limited Partnership	Delaware

Republic Services Group, LLC	Delaware
Republic Services Holding Company, Inc.	Delaware
Republic Services of Arizona Hauling, LLC	Arizona
Republic Services of California Holding Company, Inc.	Delaware
Republic Services of California I, LLC	Delaware
Republic Services of California II, LLC	Delaware
Republic Services of Colorado Hauling, LLC	Colorado
Republic Services of Colorado I, LLC	Colorado
Republic Services of Florida GP, Inc.	Delaware
Republic Services of Florida LP, Inc.	Delaware
Republic Services of Florida, Limited Partnership	Delaware
Republic Services of Georgia GP, LLC	Delaware
Republic Services of Georgia LP, LLC	Delaware
Republic Services of Georgia, Limited Partnership	Delaware
Republic Services of Indiana LP, Inc.	Delaware
Republic Services of Indiana Transportation, LLC	Delaware
Republic Services of Indiana, Limited Partnership	Delaware
Republic Services of Kentucky, LLC	Kentucky
Republic Services of Michigan Hauling, LLC	Michigan
Republic Services of Michigan Holding Company, Inc.	Delaware
Republic Services of Michigan I, LLC	Michigan
Republic Services of Michigan II, LLC	Michigan
Republic Services of Michigan III, LLC	Michigan
Republic Services of Michigan IV, LLC	Michigan
Republic Services of Michigan V, LLC	Michigan
Republic Services of New Jersey, LLC	Delaware
Republic Services of North Carolina, LLC	North Carolina
Republic Services of Ohio Hauling, LLC	Ohio
Republic Services of Ohio I, LLC	Ohio
Republic Services of Ohio II, LLC	Ohio
Republic Services of Ohio III, LLC	Ohio
Republic Services of Ohio IV, LLC	Ohio
Republic Services of Pennsylvania, LLC	Delaware
Republic Services of South Carolina, LLC	Delaware
Republic Services of Southern California, LLC	Delaware
Republic Services of Virginia, LLC	Virgina
Republic Services of Wisconsin GP, LLC	Delaware

Republic Services of Wisconsin LP, LLC	Delaware
Republic Services of Wisconsin, Limited Partnership	Delaware
Republic Services Real Estate Holding, Inc.	North Carolina
Republic Services Vasco Road, LLC	Delaware
Republic Services, Inc.	Delaware
Republic Silver State Disposal, Inc.	Nevada
Republic Transportation Services of Canada, Inc.	Ontario, Canada
Republic Waste Services of Southern California, LLC	Delaware
Republic Waste Services of Texas GP, Inc.	Delaware
Republic Waste Services of Texas LP, Inc.	Delaware
Republic Waste Services of Texas, Ltd.	Texas
RI/Alameda Corp.	California
Richmond Sanitary Service, Inc.	California
RITM, LLC	Delaware
Rubbish Control, LLC	Delaware
RWS Transport, L.P.	Delaware
Sandy Hollow Landfill Corp.	West Virginia
Schofield Corporation of Orlando	Florida
Solano Garbage Company	California
Southern Illinois Regional Landfill, Inc.	Illinois
Tay-Ban Corporation	Michigan
Tri-County Refuse Service, Inc,	Michigan
Wayne Developers, LLC	Georgia
West Contra Costa Energy Recovery Company	California
West Contra Costa Sanitary Landfill, Inc.	California
West County Landfill, Inc.	California
West County Resource Recovery, Inc.	California
Zakaroff Services	California

SCHEDULE B

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Abilene Landfill TX, LP	Delaware
Action Disposal, Inc.	Texas
Ada County Development Company, Inc.	Idaho
Adrian Landfill, Inc.	Michigan
ADS of Illinois, Inc.	Illinois
ADS, Inc.	Oklahoma
Agri-Tech, Inc. of Oregon	Oregon
Alabama Recycling Services, Inc.	Alabama
Albany—Lebanon Sanitation, Inc.	Oregon
Allied Acquisition Pennsylvania, Inc.	Pennsylvania
Allied Acquisition Two, Inc.	Massachusetts
Allied Enviroengineering, Inc.	Delaware
Allied Gas Recovery Systems, L.L.C.	Delaware
Allied Green Power, Inc.	Delaware
Allied Nova Scotia, Inc.	Delaware
Allied Services, LLC	Delaware
Allied Transfer Systems of New Jersey, LLC	New Jersey
Allied Waste Alabama, Inc.	Delaware
Allied Waste Company, Inc.	Delaware
Allied Waste Environmental Management Group, LLC	Delaware
Allied Waste Hauling of Georgia, Inc.	Georgia
Allied Waste Holdings (Canada) Ltd.	Delaware
Allied Waste Industries (Arizona), Inc.	Arizona
Allied Waste Industries (New Mexico), Inc.	New Mexico
Allied Waste Industries (Southwest), Inc.	Arizona
Allied Waste Industries of Georgia, Inc.	Georgia
Allied Waste Industries of Illinois, Inc.	Illinois
Allied Waste Industries of Northwest Indiana, Inc.	Indiana
Allied Waste Industries of Tennessee, Inc.	Tennessee
Allied Waste Industries, Inc. (Parent)	Arizona
Allied Waste Landfill Holdings, Inc.	Delaware
Allied Waste Niagara Falls Landfill, LLC	New York
Allied Waste North America, Inc.	Delaware
Allied Waste of California, Inc.	California
Allied Waste of Long Island, Inc.	New York
Allied Waste of New Jersey, Inc.	New Jersey
Allied Waste of New Jersey-New York, LLC	Delaware
Allied Waste Recycling Services of New Hampshire, LLC	Delaware
Allied Waste Rural Sanitation, Inc.	Delaware
Allied Waste Services of Bullhead City, Inc.	Delaware
Allied Waste Services of Colorado, Inc.	Delaware
Allied Waste Services of Lake Havasu City, Inc.	Delaware

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Allied Waste Services of Massachusetts, LLC	Massachusetts
Allied Waste Services of Mesa, Inc.	Delaware
Allied Waste Services of North America, LLC	Delaware
Allied Waste Services of Page, Inc.	Idaho
Allied Waste Services of Phoenix, Inc.	Delaware
Allied Waste Services of Stillwater, Inc.	Oklahoma
Allied Waste Services of Yuma, Inc.	Delaware
Allied Waste Sycamore Landfill, LLC	Delaware
Allied Waste Systems Holdings, Inc.	Delaware
Allied Waste Systems of Arizona, LLC	Arizona
Allied Waste Systems of Colorado, LLC	Colorado
Allied Waste Systems of Indiana, LLC	Delaware
Allied Waste Systems of Michigan, LLC	Michigan
Allied Waste Systems of Montana, LLC	Montana
Allied Waste Systems of New Jersey, LLC	New Jersey
Allied Waste Systems of North Carolina, LLC	North Carolina
Allied Waste Systems of Pennsylvania, LLC	Pennsylvania
Allied Waste Systems, Inc.	Delaware
Allied Waste Transfer Services of Arizona, LLC	Delaware
Allied Waste Transfer Services of California, LLC	California
Allied Waste Transfer Services of Florida, LLC	Florida
Allied Waste Transfer Services of Iowa, LLC	Iowa
Allied Waste Transfer Services of Lima, LLC	Ohio
Allied Waste Transfer Services of New York, LLC	New York
Allied Waste Transfer Services of North Carolina, LLC	North Carolina
Allied Waste Transfer Services of Oregon, LLC	Oregon
Allied Waste Transfer Services of Rhode Island, LLC	Delaware
Allied Waste Transfer Services of Utah, Inc.	Utah
Allied Waste Transportation, Inc.	Delaware
American Disposal Services of Illinois, Inc.	Delaware
American Disposal Services of Kansas, Inc.	Kansas
American Disposal Services of Missouri, Inc.	Oklahoma
American Disposal Services of New Jersey, Inc.	Delaware
American Disposal Services of West Virginia, Inc.	Delaware
American Disposal Services, Inc.	Delaware
American Disposal Transfer Services of Illinois, Inc.	Delaware
American Materials Recycling Corp.	New Jersey
American Sanitation, Inc.	Idaho
American Transfer Company, Inc.	New York
Anderson Regional Landfill, LLC	Delaware
Anson County Landfill NC, LLC	Delaware
Apache Junction Landfill Corporation	Arizona
Area Disposal, Inc.	Illinois
Atlantic Waste Holding Company, Inc.	Massachusetts
Attwoods of North America, Inc.	Delaware

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Autauga County Landfill, LLC	Alabama
Automated Modular Systems, Inc.	New Jersey
Autoshred, Inc.	Missouri
AWIN Leasing Company, Inc.	Delaware
AWIN Leasing II, LLC	Ohio
AWIN Management, Inc.	Delaware
BBCO, Inc.	Delaware
Belleville Landfill, Inc.	Missouri
Benson Valley Landfill General Partnership	Kentucky
Benton County Development Company	Indiana
BFGSI, L.L.C.	Delaware
BFI Atlantic, Inc.	Delaware
BFI Energy Systems of Albany, Inc.	Delaware
BFI Energy Systems of Delaware County, Inc.	Delaware
BFI Energy Systems of Essex County, Inc.	New Jersey
BFI Energy Systems of Hempstead, Inc.	Delaware
BFI Energy Systems of Niagara II, Inc.	Delaware
BFI Energy Systems of Niagara, Inc.	Delaware
BFI Energy Systems of SEMASS, Inc.	Delaware
BFI Energy Systems of Southeastern Connecticut, Inc.	Delaware
BFI Energy Systems of Southeastern Connecticut, Limited Partnership	Delaware
BFI International, Inc.	Delaware
BFI REF-FUEL, INC.	Delaware
BFI Trans River (GP), Inc.	Delaware
BFI Transfer Systems of Alabama, LLC	Delaware
BFI Transfer Systems of DC, LLC	Delaware
BFI Transfer Systems of Georgia, LLC	Delaware
BFI Transfer Systems of Maryland, LLC	Delaware
BFI Transfer Systems of Massachusetts, LLC	Massachusetts
BFI Transfer Systems of Mississippi, LLC	Delaware
BFI Transfer Systems of New Jersey, Inc.	New Jersey
BFI Transfer Systems of Pennsylvania, LLC	Pennsylvania
BFI Transfer Systems of Texas, LP	Delaware
BFI Transfer Systems of Virginia, LLC	Delaware
BFI Waste Services of Indiana, LP	Delaware
BFI Waste Services of Pennsylvania, LLC	Pennsylvania
BFI Waste Services of Tennessee, LLC	Delaware
BFI Waste Services of Texas, LP	Delaware
BFI Waste Services, LLC	Delaware
BFI Waste Systems of Alabama, LLC	Delaware
BFI Waste Systems of Arkansas, LLC	Delaware
BFI Waste Systems of Georgia, LLC	Delaware
BFI Waste Systems of Indiana, LP	Delaware
BFI Waste Systems of Kentucky, LLC	Delaware

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
BFI Waste Systems of Louisiana, LLC	Delaware
BFI Waste Systems of Massachusetts, LLC	Massachusetts
BFI Waste Systems of Mississippi, LLC	Delaware
BFI Waste Systems of Missouri, LLC	Delaware
BFI Waste Systems of New Jersey, Inc.	New Jersey
BFI Waste Systems of North America, LLC	Delaware
BFI Waste Systems of North Carolina, LLC	Delaware
BFI Waste Systems of Oklahoma, LLC	Oklahoma
BFI Waste Systems of South Carolina, LLC	Delaware
BFI Waste Systems of Tennessee, LLC	Delaware
BFI Waste Systems of Virginia, LLC	Delaware
Bio-Med of Oregon, Inc.	Oregon
Blue Ridge Landfill General Partnership	Kentucky
Blue Ridge Landfill TX, LP	Delaware
Bond County Landfill, Inc.	Delaware
Borrego Landfill, Inc.	California
Borrow Pit Corp.	Illinois
Brenham Total Roll-Offs, LP	Delaware
Brickyard Disposal & Recycling, Inc.	Illinois
Bridgeton Landfill, LLC	Delaware
Bridgeton Transfer Station, LLC	Delaware
Browning-Ferris Financial Services, Inc.	Delaware
Browning-Ferris Industries Chemical Services, Inc.	Nevada
Browning-Ferris Industries of California, Inc.	California
Browning-Ferris Industries of Florida, Inc.	Delaware
Browning-Ferris Industries of Illinois, Inc.	Delaware
Browning-Ferris Industries of New Jersey, Inc.	New Jersey
Browning-Ferris Industries of New York, Inc.	New York
Browning-Ferris Industries of Ohio, Inc.	Delaware
Browning-Ferris Industries of Tennessee, Inc.	Tennessee
Browning-Ferris Industries, Inc.	Massachusetts
Browning-Ferris Industries, LLC	Delaware
Browning-Ferris Services, Inc.	Delaware
Browning-Ferris, Inc.	Maryland
Brunswick Waste Management Facility, LLC	Delaware
Bunting Trash Service, Inc.	Colorado
Butler County Landfill, LLC	Delaware
C & C Expanded Sanitary Landfill, LLC	Michigan
Cactus Waste Systems, LLC	Arizona
Camelot Landfill TX, LP	Delaware
Capitol Recycling and Disposal, Inc.	Oregon
Carbon Limestone Landfill, LLC	Ohio
Cave Creek Transfer Station, Inc.	Delaware
CC Landfill, Inc.	Delaware
CECOS International, Inc.	New York

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Cefe Landfill TX, LP	Delaware
Celina Landfill, Inc.	Ohio
Central Arizona Transfer, Inc.	Arizona
Central Sanitary Landfill, Inc.	Michigan
Chambers Development of North Carolina, Inc.	North Carolina
Charter Evaporation Resource Recovery Systems	California
Cherokee Run Landfill, Inc.	Ohio
Chilton Landfill, LLC	Delaware
Citizens Disposal, Inc.	Michigan
City-Star Services, Inc.	Michigan
Clarkston Disposal, Inc.	Michigan
Clinton County Landfill Partnership	Indiana
Cocopah Landfill, Inc.	Delaware
Copper Mountain Landfill, Inc.	Delaware
Corvallis Disposal Co.	Oregon
County Disposal (Ohio), Inc.	Delaware
County Disposal, Inc.	Delaware
County Environmental Landfill, LLC	Ohio
County Land Development Landfill, LLC	Ohio
County Landfill, Inc.	Delaware
County Line Landfill Partnership	Indiana
Courtney Ridge Landfill, LLC	Delaware
Crescent Acres Landfill, LLC	Louisiana
Crow Landfill TX, L.P.	Delaware
Cumberland County Development Company, LLC	Virginia
D & L Disposal, L.L.C.	Delaware
Dallas Disposal Co.	Oregon
Delta Container Corporation	California
Delta Dade Recycling Corp.	Florida
Delta Paper Stock, Co.	California
Delta Resources Corp.	Florida
Delta Site Development Corp.	Florida
Delta Waste Corp.	Florida
Dempsey Waste Systems II, Inc.	Ohio
Denver RL North, Inc.	Colorado
Desarrollo del Rancho La Gloria TX, LP	Texas
Dinverno, Inc.	Michigan
DTC Management, Inc.	Indiana
E Leasing Company, LLC	Delaware
Eagle Industries Leasing, Inc.	Michigan
East Chicago Compost Facility, Inc.	Delaware
ECDC Environmental of Humboldt County, Inc.	Delaware
ECDC Environmental, L.C.	Utah
ECDC Holdings, Inc.	Delaware
El Centro Landfill, L.P.	Texas

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Elder Creek Transfer & Recovery, Inc.	California
Ellis County Landfill TX, LP	Delaware
Ellis Scott Landfill MO, LLC	Delaware
Environmental Reclamation Company	Illinois
Environtech, Inc.	Delaware
Envotech-Illinois L.L.C.	Delaware
Evergreen Scavenger Service, Inc.	Delaware
Evergreen Scavenger Service, L.L.C.	Delaware
F. P. McNamara Rubbish Removal Inc.	Massachusetts
Flint Hill Road, LLC	South Carolina
Forest View Landfill, LLC	Delaware
Fort Worth Landfill TX, LP	Delaware
Forward, Inc.	California
Fred Barbara Trucking Co., Inc.	Illinois
Frontier Waste Services (Colorado), LLC	Colorado
Frontier Waste Services (Utah), LLC	Utah
Frontier Waste Services of Louisiana L.L.C.	Louisiana
Frontier Waste Services, L.P.	Texas
G. Van Dyken Disposal Inc.	Michigan
Galveston County Landfill TX, LP	Delaware
Gateway Landfill, LLC	Georgia
GEK, Inc.	Alabama
General Refuse Rolloff Corp.	Delaware
General Refuse Service of Ohio, L.L.C.	Ohio
Georgia Recycling Services, Inc.	Delaware
Giles Road Landfill TX, LP	Delaware
Golden Triangle Landfill TX, LP	Delaware
Golden Waste Disposal, Inc.	Georgia
Grants Pass Sanitation, Inc.	Oregon
Great Lakes Disposal Service, Inc.	Delaware
Great Plains Landfill OK, LLC	Delaware
Green Valley Landfill General Partnership	Kentucky
Greenridge Reclamation, LLC	Pennsylvania
Greenridge Waste Services, LLC	Pennsylvania
Greenwood Landfill TX, LP	Delaware
Gulf West Landfill TX, LP	Delaware
Gulfcoast Waste Service, Inc.	Florida
H Leasing Company, LLC	Delaware
Hancock County Development Company, LLC	Mississippi
Harland’s Sanitary Landfill, Inc.	Michigan
Harrison County Landfill, LLC	Mississippi
Illiana Disposal Partnership	Indiana
Illinois Landfill, Inc.	Illinois
Illinois Recycling Services, Inc.	Illinois
Illinois Valley Recycling, Inc.	Illinois

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Imperial Landfill, Inc.	California
Independent Trucking Company	California
Ingrum Waste Disposal, Inc.	Illinois
International Disposal Corp. of California	California
Island Waste Services Ltd.	New York
Itasca Landfill TX, LP	Delaware
Jackson County Landfill, LLC	Mississippi
Jasper County Development Company Partnership	Indiana
Jefferson City Landfill, LLC	Delaware
Jefferson Parish Development Company, LLC	Louisiana
Jetter Disposal, Inc.	Iowa
Kandel Enterprises, LLC	Delaware
Kankakee Quarry, Inc.	Illinois
Keller Canyon Landfill Company	California
Keller Drop Box, Inc.	Oregon
Kerrville Landfill TX, LP	Delaware
Key Waste Indiana Partnership	Indiana
La Cañada Disposal Company, Inc.	California
Lake County C & D Development Partnership	Indiana
Lake Havasu LF Services, Inc.	Delaware
Lake Norman Landfill, Inc.	North Carolina
LandComp Corporation	Illinois
Lathrop Sunrise Sanitation Corporation	California
Lee County Landfill SC LLC	Delaware
Lee County Landfill, Inc.	Illinois
Lemons Landfill, LLC	Delaware
Lewisville Landfill TX, LP	Delaware
Liberty Waste Holdings, Inc.	Delaware
Liberty Waste Services Limited, L.L.C.	Delaware
Liberty Waste Services of Illinois, L.L.C.	Illinois
Liberty Waste Services of McCook, L.L.C.	Delaware
Little Creek Landing, LLC	Delaware
Local Sanitation of Rowan County, L.L.C.	Delaware
Loop Recycling, Inc.	Illinois
Loop Transfer, Incorporated	Illinois
Lorain County Landfill, LLC	Ohio
Louis Pinto & Son, Inc., Sanitation Contractors	New Jersey
Lucas County Land Development, Inc.	Delaware
Lucas County Landfill, LLC	Ohio
Madison County Development, LLC	Tennessee
Manumit of Florida, Inc.	Florida
Mars Road TX, LP	Delaware
McCarty Road Landfill TX, LP	Delaware
McInnis Waste Systems, Inc.	Oregon
Menands Environmental Solutions, LLC	New York

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Mesa Disposal, Inc.	Arizona
Mesquite Landfill TX, LP	Delaware
Mexia Landfill TX, LP	Delaware
Midway Development Company, Inc.	Arizona
Mississippi Waste Paper Company	Mississippi
Missouri City Landfill, LLC	Missouri
Morehead Landfill General Partnership	Kentucky
Mountain Home Disposal, Inc.	Delaware
N Leasing Company, LLC	Delaware
NationsWaste Catawba Regional Landfill, Inc.	South Carolina
NationsWaste, Inc.	Delaware
Ncorp, Inc.	Delaware
New Morgan Landfill Company, Inc.	Pennsylvania
New York Waste Services, LLC	Delaware
Newco Waste Systems of New Jersey, Inc.	New Jersey
Newton County Landfill Partnership	Indiana
Noble Road Landfill, Inc.	Ohio
Northeast Landfill, LLC	Delaware
Northlake Transfer, Inc.	Illinois
Oakland Heights Development, Inc.	Michigan
Obscurity Land Development, LLC	Virginia
Oklahoma City Landfill, L.L.C.	Oklahoma
Oscar’s Collection System of Fremont, Inc.	Nebraska
Otay Landfill, Inc.	California
Ottawa County Landfill, Inc.	Delaware
Packerton Land Company, L.L.C.	Delaware
Palomar Transfer Station, Inc.	California
Panama Road Landfill, TX, L.P.	Delaware
Paradise Waste TS, Inc.	Delaware
Peltier Real Estate Company	Oregon
Pinal County Landfill Corp.	Arizona
Pine Hill Farms Landfill TX, LP	Delaware
Pinecrest Landfill OK, LLC	Delaware
Pinehill Landfill TX, LP	Delaware
Pittsburg County Landfill, Inc.	Oklahoma
Pleasant Oaks Landfill TX, LP	Delaware
Polk County Landfill, LLC	Delaware
Port Clinton Landfill, Inc.	Ohio
Portable Storage Co.	Oregon
Preble County Landfill, Inc.	Ohio
Price & Sons Recycling Company	Georgia
Prince George’s County Landfill, LLC	Maryland
PSI Waste Systems, Inc.	Idaho
R.C. Miller Enterprises, Inc.	Ohio
R.C. Miller Refuse Service Inc.	Ohio

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Rabanco Companies	Washington
Rabanco Recycling, Inc.	Washington
Rabanco, Ltd.	Washington
Ramona Landfill, Inc.	California
RCS, Inc.	Illinois
Resource Recovery, Inc.	Kansas
Rio Grande Valley Landfill TX, LP	Delaware
Risk Services, Inc.	Delaware
Rock Road Industries, Inc.	Missouri
Ross Bros. Waste & Recycling Co.	Ohio
Rossman Sanitary Service, Inc.	Oregon
Roxana Landfill, Inc.	Illinois
Royal Holdings, Inc.	Michigan
Royal Oaks Landfill TX, LP	Delaware
S & S Recycling, Inc.	Georgia
S Leasing Company, LLC	Delaware
Saline County Landfill, Inc.	Illinois
San Diego Landfill Systems, LLC	California
San Marcos NCRRF, Inc.	California
Sand Valley Holdings, L.L.C.	Delaware
Sangamon Valley Landfill, Inc.	Delaware
Sanitary Disposal Service, Inc.	Michigan
Sauk Trail Development, Inc.	Michigan
Show-Me Landfill, LLC	Delaware
Shred — All Recycling Systems Inc.	Illinois
Source Recycling, Inc.	Oregon
South Central Texas Land Co. TX, LP	Texas
Southeast Landfill, LLC	Delaware
Southwest Landfill TX, LP	Delaware
Springfield Environmental General Partnership	Indiana
St. Bernard Parish Development Company, LLC	Louisiana
St. Joseph Landfill, LLC	Missouri
Standard Disposal Services, Inc.	Michigan
Standard Environmental Services, Inc.	Michigan
Standard Waste, Inc.	Delaware
Streator Area Landfill, Inc.	Illinois
Suburban Transfer, Inc.	Delaware / Illinois
Suburban Warehouse, Inc.	Illinois
Summit Waste Systems, Inc.	Arizona
Sunrise Sanitation Service, Inc.	California
Sunset Disposal Service, Inc.	California
Sunset Disposal, Inc.	Kansas
Sycamore Landfill, Inc.	California
Tate’s Transfer Systems, Inc.	Missouri
Taylor Ridge Landfill, Inc.	Delaware

NAME OF ALLIED SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Tennessee Union County Landfill, Inc.	Delaware
Tessman Road Landfill TX, LP	Delaware
The Ecology Group, Inc.	Ohio
Thomas Disposal Service, Inc.	Missouri
Tippecanoe County Waste Services Partnership	Indiana
Tom Luciano's Disposal Service, Inc.	New Jersey
Total Roll-Offs, L.L.C.	Texas
Total Solid Waste Recyclers, Inc.	New Jersey
Tricil (N.Y.), Inc.	New York
Tri-State Recycling Services, Inc.	Illinois
Tri-State Refuse Corporation	Arizona
Turkey Creek Landfill TX, LP	Delaware
United Disposal Service, Inc.	Oregon
Upper Rock Island County Landfill, Inc.	Illinois
Valley Landfills, Inc.	Oregon
Victoria Landfill TX, LP	Delaware
Vining Disposal Service, Inc.	Massachusetts
Warrick County Development Company	Indiana
Wasatch Regional Landfill, Inc.	Utah
Waste Control Systems, Inc.	Oregon
Waste Services of New York, Inc.	New York
Wastehaul, Inc.	Indiana
Wayne County Land Development, LLC	New York
Wayne County Landfill IL, Inc.	Delaware
WDTR, Inc.	Oregon
Webster Parish Landfill, L.L.C.	Delaware
Whispering Pines Landfill TX, LP	Delaware
Willamette Resources, Inc.	Oregon
Williams County Landfill Inc.	Ohio
Willow Ridge Landfill, LLC	Delaware
WJR Environmental, Inc.	Washington
Woodlake Sanitary Service, Inc.	Minnesota

December 2, 2008

Blackstone Capital Partners III Merchant Banking Fund L.P.

Blackstone Offshore Capital Partners III L.P.

Blackstone Family Investment Partnership III L.P.

345 Park Avenue

New York, New York 10154

Ladies and Gentlemen:

Reference is made to the First Amendment to the Second Amended and Restated Registration Rights Agreement, dated as of December 28, 2006 (the "Registration Rights Agreement") by and among Allied Industries, Inc., a Delaware corporation ("Allied") and the other signatories thereto. Reference is also made to that certain Agreement and Plan of Merger, dated June 22, 2008, by and among Republic Services, Inc., a Delaware corporation ("Republic"), RS Merger Wedge, Inc. ("RS Merger Wedge"), and Allied, providing for the merger (the "Merger") of RS Merger Wedge with and into Allied, subject to the terms and conditions therein. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Registration Rights Agreement.

This letter agreement (this "Agreement") will confirm our understanding that, if the Merger is consummated, Republic has agreed to grant Blackstone certain registration rights with respect to the shares of Republic received by Blackstone in the Merger (the "Registrable Securities") and Republic will, in place of Allied and to the extent described below, perform certain duties in connection therewith. Upon consummation of the Merger, this Agreement will be deemed to supersede the Registration Rights Agreement. This Agreement shall terminate and be of no further force and effect upon the earlier to occur of (i) the fifth anniversary of the Effective Time (as such term is defined in the Merger Agreement), or (iii) the first date after the Effective Time on which Blackstone and the Related Transferees (as defined in the Shareholders Agreement) cease to beneficially own more than 2% of the issued and outstanding shares of Republic common stock in the aggregate.

Registration Rights

Following the consummation of the Merger, Republic shall prepare and file or cause to be prepared and filed with the SEC as promptly as reasonably practicable following the Effective Time a registration statement for an offering to be made on a delayed or continuous basis pursuant to Rule 415 of the Securities Act (a "Shelf Registration Statement") registering the

resale from time to time by Blackstone and the Related Transferees thereof of all of the Registrable Securities (the "Shelf Registration Statement"). The Shelf Registration Statement shall be on Form S-3, or another appropriate form permitting registration of such Registrable Securities for resale by Blackstone or the Related Transferees thereof in accordance with the methods of distribution reasonably elected by Blackstone or Related Transferees thereof and set forth in the Shelf Registration Statement. For the avoidance of doubt, the term "Shelf Registration Statement" shall include any WKSI Shelf.

Upon the request of Blackstone, and upon at least three (3) business days' notice from Republic shall, under the terms and subject to the conditions set forth herein, use its reasonable efforts to provide customary assistance to facilitate one or more "takedowns" off of the Shelf Registration Statement such number of Registrable Securities as may be designated by Blackstone in its request. The Company shall be obligated to provide customary assistance associated with such takedowns (as described below) in connection with no more than two such takedowns; provided that members of Republic senior management will not be obligated to participate in any "road show" presentations in connection with any underwritten offerings contemplated hereunder.

In connection with any sales pursuant to the Shelf Registration Statement, reasonable efforts shall be made by Blackstone and the Related Transferees not to knowingly sell Registrable Securities to any single buyer, acting individually or with others, who after completion of the distribution relating to such Registrable Securities, will beneficially own more than 15% of the issued and outstanding shares of Republic common stock, provided that for purposes of this sentence, the underwriter for such distribution, Blackstone and/or the Related Transferees may conclusively rely on such buyer's most recent filing with the Commission, in whole or in part, disclosing its ownership of Republic common stock, whether on any of Schedule 13D, Schedule 13F, Schedule 13G, Form 3, Form 4 or otherwise.

Covenants and Procedures

In connection with any registration and takedown contemplated by the previous paragraphs, Republic shall use its reasonable efforts to:

(i) register or qualify (and cooperate with Blackstone, the underwriter or underwriters, if any, and their counsel, in connection with the registration or qualification of) the securities covered by the registration statement for offer and sale under the securities or blue sky laws of each state and other United States jurisdiction as Blackstone or any underwriter reasonably requests;

(ii) keep each such registration or qualification effective, including through new filings, or amendments or renewals, during the period the registration statement or prospectus is required to be kept effective;

(iii) do any and all other acts or things necessary or advisable to enable the disposition in all United States jurisdictions of the Registrable Securities covered by the applicable registration statement, provided that Republic will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified;

(iv) cooperate with Blackstone and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends, to the extent such legends otherwise appear) representing Registrable Securities to be sold under the registration statement, and to enable such securities to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or Blackstone, may request, subject to the underwriters' obligation to return any certificates representing unsold securities.

(v) cause Registrable Securities covered by the registration statement to be registered with or approved by such other governmental agencies or authorities in the United States (including the registration of Registrable Securities under the Exchange Act) as may be necessary to enable Blackstone or the underwriter or underwriters, if any, to consummate the disposition of such securities;

(vi) in connection with an underwritten offering, obtain a "cold comfort" letter and, as applicable, a "long-form comfort letter" from Republic's independent public accountants, and an opinion of counsel for Republic, each in customary form and covering such matters of the type customarily covered by cold comfort letters and long form comfort letters and legal opinions in connection with public offerings of securities, as Blackstone reasonably requests; and

(vii) in connection with an underwritten offering, enter into such customary agreements (including an underwriting agreement containing such representations and warranties by Republic and such other terms and provisions, as are customarily contained in underwriting agreements for comparable offerings and are reasonably satisfactory to Republic) and take all such other actions as Blackstone or the underwriters participating in such offering and sale may reasonably request in order to expedite or facilitate such offering and sale (other than such actions which are disruptive to Republic or require significant management availability), including providing reasonable availability of appropriate members of senior management of Republic to provide customary due diligence assistance in connection with any offering. Notwithstanding the foregoing or anything to the contrary otherwise in this Agreement, in no event shall members of Republic senior management be obligated to (i) participate in any "road show" presentations in connection with any offerings contemplated by this Letter Agreement, or (ii) enter into any lockups or similar arrangements restricting the sale of securities.

Republic may delay a takedown requested hereunder, for a reasonable period (but not longer than 90 days) if, in the reasonable judgment of its Board of Directors, (i) a delay is necessary in light of pending financing transactions, corporate reorganizations, or other major events involving it, or (ii) filing at the time requested would materially and adversely affect the business or prospects of Republic in view of disclosures that may be thereby required.

Reimbursement of Costs, Fees and Expenses

Blackstone shall promptly reimburse the Company for any and all reasonable costs, fees and expenses which it may incur in connection with its performance under any of the foregoing paragraphs including, but not limited to, any and all legal, filing, printing, comfort letter and accounting or auditing fees which it may incur in connection with the Shelf

Registration Statement and any assistance it may provide to facilitate any "takedowns" off of the Shelf Registration Statement as contemplated above.

Indemnification

In the event of any registration under the Securities Act by any registration statement pursuant to rights granted in this Agreement of Registrable Securities held by Blackstone, Republic will hold harmless Blackstone and each underwriter of such securities and each other person, if any, who controls Blackstone or such underwriter within the meaning of the Securities Act, against any losses, claims, damages, or liabilities (including legal fees and costs of court), joint or several, to which Blackstone or such underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, or liabilities (or any actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact (i) contained, on its effective date, in any registration statement under which such securities were registered under the Securities Act or any amendment or supplement to any of the foregoing, or which arise out of or are based upon the omission or alleged omission to state a material act required to be stated therein or necessary to make the statements therein not misleading or (ii) contained in any preliminary prospectus or in the final prospectus (as amended or supplemented if Republic shall have filed with the SEC any amendment or supplement to the final prospectus) if used within the period which Republic is required to keep the registration to which such registration statement or prospectus relates current, or which arise out of or are based upon the omission or alleged omission (if so used) to state a material fact required to be stated in such prospectus or necessary to make the statements in such prospectus not misleading; and will reimburse Blackstone and each such underwriter and each such controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, or liability; provided, however, that Republic shall not be liable to Blackstone or its underwriters or controlling persons in any such case to the extent that any such loss, claim, damage, or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or such amendment or supplement, in reliance upon and in conformity with information furnished to Republic by Blackstone or such underwriter specifically for use in the preparation thereof.

It shall be a condition precedent to the obligation of Republic to include in any registration statement any Registrable Securities of Blackstone that Republic shall have received from Blackstone an undertaking, reasonably satisfactory to Republic and its counsel, to indemnify and hold harmless (in the same manner and to the same extent as set forth in the preceding paragraph) Republic, each director of Republic, each officer of Republic who shall sign the registration statement, and any person who controls Republic within the meaning of the Securities Act, (i) with respect to any statement or omission from such registration statement, or any amendment or supplement to it, if such statement or omission was made in reliance upon and in conformity with information furnished to Republic by Blackstone specifically for use in the preparation of such registration statement or amendment or supplement, and (ii) with respect to compliance by Blackstone with applicable laws in effecting the sale or other disposition of the securities covered by such registration statement.

Miscellaneous

For the avoidance of doubt, the provisions of this Agreement and the Registration Rights Agreement shall constitute the entire agreement and understanding of the parties hereto with respect to the transactions contemplated hereby and no other stockholder of Republic or Allied shall be entitled to make any claims hereunder.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York. This Agreement may be executed in any number of counterparts, any one of which need not contain the signatures of more than one party, but all of such counterparts together shall constitute one agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

If the above correctly reflects our understanding and agreement with respect to the foregoing matters, please so confirm by signing and returning the enclosed copy of this Agreement.

REPUBLIC SERVICES, INC.

By: /s/ James E. O'Connor
Name: James E. O'Connor
Title: Chairman and Chief Executive Officer

Agreed to and accepted as of the date first written above:

BLACKSTONE CAPITAL PARTNERS III MERCHANT BANKING FUND L.P.

By: Blackstone Management Associates III L.L.C.

its General Partner

By: /s/ David Foley

Name: David Foley

Title: Senior Managing Director

BLACKSTONE OFFSHORE CAPITAL PARTNERS III L.P.

By: Blackstone Management Associates III L.L.C.

its General Partner

By: /s/ David Foley
Name: David Foley

Title: Senior Managing Director

BLACKSTONE FAMILY INVESTMENT PARTNERSHIP III L.P.

By: Blackstone Management Associates III L.L.C.

its General Partner

By: /s/ David Foley

Name: David Foley

Title: Senior Managing Director

Exhibit 4.27

NINETEENTH SUPPLEMENTAL INDENTURE

NINETEENTH SUPPLEMENTAL INDENTURE, dated as of December 2, 2008 (the "***Nineteenth Supplemental Indenture***") among ALLIED WASTE NORTH AMERICA, INC., a Delaware corporation (the "***Company***"), having its principal place of business at 18500 North Allied Way, Phoenix, Arizona 85054, ALLIED WASTE INDUSTRIES, INC., a corporation duly organized and existing under the laws of the State of Delaware ("***Allied***" or the "***Parent Guarantor***"), each of the other guarantors signatory hereto (collectively with the Parent Guarantor, the "***Guarantors***") and U.S. Bank National Association, a national banking association, as trustee (the "***Trustee***").

WITNESSETH:

WHEREAS, the Company, Allied, the subsidiary guarantors party thereto and the Trustee executed and delivered an Indenture, dated as of December 23, 1998 (the "***Indenture***"), to provide for the issuance by the Company from time to time of debt securities evidencing its indebtedness (the "***Securities***");

WHEREAS, pursuant to resolutions adopted by the Board of Directors of the Company, the Company issued (i) $450,000,000 aggregate principal amount of its 7-7/8% Senior Notes due 2013 pursuant to a Tenth Supplemental Indenture, dated as of April 9, 2003 (the "***2013 Notes***"), (ii) $350,000,000 aggregate principal amount of its 6.5% Senior Notes due 2010 pursuant to a Eleventh Supplemental Indenture, dated as of November 10, 2003 (the "***2010 Notes***"), (iii) $400,000,000 aggregate principal amount of its 5-3/4% Senior Notes due 2011 pursuant to a Twelfth Supplemental Indenture, dated as of January 27, 2004 (the "***First 2011 Notes***"), (iv) $425,000,000 aggregate principal amount of its 6-1/8% Senior Notes due 2014 pursuant to a Thirteenth Supplemental Indenture, dated as of January 27, 2004 (the "***First 2014 Notes***"), (v) $400,000,000 aggregate principal amount of its 7-3/8% Senior Unsecured Notes due 2014 pursuant to a Fourteenth Supplemental Indenture, dated as of April 20, 2004 (the "***Second 2014 Notes***"), (vi) $275,000,000 aggregate principal amount of its 6-3/8% Senior Notes due 2011 pursuant to a Fifteenth Supplemental Indenture, dated as of April 20, 2004 (the "***Second 2011 Notes***"), (vii) $600,000,000 aggregate principal amount of its 7-1/4% Senior Notes due 2015 pursuant to a Sixteenth Supplemental Indenture, dated as of March 9, 2005 (the "***2015 Notes***"), (viii) $600,000,000 aggregate principal amount of its 7-1/8% Senior Notes due 2016 pursuant to a Seventeenth Supplemental Indenture, dated as of May 17, 2006 (the "***2016 Notes***") and (ix) $750,000,000 aggregate principal amount of its 6-7/8% Senior Notes due 2017 pursuant to an Eighteenth Supplemental Indenture, dated as of March 12, 2007 (the "***2017 Notes***" and, together with the 2013 Notes, the 2010 Notes, the First 2011 Notes, the First 2014 Notes, the Second 2014 Notes, the Second 2011 Notes, the 2015 Notes, and the 2016 Notes, the "***Notes***") (the Indenture, as supplemented by the related supplemental indenture for the applicable series of Notes, the "***Indenture Series***");

WHEREAS, subsequent to the issuance of the Securities, the Company has acquired certain other Restricted Subsidiaries identified on Schedule I hereto, which are required to guarantee the Company's obligations under the Securities and the Indenture Series in accordance with the terms of the Securities and the Indenture Series;

WHEREAS, each of the Restricted Subsidiaries identified on Schedule I hereto (the "***Subsidiary Guarantors***") has duly authorized the execution and delivery of this Nineteenth Supplemental Indenture to provide for the Subsidiary Guarantees (as defined in the Indenture);

WHEREAS, pursuant to resolutions adopted by the board of directors, partners or members, as the case may be, of each of the Subsidiary Guarantors, each of the Subsidiary Guarantors has duly authorized the guarantee of the Company's obligations under the Securities and the Indenture Series;

NOW THEREFORE, for and in consideration of the premises, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or any series thereof, as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01 DEFINITIONS.

All capitalized terms used herein without definition shall have the meanings ascribed thereto in the Indenture.

SECTION 1.02 PROVISIONS OF GENERAL APPLICATION.

All rules of construction and other provisions of general application set forth in Article 1 of the Indenture are hereby incorporated herein by reference.

SECTION 1.03 EFFECTIVENESS.

This Nineteenth Supplemental Indenture shall become effective upon the signature of each and all of the parties hereto without any further action.

ARTICLE II
GUARANTEE

SECTION 2.01 SENIOR GUARANTEE.

Each of the Subsidiary Guarantors hereby jointly and severally unconditionally guarantees for the benefit of each Holder of a Security that has been authenticated and delivered by the Trustee, and for the benefit of the Trustee on behalf of each such Holder, the due and punctual payment of the principal of, premium, if any, and interest on such Security when and as the same shall become due and payable, whether at its Stated Maturity or following acceleration, call for redemption, purchase or otherwise, in each case in accordance with the terms and

conditions of such Security, this Nineteenth Supplemental Indenture and the Indenture Series. Each of the Subsidiary Guarantors shall be from the effective date of this Nineteenth Supplemental Indenture a "Subsidiary Guarantor" within the meaning and for all purposes of the Indenture. In addition, Allied hereby guarantees to the extent set forth the form of Senior Guarantee set forth in Section 2.3 of the Indenture, the obligations of each Subsidiary Guarantor hereunder.

ARTICLE III
CONCERNING THE TRUSTEE

SECTION 3.01 ACCEPTANCE OF TRUSTS.

The Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions set forth in the Indenture Series and in this Nineteenth Supplemental Indenture, to all of which the Company and the Guarantors agree and the Holders of Securities at any time outstanding by their acceptance thereof agree.

SECTION 3.02 NO RESPONSIBILITY OF THE TRUSTEE FOR RECITALS, ETC.

The recitals and statements contained in this Nineteenth Supplemental Indenture shall be taken as the recitals and statements of the Company and the Guarantors, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Nineteenth Supplemental Indenture.

ARTICLE IV
MISCELLANEOUS PROVISIONS

SECTION 4.01 BINDING AGREEMENT; ASSIGNMENTS.

Whenever in this Nineteenth Supplemental Indenture any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of each Guarantor that are contained in this Nineteenth Supplemental Indenture shall bind and inure to the benefit of each party hereto and their respective successors and assigns.

SECTION 4.02 RELATION TO INDENTURE.

The provisions of this Nineteenth Supplemental Indenture shall become effective immediately upon the execution and delivery hereof. This Nineteenth Supplemental Indenture and all the terms and provisions herein contained shall form a part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture and each and every term and condition contained in the Indenture shall apply to this Nineteenth Supplemental Indenture with the same force and effect as if the same were set forth in full in this Nineteenth Supplemental Indenture, with such omissions, variations and modifications thereof as may be appropriate to make each such term and condition consistent with this Nineteenth Supplemental Indenture. The Indenture is hereby ratified and confirmed and shall remain and continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended by this Nineteenth Supplemental Indenture and the Indenture and this Nineteenth Supplemental Indenture shall be read, taken and construed together as one instrument.

SECTION 4.03 COUNTERPARTS.

This Nineteenth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

* * * *

IN WITNESS WHEREOF, the parties hereto have caused this Nineteenth Supplemental Indenture to be duly executed as of the day and year first above written.

ALLIED WASTE NORTH AMERICA, INC.

By: _____
Name: Michael S. Burnett
Title: Treasurer and Vice President

ALLIED WASTE INDUSTRIES, INC.

as Guarantor of the Securities and as Guarantor of the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees

By: _____
Name: Michael S. Burnett
Title: Treasurer and Senior Vice President

Each of the Subsidiary Guarantors Listed on Schedule I hereto, as Guarantors of the Securities

By: _____
Name: Michael S. Burnett
Title: Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name:
Title:

SCHEDULE I
GUARANTORS

NAME OF SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Allied Waste Services of Colorado, Inc.	Delaware
East Chicago Compost Facility, Inc.	Delaware
Kandel Enterprises, LLC	Delaware

ALLIED WASTE INDUSTRIES, INC.

AND

U.S. BANK NATIONAL ASSOCIATION
as Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of December 5, 2008

to

INDENTURE

Dated as of April 20, 2004

---

4 1/4 % Senior Subordinated Convertible Debentures due 2034

FIRST SUPPLEMENTAL INDENTURE, dated as of December 5, 2008 (the "First Supplemental Indenture"), between ALLIED WASTE INDUSTRIES, INC., a Delaware corporation (hereinafter called the "Company"), REPUBLIC SERVICES, INC., a Delaware corporation (hereinafter called "Republic") and U.S. BANK NATIONAL ASSOCIATION, as Trustee (hereinafter called the "Trustee").

RECITALS

WHEREAS, the Company executed and delivered to the Trustee that certain Indenture, dated as of April 20, 2004 (the "Indenture"), pursuant to which the 4 1/4% Senior Subordinated Convertible Debentures of the Company (the "Debentures") were issued;

WHEREAS, pursuant to the terms of the Indenture, the Debentures were initially convertible into shares of common stock, par value $0.01 per share, of the Company ("Common Stock");

WHEREAS, pursuant to an Agreement and Plan of Merger dated as of June 22, 2008, as amended (the "Merger Agreement"), among the Company, Republic Services, Inc., a Delaware corporation ("Republic") and RS Merger Wedge, Inc., a Delaware corporation and a wholly owned subsidiary of Republic ("Merger Sub"), Merger Sub merged with and into the Company (the "Merger"), with the Company as the surviving corporation, as a result of which each issued and outstanding share of Common Stock (other than shares of Common Stock held by the Company, Republic or their respective subsidiaries) were converted into the right to receive shares of common stock, par value $0.01 per share, of Republic ("Republic Stock");

WHEREAS, in connection with the Merger, the Company has duly determined to make, execute and deliver to the Trustee this First Supplemental Indenture in order to reflect the results of the Merger as required by the Indenture;

WHEREAS, Section 15.05(b) of the Indenture requires that, as a result of the Merger, the Debentures become convertible into the consideration issued in the Merger to the holders of Common Stock;

WHEREAS, Section 11.01 of the Indenture provides that under certain conditions, the Company and the Trustee, without the consent of the holders of Debentures, from time to time and at any time, may enter into an indenture supplemental to the Indenture, to make provision with respect to the conversion rights of the holders of Debentures pursuant to the requirements of Section 15.05(b) of the Indenture and, so long as such action will not adversely affect the interests of holders of Debentures, to cure any ambiguity or correct any error in the Indenture.

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises, it is mutually agreed, for the equal and proportionate benefit of the respective holders from time to time of the Debentures, as follows:

ARTICLE ONE
DEFINITIONS

Section1.1. Indenture Terms.

Except as set forth in Section 1.2, capitalized terms used but not defined in this First Supplemental Indenture shall have the respective meanings assigned to them in the Indenture.

Section1.2. Certain Definitions.

From and after the effective time of this First Supplemental Indenture, the following definitions contained in Section 1.01 of Article 1 of the Indenture are hereby amended in their entirety to read as follows:

"Common Stock" means any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of a voluntary or involuntary liquidation, dissolution, or winding up of the Company and which is not subject to redemption by the Company.

"Conversion Price" as of any day means $1,000 divided by the Conversion Rate as of such date and rounded to the nearest cent.

"Conversion Trading Price" means, as of any date of determination, the average of the secondary market bid quotations per $1,000 principal amount of Debentures obtained by the Bid Solicitation Agent for $5,000,000 aggregate principal amount of Debentures at approximately 4:00 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers (none of which shall be an Affiliate of the Company) selected by the Company; provided, however, if at least three such bids cannot be reasonably obtained by the Bid Solicitation Agent, but two bids are obtained, then the average of the two bids shall be used, and if only one such bid can be reasonably obtained by the Bid Solicitation Agent, the one shall be used. If, however, no bid is obtained by the Bid Solicitation Agent or, in the Company's reasonable judgment, the bid quotations are not indicative of the secondary market value of Debentures as of such determination date, then the Conversion Trading Price per $1,000 principal amount of the Debentures for such determination date will be deemed to be less than 98% of the product of (i) the Conversion Rate as of such determination date multiplied by (ii) the Last Reported Sale Price for the Republic Stock for such determination date.

"Current Market Price" on any day means (i) the average of the Last Reported Sale Prices per share of Republic Stock for the five consecutive Trading Days preceding the earlier of the day preceding the day in question and the day before the "ex date" with respect to the issuance or distribution requiring the computation of the Current Market

Price, (ii) in the case of any Spin-Off that is effected simultaneously with an Initial Public Offering of the securities being distributed in the Spin-Off, the Last Reported Sale Price of the Republic Stock on the Trading Day on which the initial public offering price of the securities being distributed in the Spin-Off is determined and (iii) in the case of any other Spin-Off, the average of the Last Reported Sale Prices of the Republic Stock over the first 10 Trading Days following the effective date of such Spin-Off. For purposes of this definition, the term "ex date", when used with respect to any issuance or distribution described in clause (i) of this definition, means the first date on which the Republic Stock trades without the right to receive the issuance or distribution requiring the computation of the Current Market Price.

"Ex-Dividend Date" means the first date upon which a sale of the Republic Stock does not automatically transfer the right to receive the relevant distribution from the seller of the Republic Stock to its buyer.

"Last Reported Sale Price" of any security (including the Republic Stock or the Common Stock, as the case may be) on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and asked prices or, if more than one in either case, the average of the average bid and the average asked prices) on such date as reported in composite transactions for the principal U.S. securities exchange on which such security is traded. If such security is not listed for trading on a U.S. national or regional securities exchange on the relevant date, the "Last Reported Sale Price" will be the last quoted bid price for such security in the over-the-counter market on the relevant date as reported by the National Quotation Bureau Incorporated or similar organization. If such security is not so quoted, the "Last Reported Sale Price" will be the average of the mid-point of the last bid and asked prices for such security on the relevant date quoted by each of at least three nationally recognized independent investment banking firms selected by the Company for this purpose.

"Outstanding", when used with reference to Debentures and subject to the provisions of Section 9.04, means, as of any particular time, all Debentures authenticated and delivered by the Trustee under this Indenture, except:

(a) Debentures theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Debentures, or portions thereof, (i) for the redemption of which monies in the necessary amount shall have been deposited in trust with the Trustee or with any Paying Agent (other than the Company) or (ii) which shall have been otherwise defeased in accordance with Article 13;

(c) Debentures in lieu of which, or in substitution for which, other Debentures shall have been authenticated and delivered pursuant to the terms of Section 2.06; and

(d) Debentures converted pursuant to Article 15 and Debentures deemed not outstanding pursuant to Article 3.

"Spin-Off" means a dividend or other distribution on the Republic Stock of shares of capital stock of any class or series, or similar equity interests, of or relating to any Subsidiary of Republic or other business unit of Republic.

"Trading Day" when used in Articles 4 and 15 hereof or in the definition of "Applicable Five Trading Day Period," means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the Republic Stock is not listed on the New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which the Republic Stock is then listed or, if the Republic Stock is not listed on a U.S. national or regional securities exchange, on the principal other market on which the Republic Stock is then traded and, when used elsewhere in the Indenture, means a day during which trading in securities generally occurs on the principal market on which the Common Stock is then traded, if any.

From and after the effective time of this First Supplemental Indenture, the following terms shall be added as additional definitions in Section 1.01 of Article 1 of the Indenture in appropriate alphabetical sequence:

"Board Resolution" means a resolution of the Republic Board, certified by the Secretary or an Assistant Secretary of Republic and delivered to the Trustee.

"Republic" means Republic Services, Inc., a Delaware corporation.

"Republic Board" means the board of directors of Republic or a committee of such board of directors duly authorized to act for it hereunder.

"Republic Stock" means any stock of any class of Republic which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of Republic and which is not subject to redemption by Republic. Subject to the provisions of Section 15.05(b), however, shares issuable on conversion of Debentures shall include only shares of the class designated as common stock of Republic at December 5, 2008 (namely, the common stock, par value $0.01 per share) or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of Republic and which are not subject to redemption by Republic provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable on conversion shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all classes resulting from all such reclassifications.

ARTICLE TWO
CONCERNING THE DEBENTURES

Section 2.1. Conversion Privilege.

Each Debenture outstanding after the Merger shall, from and after the effective time of this First Supplemental Indenture, during the period such Debenture shall be

convertible as specified in Section 15.01 of the Indenture, be convertible into the number of shares of Republic Stock, and cash in lieu of fractional shares of Republic Stock, receivable upon the effectiveness of the Merger by a holder of the number of shares of Common Stock of the Company issuable upon conversion of such Debenture immediately prior to the Merger, subject to adjustment as provided in Section 15.05 of the Indenture, as such Section is amended by this First Supplemental Indenture.

Section 2.2. Terms of Conversion.

In furtherance of the obligation to make provision with respect to the conversion rights of holders of Debentures in connection with a Reorganization Event pursuant to the requirements of Section 15.05(b), from and after the effective time of this First Supplemental Indenture, Article 15 of the Indenture is amended in its entirety to read as follows:

Article 15
Conversion Of Debentures

Section 15.01. Right To Convert.

(a) Subject to and upon compliance with the provisions of this Indenture, prior to April 15, 2034, the holder of any Debenture shall have the right, at such holder's option, to convert the principal amount of the Debenture, or any portion of such principal amount which is an integral multiple of $1,000, into fully paid and non-assessable shares of Republic Stock (as such shares shall then be constituted) at the Conversion Rate in effect at such time, by surrender of the Debenture so to be converted in whole or in part, together with any required funds, under the circumstances described in this Section 15.01 and in the manner provided in Section 15.02. The Debentures shall be convertible only during the following periods upon the occurrence of one of the following events:

(i) during any calendar quarter commencing after the quarter ended June 30, 2004 and before June 30, 2034 if the Last Reported Sale Price for the Republic Stock for at least 20 Trading Days during the period of 30 consecutive Trading Days ending on the last Trading Day of the previous calendar quarter is greater than 125% of the Conversion Price on such last Trading Day;

(ii) in the event that the Company calls any or all of the Debentures for redemption, at any time prior to the close of business on the second Business Day immediately preceding the Redemption Date (unless the Company fails to pay the Redemption Price); provided that only those Debentures that are called for redemption may be converted following such an event;

(iii) during the five Business Day period after any three consecutive Trading Day period in which the average Conversion Trading Price per Debenture, as determined following a request by a holder in accordance with the

procedures described below, for such period is less than 98% of the average of the product of the Conversion Rate and the Last Reported Sale Price of the Republic Stock for each day during such period; provided that if, on the date of any conversion pursuant to this Section 15.01(a)(iii) that is on or after April 15, 2029, the Last Reported Sale Price of the Republic Stock is greater than the Conversion Price, then holders of Debentures surrendered for conversion will receive, in lieu of Republic Stock based on the Conversion Rate, shares of Republic Stock with a value equal to the principal amount of the Debentures converted; or

(iv) as provided in Section (b) of this Section 15.01.

In connection with any conversion pursuant to Section 15.01(a)(iii), the Trustee shall have no obligation to obtain the bids necessary for the Company to determine the Conversion Trading Price of the Debentures unless the Company has requested it to do so, and the Company shall have no obligation to make such request unless a holder of Debentures provides the Company with reasonable evidence that the Conversion Trading Price per Debenture is less than 98% of the product of the Last Reported Sale Price of the Republic Stock and the Conversion Rate. At such time, the Company will instruct the Trustee to obtain the bids (in the manner described in the definition of Conversion Trading Price) beginning on the next Trading Day and on each successive Trading Day until the Conversion Trading Price per Debenture is greater than or equal to 98% of the product of the Last Reported Sale Price of the Republic Stock and the Conversion Rate.

The Company or its designated agent shall determine on a daily basis during the time period specified in Section 15.01(a)(i) and 15.01(a)(iii) whether the Debentures shall be convertible as a result of the occurrence of an event specified in clause (i) or (iii) above and, if the Debentures shall be so convertible, the Company shall promptly deliver to the Trustee (or other Conversion Agent appointed by the Company) written notice thereof. Whenever the Debentures shall become convertible pursuant to this Section 15.01, the Company or, at the Company's request, the Trustee in the name and at the expense of the Company, shall notify the holders of the event triggering such convertibility in the manner provided in Section 17.03, and the Company shall also publicly announce such information by publication on the Company's website or through such other public medium as it may use at such time. Any notice so given shall be conclusively presumed to have been duly given, whether or not the holder receives such notice.

The Trustee shall be entitled at its sole discretion to consult with the Company and to request the assistance of the Company in connection with the Trustee's duties and obligations pursuant to Section 15.01(a) hereof, and the Company agrees, if requested by the Trustee, to cooperate with, and provide assistance to, the Trustee in carrying out its duties under this Section 15.01; provided, however, that nothing herein shall be construed to relieve the Trustee of its duties pursuant to Section 15.01(a) hereof.

(b) In addition, if:

(i) (A) Republic distributes to all holders of Republic Stock rights, warrants, options or other securities entitling them to subscribe for or purchase, for a period expiring within 45 days of the date after the date of distribution, shares of Republic Stock, or securities convertible into shares of Republic Stock, at less than the average of the Last Reported Sale Prices of the Republic Stock for the five Trading Days immediately preceding the declaration date of the distribution, or (B) Republic distributes to all holders of Republic Stock assets, evidence of indebtedness or other property or rights to subscribe for or purchase securities of Republic, which distribution has a per share value as determined by the Republic Board and set forth in a Board Resolution exceeding 10% of the average of the Last Reported Sale Prices of the Republic Stock for the five Trading Days immediately preceding the declaration date for such distribution, then, in either case, the Debentures may be surrendered for conversion at any time on and after the date that the Company gives notice to the holders of such distribution, which shall be not less than 20 Business Days prior to the Ex-Dividend Date for such distribution, until the earlier of the close of business on the Business Day immediately preceding, but not including, the Ex-Dividend Date or the date the Company publicly announces that such distribution will not take place; provided that no holder may exercise this right to convert if the holder will otherwise participate in such distribution without conversion;

(ii) Republic consolidates with or merges with or into another Person or is a party to a binding share exchange, in each case pursuant to which the Republic Stock is converted into cash or property other than securities, then the Debentures may be surrendered for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until and including the date which is 15 days after the actual effective date of the transaction. The Republic Board shall determine the anticipated effective date of the transaction, and such determination shall be conclusive and binding on the Debentureholders and shall be publicly announced by the Company by publication on its website or through such other public medium as it may use at that time not later than two Business Days prior to such 15th day;

(c) A Debenture in respect of which a holder is electing to exercise its option to require repurchase upon a Fundamental Change pursuant to Section 3.05 or repurchase pursuant to Section 3.06 may be converted only if such holder withdraws its election in accordance with Section 3.08(d). A holder of Debentures is not entitled to any rights of a holder of Republic Stock until such holder has converted his Debentures to Republic Stock, and only to the extent such Debentures are deemed to have been converted to Republic Stock under this Article 15.

Section 15.02. Exercise of Conversion Privilege; Issuance of Republic Stock on Conversion; No Adjustment for Interest or Dividends. In order to exercise the conversion privilege with respect to any Debenture in certificated form, the Company must receive at the office or agency of the Company maintained for that purpose or, at the option of such holder, the Corporate Trust Office, such Debenture with the original or facsimile of the form entitled “Form of Conversion Notice” on the reverse thereof, duly completed and

manually signed, together with such Debentures duly endorsed for transfer, accompanied by the funds, if any, required by this Section 15.02. Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Republic Stock which shall be issuable on such conversion shall be issued, and shall be accompanied by transfer or similar taxes, if required pursuant to Section 15.07.

In order to exercise the conversion privilege with respect to any interest in a Global Debenture, the beneficial holder must complete, or cause to be completed, the appropriate instruction form for conversion pursuant to the Depositary's book-entry conversion program, deliver, or cause to be delivered, by book-entry delivery an interest in such Global Debenture, furnish appropriate endorsements and transfer documents if required by the Company or the Trustee or Conversion Agent, and pay the funds, if any, required by this Section 15.02 and any transfer or similar taxes if required pursuant to Section 15.07.

As promptly as practicable after satisfaction of the requirements for conversion set forth above, subject to Section 15.03 and compliance with any restrictions on transfer if shares issuable on conversion are to be issued in a name other than that of the Debentureholder (as if such transfer were a transfer of the Debenture or Debentures (or portion thereof) so converted), Republic shall issue and the Company shall deliver to such Debentureholder at the office or agency maintained by the Company for such purpose pursuant to Section 5.02, a certificate or certificates for the number of full shares of Republic Stock, cash or a combination of cash and shares of Republic Stock (if the Company timely elects to pay cash for any portion of the shares of Republic Stock issuable upon conversion) issuable upon the conversion of such Debenture or portion thereof as determined by the Company in accordance with the provisions of this Article 15 and a check or cash in respect of any fractional interest in respect of a share of Republic Stock arising upon such conversion, calculated by the Company as provided in Section 15.03. In case any Debenture of a denomination greater than $1,000 shall be surrendered for partial conversion, and subject to Section 2.03, the Company shall execute and the Trustee shall authenticate and deliver to the holder of the Debenture so surrendered, without charge to such holder, a new Debenture or Debentures in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Debenture.

Each conversion shall be deemed to have been effected as to any such Debenture (or portion thereof) on the date on which the requirements set forth above in this Section 15.02 have been satisfied as to such Debenture (or portion thereof) (such date, the "Conversion Date"), and the Person in whose name any certificate or certificates for shares of Republic Stock shall be issuable upon such conversion shall be deemed to have become on said date the holder of record of the shares represented thereby; provided that any such surrender on any date when the stock transfer books of Republic shall be closed shall constitute the Person in whose name the certificates are to be issued as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Rate in effect on the date upon which such Debenture shall be surrendered.

Any Debenture or portion thereof surrendered for conversion during the period from the close of business on any Regular Record Date to the opening of business on the immediately following Interest Payment Date shall be accompanied by payment, in immediately available funds or other funds acceptable to the Company, of an amount equal to the Interest otherwise payable on such Interest Payment Date on the principal amount being converted; provided that no such payment need be made (1) if the Company has specified a Redemption Date that is after a Regular Record Date and on or prior to the next Interest Payment Date, (2) if the Company has specified a Repurchase Date following a Fundamental Change that is after a Regular Record Date and on or prior to the next Interest Payment Date or (3) to the extent of any overdue Interest, if any overdue Interest exists at the time of conversion with respect to such Debenture. Except as provided above in this Section 15.02, no payment or other adjustment shall be made for Interest accrued on any Debenture converted or for dividends on any shares issued upon the conversion of such Debenture as provided in this Article 15.

Upon the conversion of an interest in a Global Debenture, the Trustee (or other Conversion Agent appointed by the Company), or the Custodian at the direction of the Trustee (or other Conversion Agent appointed by the Company), shall make a notation on such Global Debenture as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of any conversions of Debentures effected through any Conversion Agent other than the Trustee.

Upon the conversion of a Debenture, that portion of the accrued but unpaid Interest with respect to the converted Debenture shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the holder thereof through delivery of the Republic Stock, cash or a combination of cash and Republic Stock (together with the cash payment, if any in lieu of fractional shares) in exchange for the Debenture being converted pursuant to the provisions hereof; and the fair market value of such shares of Republic Stock and any such cash payment (together with any such cash payment in lieu of fractional shares) shall be treated as issued, to the extent thereof, first in exchange for and in satisfaction of the Company's obligation to pay the principal amount of the converted Debenture and the accrued but unpaid Interest, and the balance, if any, of such fair market value of such Republic Stock (and any such cash payment) shall be treated as issued in exchange for and in satisfaction of the right to convert the Debenture being converted pursuant to the provisions hereof.

Section 15.03. Payment Upon Conversion; Cash Payments in Lieu of Fractional Shares. (a) In the event that the Company receives notice of conversion on or prior to the day that is 20 days prior to Stated Maturity or, with respect to Debentures being redeemed, the applicable Redemption Date (the "Final Notice Date"), the following procedures will apply:

If the Company chooses to satisfy all or any portion of the Company's obligation (the "Conversion Obligation") in cash, the Company will notify the holder through the Trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the Conversion Obligation or as a fixed dollar amount) at any time on or before the date that is two Business Days following receipt of the notice of conversion ("Cash

Settlement Notice Period"). If the Company timely elects to pay cash for any portion of the shares otherwise issuable to such holder, the conversion notice may be retracted by the holder at any time during the two Business Day period beginning on the day after the final day of the Cash Settlement Notice Period ("Conversion Retraction Period"); no such retraction can be made (and a conversion notice shall be irrevocable) if the Company does not elect to deliver cash in lieu of shares (other than cash in lieu of fractional shares). If the conversion notice has not been retracted, then settlement (in cash and/or shares) will occur on the Business Day following the final day of the 10 Trading Day period beginning on the day after the final day of the Conversion Retraction Period. Settlement amounts will be computed as follows:

(i) If the Company elects to satisfy all or any portion of the Conversion Obligation in shares, the Company will deliver to holders surrendering Debentures for conversion a number of shares equal to (1) the aggregate original principal amount of Debentures to be converted into shares divided by 1,000 multiplied by (2) the Conversion Rate.

(ii) If the Company elects to satisfy all or any portion of the Conversion Obligation in cash, the Company will deliver to holders surrendering Debentures for conversion cash in an amount equal to the product of:

(A) a number equal to (1) the aggregate original principal amount of Debentures to be paid in cash divided by 1,000 multiplied by (2) the Conversion Rate and

(B) the average of the Last Reported Sale Prices of the Republic Stock for the 10 consecutive Trading Days immediately following the date of the Company's notice of its election to deliver cash (the "Cash Settlement Averaging Period").

(b) In the event that the Company receives notice of conversion after the Final Notice Date, the Company will not send individual notices of its election to satisfy all or any portion of the Conversion Obligation in cash. Instead, if the Company chooses to satisfy all or any portion of such Conversion Obligation in cash, the Company will send a single notice to the Trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the Conversion Obligation or as a fixed dollar amount) promptly following the Company's receipt of such notice of conversion. Settlement amounts will be computed and settlement dates will be determined in the same manner as set forth under Section 15.03(a) above except that the "Cash Settlement Averaging Period" shall be the five consecutive Trading Days ending on the third Trading Day prior to the Conversion Date. Settlement (in cash and/or shares) will occur on the Business Day following the final day of such Cash Settlement Averaging Period, subject to receipt by the Company of the Debentures to be converted.

(c) No fractional shares of Republic Stock or scrip certificates representing fractional shares shall be issued upon conversion of Debentures. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the

number of full shares that shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Debentures (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional share of stock would be issuable upon the conversion of any Debenture or Debentures, the Company shall make an adjustment and payment therefor in cash to the holder of Debentures at the Last Reported Sale Price of the Republic Stock on the last Trading Day immediately preceding the day on which the Debentures (or specified portions thereof) are deemed to have been converted.

Section 15.04. Conversion Rate. Each $1,000 principal amount of the Debentures shall be convertible into 22.02642 shares of Republic Stock (herein called the "Conversion Rate"), subject to adjustment as provided in this Article 15.

Section 15.05. Adjustment of Conversion Rate. (a) The Conversion Rate shall be adjusted from time to time by the Company as follows:

(i) If Republic shall pay or make a dividend or other distribution on the Republic Stock in shares of the Republic Stock, the Conversion Rate, as in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution, shall be increased by dividing such Conversion Rate by a fraction of which the numerator shall be the number of shares of Republic Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such increase to become effective immediately after the opening of business on the day following the date fixed for such determination.

(ii) If Republic shall issue to all holders of Republic Stock (such issuance not being available on an equivalent basis to holders of the Debentures upon conversion)

(1) options, warrants or other rights entitling them to subscribe for or purchase shares of Republic Stock, or

(2) securities convertible or exchangeable into shares of Republic Stock, options, warrants or other rights to purchase or acquire securities convertible or exchangeable into shares of Republic Stock, in each case at a price per share of Republic Stock less than the Current Market Price on the date fixed for the determination of stockholders entitled to receive such options, warrants or other rights or securities (other than pursuant to a dividend reinvestment, share purchase or similar plan),

the Conversion Rate in effect at the opening of business on the day following the date fixed for such determination shall be increased by dividing such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Republic Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Republic Stock which the aggregate consideration expected to be

received by Republic upon the exercise, conversion or exchange of such options, warrants or other rights or securities (as determined in good faith by the Republic Board, whose determination shall be conclusive and described in a Board Resolution) would purchase at such Current Market Price and the denominator of which shall be the number of shares of Republic Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Republic Stock so offered for subscription or purchase, either directly and indirectly, or into which such securities are convertible or exchangeable, such increase to become effective immediately after the opening of business on the day following the date fixed for such determination.

(iii) If outstanding shares of Republic Stock shall be subdivided, split, combined or reclassified into a greater number of shares of Republic Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision, split, combination or reclassification becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of Republic Stock shall each be combined or reclassified into a smaller number of shares of Republic Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination or reclassification becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision, split, reclassification or combination becomes effective.

(iv) (A) If Republic shall, by dividend or otherwise, distribute to all holders of Republic Stock evidences of its indebtedness, shares of capital stock, cash or other assets (but excluding any issuance of options, warrants or other rights or securities referred to in paragraph (ii) of this Section 15.05(a), any dividend or distribution paid exclusively in cash and any dividend, shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit in the case of a Spin-Off referred to in the next subparagraph, or dividend or distribution referred to in paragraph (i) of this Section 15.05(a)), the Conversion Rate shall be increased by dividing the Conversion Rate in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction, the numerator of which shall be the Current Market Price on the date fixed for such determination less the then fair market value (as determined in good faith by the Republic Board, whose determination shall be conclusive and described in a Board Resolution) of the portion of the assets or evidences of indebtedness so distributed applicable to one share of Republic Stock and the denominator of which shall be such Current Market Price, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such distribution. In any case in which this clause (iv)(A) is applicable, clause (iv)(B) of this Section 15.05 shall not be applicable.

(B) In the case of a Spin-Off, the Conversion Rate in effect immediately before the close of business on the record date fixed for determination of stockholders entitled to receive that distribution will be increased by multiplying the Conversion Rate by a fraction, the numerator of which is the Current Market Price plus the Fair Market Value of the portion of those shares of capital stock or

similar equity interests so distributed applicable to one share of Republic Stock and the denominator of which is the Current Market Price; provided that if the application of the foregoing formula would result in a decrease in the Conversion Rate, no adjustment to the Conversion Rate will be made. Any adjustment to the Conversion Rate under this subclause (iv)(B) will occur at the earlier of (A) the tenth Trading Day from, and including, the effective date of the Spin-Off and (B) the date of the securities being offered in the Initial Public Offering of the Spin-Off, if that Initial Public Offering is effected simultaneously with the Spin-Off.

(v) In case Republic shall, by dividend or otherwise, distribute to all holders of Republic Stock cash (excluding any cash that is distributed in a Reorganization Event to which Section 15.05(b) applies or as part of a distribution referred to in paragraph (iv) of this Section 15.05(a)), then, and in each such case, immediately after the close of business on such date for determination, the Conversion Rate shall be increased by dividing the Conversion Rate in effect immediately prior to the close of business on the date fixed for determination of the stockholders entitled to receive such distribution by a fraction (A) the numerator of which shall be equal to the Current Market Price on the date fixed for such determination less an amount equal to the quotient of (x) the aggregate amount of cash distributed to all holders of the Republic Stock and (y) the number of shares of Republic Stock outstanding on the date fixed for such determination and (B) the denominator of which shall be equal to the Current Market Price on the date fixed for such determination.

(vi) In case a tender or exchange offer made by Republic or any Subsidiary of Republic for all or any portion of the Republic Stock shall expire and such tender or exchange offer (as amended through the expiration thereof) shall require the payment per share of Republic Stock exceeding the Last Reported Sale Price of the Republic Stock on the Trading Day next succeeding the last time (the "Expiration Time") tenders could have been made pursuant to such tender or exchange offer (as amended through the expiration thereof), then, and in each such case, immediately prior to the opening of business on the day after such Trading Day next succeeding the Expiration Time, the Conversion Rate shall be increased by dividing the Conversion Rate immediately prior to the close of business on such Trading Day next succeeding the date of the Expiration Time by a fraction (A) the numerator of which shall be equal to (x) the product of (I) the Last Reported Sale Price of the Republic Stock on the Trading Day next succeeding the date of the Expiration Time and (II) the number of shares of Republic Stock outstanding (including any tendered shares) on the Trading Day next succeeding the date of the Expiration Time less (y) the amount of cash plus the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders in such tender or exchange offer (assuming the acceptance, up to any maximum specified in the terms of the tender or exchange offer, of Purchased Shares), and (B) the denominator of which shall be equal to the product of (x) the Last Reported Sale Price of the Republic Stock on the Trading Day next succeeding the date of the Expiration Time and (y) the number of shares of Republic Stock outstanding (including any tendered shares) on the Trading Day next succeeding the date of the Expiration Time less the number of all shares validly tendered, not withdrawn and accepted for payment on the date of the

Expiration Time (such validly tendered shares, up to any such maximum, being referred to as the "Purchased Shares").

(vii) All adjustments to the Conversion Rate shall be calculated to the nearest 1/10,000th of a share of Republic Stock (or if there is not a nearest 1/10,000th of a share to the next lower 1/10,000th of a share). No adjustment to the Conversion Rate will be required until the earlier of (1) such time as the Company provides notice to holders of the Debentures of the Company's intention to redeem the Debentures or (2) such time as the adjustment would require an increase or decrease of at least 1% of the Conversion Rate. If an adjustment is not made because the adjustment would not change the Conversion Rate by more than 1%, then the adjustment that is not made will be carried forward and taken into account in any future adjustment.

(viii) The Company may make such increases in the Conversion Rate, in addition to those required or permitted by this Section 15.05, as the Republic Board considers to be advisable in order to avoid or diminish any income tax to any holders of shares of Republic Stock resulting from any dividend or distribution of shares (or rights to acquire shares) or from any event treated as such for income tax purposes or for any other reasons.

(ix) Whenever the Conversion Rate is adjusted in accordance with this Section 15.05, the Company shall: (1) forthwith compute the Conversion Rate in accordance with this Section 15.05 and prepare and transmit to the Trustee an Officer's Certificate setting forth the Conversion Rate, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; and (2) as soon as practicable following the occurrence of an event that requires or permits an adjustment to the Conversion Rate pursuant to this Section 15.05 (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), provide a written notice to the holders of Debentures of the occurrence of such event and a statement setting forth in reasonable detail the method by which the adjustment to the Conversion Rate was determined and setting forth the adjusted Conversion Rate.

(x) Holders of Debentures will be entitled to receive, upon conversion of Debentures, in addition to shares of the Republic Stock, the rights under any rights plan adopted by Republic whether or not the rights have separated from shares of the Republic Stock at the time of conversion and no adjustment to the Conversion Rate will be made in accordance with paragraph (iv) above or otherwise to the extent such rights are so received upon conversion.

(b) In the event of:

(i) any consolidation or merger of Republic with or into another Person or of another Person with or into Republic; or

(ii) any sale, transfer, lease or conveyance to another Person of the property of Republic as an entirety or substantially as an entirety; or

(iii) any reclassification of Republic Stock (other than a reclassification to which paragraph (iii) of Section 15.05(a) applies),

(any such event, a "Reorganization Event"), each holder of a Debenture prior to such Reorganization Event shall, after such Reorganization Event, be entitled to receive upon conversion the kind and amount of securities, cash and other property receivable in such Reorganization Event (without any interest thereon, and without any right to dividends or distribution thereon which have a record date that is prior to the date of the Reorganization Event) by a holder of a number of shares of Republic Stock issuable upon conversion of such Debentures that (1) is not a Person with which Republic consolidated or into which Republic merged or which merged into Republic or to which such sale or transfer was made, as the case may be (any such Person, a "Constituent Person"), or an Affiliate of a Constituent Person to the extent such Reorganization Event provides for different treatment of Republic Stock held by Affiliates of Republic and non-Affiliates of Republic, and (2) has failed to exercise the rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such Reorganization Event (provided that if the kind or amount of securities, cash and other property receivable upon such Reorganization Event is not the same for each share of Republic Stock held immediately prior to such Reorganization Event by other than a Constituent Person or an Affiliate thereof and in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this Section 15.05 the kind and amount of securities, cash and other property receivable upon such Reorganization Event by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). On the Conversion Date, the Conversion Rate then in effect shall be applied to the value or amount on the Conversion Date of such securities, cash or other property.

In the event of such a Reorganization Event, the Person formed by such consolidation or merger, or the Person which acquires the property of Republic, shall execute and deliver to the Trustee an agreement supplemental hereto providing that the holder of each Debenture that remains outstanding after the Reorganization Event (if any) shall have the rights provided by this Section 15.05. Such supplemental agreement shall provide for adjustments which, for events subsequent to the effective date of such supplemental agreement, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 15.05. The above provisions of this Section 15.05 shall similarly apply to successive Reorganization Events.

Section 15.06. Withholding Taxes. The Company shall have the right to set-off any withholding taxes that the Company is required to pay with respect to any deemed distributions occurring as a result of changes in the Conversion Rate against cash payments of interest payable on the Debentures.

Section 15.07. Taxes on Shares Issued. The issue of stock certificates on conversions of Debentures shall be made without charge to the converting Debentureholder for any documentary, stamp or similar issue or transfer tax in respect of the issue thereof. The Company shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issue and delivery of stock in any name other than that of the holder of any Debenture converted, and the Company shall not be required to issue or deliver any such stock certificate unless and until the Person or Persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid. Nothing herein shall preclude any tax withholding required by law or regulations.

Section 15.08. Reservation of Shares, Shares To Be Fully Paid; Compliance with Governmental Requirements; Listing of Republic Stock. Republic shall reserve, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares of Republic Stock to provide for the conversion of the Debentures from time to time as such Debentures are presented for conversion. Before taking any action which would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Debentures, Republic will take all corporate action which may, in the opinion of its counsel, be necessary in order that Republic may validly and legally issue shares of such Republic Stock at such adjusted Conversion Rate.

The Company and Republic covenant that all shares of Republic Stock which may be issued upon conversion of Debentures will upon issue be fully paid and non-assessable by Republic and free from all taxes, liens and charges with respect to the issue thereof.

Republic covenants that, if any shares of Republic Stock to be provided for the purpose of conversion of Debentures hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, Republic will in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the Commission (or any successor thereto), endeavor to secure such registration or approval, as the case may be. Republic further covenants that, if at any time the Republic Stock shall be listed on the New York Stock Exchange or any other U.S. national securities exchange or automated quotation system, Republic will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Republic Stock shall be so listed on such exchange or automated quotation system, all Republic Stock issuable upon conversion of the Debentures; provided that if the rules of such exchange or automated quotation system permit Republic to defer the listing of such Republic Stock until the first conversion of the Debentures into Republic Stock in accordance with the provisions of this Indenture, Republic covenants to list such Republic Stock issuable upon conversion of the Debentures in accordance with the requirements of such exchange or automated quotation system at such time.

Section 15.09. Responsibility of Trustee. The Trustee and any other Conversion Agent shall not at any time be under any duty or responsibility to the Company or any holder of Debentures to determine the Conversion Rate or whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Republic Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Debenture; and the Trustee and any other Conversion Agent make no representations with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to transfer or deliver any shares of Republic Stock or stock certificates or other securities or property or cash upon the surrender of any Debenture for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article 15. Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 15.05(b) relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Debentureholders upon the conversion of their Debentures after any event referred to in such Section 15.05(b) or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 8.01, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

Section 15.10. Notice to Holders Prior to Certain Actions. In case:

(a) Republic shall declare a dividend (or any other distribution) on Republic Stock that would require an adjustment in the Conversion Rate pursuant to Section 15.05; or

(b) Republic shall authorize the granting to the holders of all or substantially all of Republic Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants; or

(c) of any reclassification or reorganization of the Republic Stock (other than a subdivision or combination of the outstanding Republic Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which Republic is a party and for which approval of any shareholders of Republic is required, or of the sale or transfer of all or substantially all of the assets of Republic; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of Republic;

the Company shall cause to be filed with the Trustee and to be mailed to each holder of Debentures at such holder's address appearing on the Debenture Register provided for in Section 2.05 of this Indenture, as promptly as possible but in any event at least ten (10) days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Republic Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective or occur, and the date as of which it is expected that holders of Republic Stock of record shall be entitled to exchange their Republic Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

ARTICLE THREE
ADDITIONAL CONFORMING CHANGES

Section 3.1. Amendment of Section 2.03.

In the second paragraph of Section 2.03, the phrase "into Common Stock" shall be deleted and the phrase "in accordance with Article 15" substituted therefor.

Section 3.2. Amendment of Section 2.06.

In the second paragraph of Section 2.06, the phrase "into Common Stock" shall be deleted and the phrase "in accordance with Article 15" substituted therefor.

Section 3.3. Amendment of Sections 3.02(b) and (c).

In each of Sections 3.02(b) and 3.02(c) the phrase "into Common Stock" shall be deleted and the phrase "in accordance with Article 15" substituted therefor.

Section 3.4. Amendment of Section 3.03.

In the first and third paragraph of Section 3.03 the phrase "into Common Stock" shall be deleted and the phrase "in accordance with Article 15" substituted therefor.

Section 3.5. Amendment of Sections 3.07(a) and (e).

In Section 3.07(a) and Section 3.07(e) the phrase "of the Common Stock" shall be inserted following each reference to the "Last Reported Sale Price."

Section 3.6. Amendment of Section 7.01(c).

In Section 7.01(c), the phrase “into shares of Common Stock, cash or a combination of cash and shares of Common Stock” shall be deleted and the phrase “in accordance with Article 15” substituted therefor.

Section 3.7. Amendment of Section 7.07.

In Section 7.07, the phrase “into shares of Common Stock, cash or a combination of cash and shares of Common Stock” shall be deleted and the phrase “in accordance with Article 15” substituted therefor.

Section 3.8. Amendment to Section 11.02.

In the first paragraph of Section 11.02 the phrase “into Common Stock” is deleted and the phrase “in accordance with Article 15” is substituted therefor; and the phrase “shares of Common Stock” is deleted and the phrase “shares of capital stock” is substituted therefor.

ARTICLE FOUR
CONCERNING THE TRUSTEE

Section 4.1. Terms and Conditions.

The Trustee accepts this First Supplemental Indenture and agrees to perform the duties of the Trustee upon the terms and conditions herein and in the Indenture set forth.

Section 4.2. No Responsibility.

The Trustee makes no undertaking or representations in respect of, and shall not be responsible in any manner whatsoever for and in respect of, the validity or sufficiency of this First Supplemental Indenture or the proper authorization or the due execution hereof by the Company, or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

ARTICLE FIVE
EFFECT OF EXECUTION AND DELIVERY HEREOF

From and after the effective time of this First Supplemental Indenture, (i) the Indenture shall be deemed to be amended and modified as provided herein, (ii) this First Supplemental Indenture shall form a part of the Indenture, (iii) except as modified and amended by this First Supplemental Indenture, the Indenture shall continue in full force and effect, (iv) the Debentures shall continue to be governed by the Indenture, as modified and amended by this First Supplemental Indenture, and (v) every holder of Debentures heretofore and hereafter authenticated and delivered under the Indenture shall be bound by this First Supplemental Indenture.

ARTICLE SIX
OBLIGATIONS UNDER THE INDENTURE

Notwithstanding anything in the Indenture or this First Supplemental Indenture to the contrary, all obligations for payment of principal of, or interest or premium on, the Debentures shall remain solely the obligation of the Company, Republic has executed this First Supplemental Indenture only for the purpose of confirming its obligation to issue shares of Republic Stock upon the conversion of Debentures in accordance with Article 15 and to reserve, register and list such shares as provided in Section 15.08 of the Indenture, and Republic neither has nor assumes any obligations for payment of principal of, or interest or premium on, the Debentures, or any other obligations under the Indenture.

ARTICLE SEVEN
MISCELLANEOUS PROVISIONS

Section 7.1. Effective Time.

This First Supplemental Indenture is effective as of the Effective Time of the Merger, as defined in the Merger Agreement.

Section 7.2. Headings Descriptive.

The headings of the several Articles and Sections of this First Supplemental Indenture are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this First Supplemental Indenture.

Section 7.3. Rights and Obligations of the Trustee.

All of the provisions of the Indenture with respect to the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of this First Supplemental Indenture as fully and with the same effect as if set forth herein in full.

Section 7.4. Successors and Assigns.

This First Supplemental Indenture shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto and the holders of any Debentures then outstanding.

Section 7.5. Counterparts.

This First Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.6. Governing Law.

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

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed as of the day and year first above written.

ALLIED WASTE INDUSTRIES, INC.

By: _____
Name: Jo Lynn White
Title: Vice President, Assistant Secretary &
Deputy General Counsel

REPUBLIC SERVICES, INC.

By: _____
Name: Edward A. Lang, III
Title: Vice President, Finance & Treasurer

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

STOCK OPTION AGREEMENT

This agreement ("Agreement") by and between REPUBLIC SERVICES, INC., a Delaware corporation (the "Company") and _____ ("Optionee") is entered into as of _____. This Agreement must be signed by Optionee and returned to the Company's Stock Option Plan Administrator by _____ or all options granted herein will he canceled and will revert to the Company.

WHEREAS, the Company may have previously awarded to Optionee and is, on the terms and conditions set forth in this Agreement, awarding to Optionee non-qualified options to purchase shares of the Company's common stock par value $.01 per share (the "Stock"), conditioned upon execution by Optionee and the Company of this Agreement and the Security and Confidential Information Agreement (the "Security Agreement") or such other document containing, in the sole and absolute discretion of the Company, appropriate confidentiality and non-compete provisions.

NOW, THEREFORE, in consideration of the promises and of the covenants and agreements set forth herein, the parties hereby agree as follows:

1. Definitions. All capitalized terms used herein but not expressly defined shall have the meaning ascribed to them in the Company's 1998 Stock Incentive Plan as amended and restated March 6, 2002, a copy of which is enclosed as Exhibit A and incorporated herein by reference (the "Plan"). All references to the Company herein shall also be deemed to include references to any and all entities directly or indirectly controlled by the Company and which are consolidated with the Company for financial accounting purposes.

2. Grant of Option. Subject always to (a) the terms and conditions of the Agreement, (b) the terms and conditions of the Plan and (c) the Company's prior receipt of a Security Agreement or such other document containing appropriate confidentiality and non-compete provisions executed by Optionee, Optionee is granted effective _____, the right and option to purchase from the Company all or part of an aggregate of _____ shares of the Stock at the option price of $_____ per share (the "Option"). The Option will have a ten-year term and will vest over the next four years beginning on _____, at a rate each year of 25% of the aggregate shares, all as provided in the Plan. The Option shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

3. Forfeiture of Option Gain if Optionee is Terminated for Cause. If Optionee's employment is terminated for "Cause," then the Option, together with all prior options to purchase Stock granted to Employee, (the Option, together with all prior options, are referred to herein, collectively, as the "Options") shall terminate immediately. If Optionee has exercised or exercises the Options at any time after the date which is one year prior to the date of such termination, the Optionee shall pay to the Company the "Gain" on the exercise of the Options. For purposes of this Agreement, "Gain" means an amount equal to the excess, if any, of the market price of the Stock on the date of exercise over the exercise price of the Options, without regard to any subsequent market price decrease or increase, multiplied by the number of shares

purchased by Optionee. For purposes of this Agreement, “Cause” means the Optionee engaging in any activities contrary to or harmful to the interests of the Company, including, but not limited to: (i) conduct related to Optionee’s employment for which either criminal or civil penalties against Optionee may be sought; (ii) violation by Optionee of Company policy, including, without limitation, the Company’s insider trading policy; (iii) Optionee’s disclosure or misuse of any confidential information or material concerning the Company in violation of the Security Agreement or other similar agreement between the Company and the Optionee; (iv) Optionee’s willful misconduct or gross negligence; or (v) violation by Optionee of an employment agreement, if any, between the Company and Optionee.

4. Forfeiture of Options Gain if Optionee Engaged in Certain Competitive Activities. If at any time during the term of Optionee’s employment or within the time period specified in the Security Agreement or other similar agreement following termination of Optionee’s employment with the Company, Optionee violates any provision of the Security Agreement, or other similar agreement, the Options shall terminate effective on the date on which Optionee violates such provision of the Security Agreement unless terminated sooner by operation of the applicable Plan, and Optionee shall immediately pay to the Company the Gain (as previously defined herein on any exercise of the Options within a period commencing one year prior to the date of termination or forfeiture and ending after expiration of any grace period to exercise the Option.

5. Right to Set-Off. By accepting this Agreement, Optionee consents to a deduction from any amounts the Company owes Optionee from time to time (including amounts owed to Optionee as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Optionee by the Company), up to the dollar amount Optionee owes the Company under Paragraphs 3 and 4 above. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount Optionee owes it calculated as set forth above, Optionee agrees to pay immediately the unpaid balance to the Company.

6. Board of Director Discretion. Optionee may be released from his or her obligations under Paragraphs 3 and 4 above only if the Board of Directors of the Company, or a duly authorized committee thereof, determines, in its sole and absolute discretion, that such action is not adverse to the interests of the Company.

7. Transferability of Options. Unless otherwise approved by the Board of Directors of the Company or a duly authorized committee thereof, no Options shall be transferable or assignable by Optionee, other than by will or the laws of descent and distribution.

8. Voluntary Retirement. The Options shall become immediately vested if at the time Optionee retires, he or she is at least 55 years old and has completed at least six years of service to the Company, or if Optionee is at least 65 years old (without regard to years of service with the Company). Optionee will have three years from the date of retirement to exercise the Option. For purposes of this Paragraph, Optionee shall be credited with continuous service rendered to any entity acquired by the Company, any entity in which substantially all of its assets were acquired by the Company and Republic Services, Inc.

9. Termination of Employment or Service. Except as otherwise provided herein, upon termination of the employment or other service of Optionee with the Company, all Options previously granted to Optionee (whether pursuant to this Agreement or otherwise) shall, unless otherwise agreed in writing signed by Optionee and the Company, (a) cease any further vesting as of the date of termination of the employment or other service of Optionee with the Company, (b) Optionee's ability to exercise any vested Options shall terminate sixty days after the date of such termination of employment or service, provided that the Options do not expire earlier pursuant to Paragraphs 2, 3 or 4 above, and (c) Optionee shall have no further right to purchase shares of Stock pursuant to the Options.

10. Rights in the Event of Death or Disability.

(a) *Death*. If an Optionee dies while in the employ or service of the Company or within the period following the termination of employment or service during which the Option is exercisable under Section 9(b) below, all Options held by such Optionee prior to death shall become immediately vested and exercisable in full and the executors or administrators or legatees or distributees of such Optionee's estate shall have the right, at any time within five years after the date of such Optionee's death and prior to termination of the Option pursuant to Paragraph 2 above and the Plan, to exercise, in whole or in part, any Option held by such Optionee at the date of such Optionee's death; provided, however, that the Board of Directors of the Company (or any committee thereof) may provide, in its discretion, that following the death of an Optionee, the executors or administrators or legatees or distributees of such Optionee's estate may exercise the Options, in whole or in part, at any time subsequent to such Optionee's death and prior to termination of the Options pursuant to Paragraph 2 above and the Plan, either subject to or without regard to any vesting or other limitation on exercise.

(b) *Disability*. If an Optionee terminates employment or service with the Company by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Optionee, then all Options held by such Optionee shall become immediately exercisable in full and the Optionee shall have the right, at any time within five years after such termination of employment or service and prior to termination of the Options pursuant to Paragraph 2 above and the Plan, to exercise, in whole or in part, any Options held by such Optionee at the date of such termination of employment or service; provided, however, that the Board of Directors of the Company (or any committee thereof) may provide, in its discretion, that an Optionee may, in the event of the termination of employment or service of the Optionee with the Company by reason of the "permanent and total disability" of such Optionee, exercise Options, in whole or in part, at any time subsequent to such termination of employment or service and prior to termination of the Options pursuant to Paragraph 2 above and the Plan either subject to or without regard to any vesting or other limitation on exercise. Whether a termination of employment or service is to be considered by reason of "permanent and total disability" for purposes of this Plan shall be determined by the Board of Directors of the Company (or any committee thereof), which determination shall be final and conclusive.

11. Optionee Bound by Terms of Applicable Stock Option Plan. Optionee hereby acknowledges receipt of a copy of the Plan, and agrees to be bound by all of the terms, conditions and provisions of the same.

12. Right to Continued Employment. Nothing contained in this Agreement shall confer on Optionee the right to continue in the employment of the Company or otherwise impede the Company's ability to terminate Optionee's employment.

13. Governing Law. This Agreement shall be governed by and constructed in accordance with the laws of the State of Florida, without regard to its principles of conflict of laws. The parties agree that any action, suit or proceeding arising out of or relative to this Agreement or the relationship of Optionee and the Company, shall be instituted only in the state or federal courts located in Broward County in the State of Florida, and each party waives any objection which such party may now or hereafter have to such venue or jurisdictional court in any action, suit, or proceeding. Any and all services of process and any other notice in any such action, suit or proceeding shall be effective against any party if given by mail (registered or certified where possible, return receipt requested), postage prepaid, mailed to such party at the address set forth herein.

14. Severability. The invalidity or enforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

15. Notices. All notices or other communications with respect to the Options shall be deemed given and delivered in person or by facsimile transmission, telefaxed, or mailed by registered or certified mail (return receipt requested, postage prepaid) to the Company's Stock Option Administrator at the following address (or such other address, as shall be specified by like notice of a change of address shall be effective upon receipt):

Stock Option Administrator
Republic Services, Inc.
110 Southeast 6th Street, 28th Floor Fort
Lauderdale, FL 33301

16. Binding Effect. Subject to the limitation stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company and to Optionee's heirs, legatees, distributees and personal representatives.

17. Conflict with Terms of Plan. In the event that any provision of this Agreement should conflict with any provision of the Plan, the Plan shall govern and be controlling.

18. Integration. This Agreement supersedes all prior agreements and understanding between the Company and Optionee relating to the grant of the Options.

19. Preliminary Statements. The Preliminary Statements set forth on the first page of this Agreement are true and correct and are hereby incorporated and made a part of this Agreement.

20. Waiver. The failure of any party at any time to require strict performance of any condition, promise, agreement or understanding set forth herein shall not be construed as a waiver or relinquishment of the right to require strict performance of the same condition, promise, agreement or understanding at a subsequent time.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement.

REPUBLIC SERVICES, INC.

Stock Option Administrator

Date:

OPTIONEE

Signature

Print or Type Name

Street Address

City, State, Zip

Telephone Number

Social Security Number

Date

DIRECTOR STOCK OPTION AGREEMENT

This Director Stock Option Agreement ("Agreement") by and between REPUBLIC SERVICES, INC., a Delaware corporation (the "Company") and _____ ("Optionee"), is entered into as of _____.

WHEREAS, the Company may have previously awarded to Optionee and is, on the terms and conditions set forth in this Agreement, awarding to Optionee non-qualified options to purchase shares of the Company's common stock par value $.01 per share (the "Stock").

NOW, THEREFORE, in consideration of the promises and of the covenants and agreements set forth herein, the parties hereby agree as follows:

1. Definitions. All capitalized terms used herein but not expressly defined shall have the meaning ascribed to them in the Company's 1998 Stock Incentive Plan, as amended and restated on March 6, 2002, and incorporated herein by reference (the "Plan"). All references to the Company herein shall also be deemed to include references to any and all entities directly or indirectly controlled by the Company and which are consolidated with the Company for financial accounting purposes.

2. Grant of Option. Subject, always to (a) the terms and conditions of the Agreement and (b) the terms and conditions of the Plan, Optionee is granted effective _____, the right and option to purchase from the Company all or part of an aggregate of _____ shares of the Stock at the option price of $_____ per share (the "Option" and together with all options previously granted to Optionee by the Company, the "Options"). The Option shall have a ten-year term and shall be fully vested upon issuance. The Option shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

3. Transferability of Options. Unless otherwise approved by the Board of Directors of the Company or a duly authorized committee thereof, no Options shall be transferable or assignable by Optionee, other than by will or the laws of descent and distribution.

4. Voluntary Retirement; Non-Election to Board of Directors. In the event that (a) Optionee shall retire from the Company's Board of Directors or (b) Optionee shall not be reelected to the Company's Board of Directors at a regular or special meeting of the Company's shareholders, Optionee shall have ten (10) years from the date of grant of any Options to exercise such Options and acquire the Company's Stock.

5. Rights in the Event of Death or Disability.

(a) *Death*. If an Optionee dies while serving as a member of the Company's Board of Directors, all Options held by such Optionee prior to death shall remain exercisable in full and the executors or administrators or legatees or distributees of such Optionee's estate shall have the right, at any time following the date of such Optionee's death (but in all cases prior to the tenth (10th) anniversary of the grant date of such Options), to exercise, in whole or in part, any Option

held by such Optionee at the date of such Optionee's death.

(b) *Disability*. If an Optionee terminates service as a member of the Board of Directors of the Company by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Optionee, then all Options held by such Optionee shall remain exercisable in full and the Optionee shall have the right, at any time following such termination of service (but in all cases prior to the tenth (10th) anniversary of the grant date of such Options), to exercise, in whole or in part, any Options held by such Optionee at the date of such termination of service.

6. Optionee Bound by Terms of Applicable Stock Option Plan. Optionee hereby acknowledges receipt of a copy of the Plan, and agrees to be bound by all of the terms, conditions and provisions of the same.

7. Governing Law. This Agreement shall be governed by and constructed in accordance with the laws of the State of Florida, without regard to its principles of conflict of laws. The parties agree that any action, suit or proceeding arising out of or relative to this Agreement or the relationship of Optionee and the Company, shall be instituted only in the state or federal courts located in Broward County in the State of Florida, and each party waives any objection which such party may now or hereafter have to such venue or jurisdictional court in any action, suit, or proceeding. Any and all services of process and any other notice in any such action, suit or proceeding shall be effective against any party if given by mail (registered or certified where possible, return receipt requested), postage prepaid, mailed to such party at the address set forth herein.

8. Severability. The invalidity or enforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9. Notices. All notices or other communications with respect to the Options shall be deemed given and delivered in person or by facsimile transmission, telefaxed, or mailed by registered or certified mail (return receipt requested, postage prepaid) to the Company's Stock Option Administrator at the following address (or such other address, as shall be specified by like notice of a change of address shall be effective upon receipt):

Stock Option Administrator
Republic Services, Inc.
110 Southeast 6th Street, 28th Floor
Fort Lauderdale, FL 33301

10. Binding Effect. Subject to the limitation stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company and to Optionee's heirs, legatees, distributees and personal representatives.

11. Conflict with Terms of Plan. In the event that any provision of this Agreement should conflict with any provision of the Plan, the Plan shall govern and be controlling.

12. Integration. This Agreement supersedes all prior agreements and understanding between the Company and Optionee relating to the grant of the Options.

13. Preliminary Statements. The Preliminary Statements set forth on the first page of this Agreement are true and correct and are hereby incorporated and made a part of this Agreement.

14. Waiver. The failure of any party at any time to require strict performance of any condition, promise, agreement or understanding set forth herein shall not be construed as a waiver or relinquishment of the right to require strict performance of the same condition, promise, agreement or understanding at a subsequent time.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement.

REPUBLIC SERVICES, INC.

Stock Option Administrator

_____

Date:

OPTIONEE

_____

Signature

_____

Print or Type Name

_____

Street Address

_____

City, State, Zip

_____

Telephone Number

_____

Social Security Number

_____

Date

EXECUTIVE RESTRICTED STOCK AGREEMENT
REPUBLIC SERVICES, INC.

THIS RESTRICTED STOCK AGREEMENT, dated as of this _____ day of _____, between Republic Services, Inc., a Delaware corporation ("the Company") and _____ (the "Executive"), is made pursuant and subject to the provisions of the Company's 1998 Stock Incentive Plan, as amended, and any future amendments thereto (the "Plan"). The Plan, as it may be amended from time to time, is incorporated herein by reference.

1. Definitions. All capitalized terms used herein but not expressly defined shall have the meaning ascribed to them in the Plan. All references to the Company herein shall also be deemed to include references to any and all entities directly or indirectly controlled by the Company and which are consolidated with the Company for financial accounting purposes.

2. Award of Restricted Stock. Subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, the Company on this date awards to the Executive _____ shares of Restricted Stock.

3. Terms and Conditions. This award of Restricted Stock is subject to the following terms and conditions:

A. Restricted Period. Except as provided in subparagraph B, this award of Restricted Stock shall vest, and become nonforfeitable on _____, in an amount equal to the percentage (which cannot exceed 100%) by which the Company achieves its Net Income goal (as hereinafter defined) for calendar year _____. For purposes of this Executive Restricted Stock Agreement, Net Income goal shall equal $ _____.

The period from the date hereof until the shares of Restricted Stock have become 100% vested shall be referred to as the "Restricted Period".

B. Death; Disability. The shares of Restricted Stock not yet vested shall become 100% vested and transferable in the event that the Executive dies or becomes permanently and totally disabled (within the meaning of Section 22(e)(3) of the Code) while employed by the Company or an Affiliate during the Restricted Period. Except as otherwise provided in any agreement between the Company and Executive, in all events other than those previously addressed in this paragraph, if the Executive ceases to be an employee of the Company or an Affiliate, the Executive shall be vested only as to that percentage of shares of Restricted Stock which are vested at the time of the termination of his employment and the Executive shall forfeit the right to the shares of Restricted Stock which are not yet vested.

C. Restrictions. The shares of Restricted Stock awarded hereunder and any stock distributions with respect to such Restricted Stock shall be subject to the following restrictions during the Restricted Period:

(1) the Restricted Stock shall be subject to forfeiture as provided herein;

(2) the Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, and neither the right to receive the Restricted Stock nor any interest hereunder may be assigned by the Executive, and any attempted assignment shall be void;

(3) A certificate representing the shares of Restricted Stock awarded hereunder shall be held in escrow by the Company and shall, in the Company's sole discretion, bear an appropriate restrictive legend and be subject to appropriate "stop transfer" orders. To facilitate the escrow of the shares of Restricted Stock awarded hereunder with the Company, the Executive shall deliver herewith the Stock Power attached hereto as Exhibit A executed in blank by the Executive and dated as of the date hereof; and

(4) Any additional stock or other securities or property that may be issued or distributed with respect to the Restricted Stock awarded hereunder as a. result of any stock dividend, stock split, business combination or other event shall be subject to the restrictions and other terms and conditions set forth in this Agreement.

D. Receipt of Common Stock. At or after the end of the Restricted Period, the Executive shall receive the number of shares of restricted Common Stock awarded hereunder, free and clear of the restrictions set forth in this Agreement, except for any restrictions necessary to comply with federal and state securities laws. Certificates representing such shares shall be released to the Executive as promptly as practical following the Executive's becoming entitled to receive such shares.

E. Shareholder Rights. Promptly following the award, the Company shall issue a certificate representing the shares of Restricted Stock awarded hereunder. The Executive shall, subject to the restrictions set forth herein, have all rights of a shareholder with respect to such shares of Restricted Stock, including the right to vote such shares and the right to receive cash dividends and other distributions thereon.

F. Tax Withholding. The Company shall have the right to retain and withhold from any award of the Restricted Stock, the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such award. At its discretion, the Company may require the Executive receiving shares of Restricted Stock to reimburse the Company for any such taxes required to be withheld by the Company, and, withhold any distribution in whole or in part until the Company is so reimbursed. In lieu thereof, the Company shall have the unrestricted right to withhold, from any other cash amounts due (or to become due) from the Company to the Executive, an amount equal to such taxes required to be withheld by the Company to reimburse the Company for any such taxes (or retain and withhold a number of shares of vested Restricted Stock, having a market value not less than the

amount of such taxes, and cancel in whole or in part any such shares so withheld, in order to reimburse the Company for any such taxes).

4. No Right to Continued Employment. This Agreement does not confer upon the Executive any right with respect to continuance of employment by the Company or an Affiliate, nor shall it interfere in any way with the right of the Company or an Affiliate to terminate his or her employment at any time.

5. Change of Control or Capital Structure. Subject to any required action by the shareholders of the Company, the number of shares of Restricted Stock covered by this award shall be proportionately adjusted and the terms of the restrictions on such shares shall be adjusted as the Committee shall determine to be equitably required for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from any stock dividend (but only on the Common Stock), stock split, subdivision, combination, reclassification, recapitalization or general issuance to the holders of Common Stock of rights to purchase Common Stock at substantially below fair Market value or any change in the number of such shares outstanding effected without receipt of cash or property or labor or services by the Company or for any spin-off, spin-out, split-up, split-off or other distribution of assets to shareholders.

In the event of a Change of Control, the provisions of Section 13.03 of the Plan shall apply to this award of Restricted Stock. In the event of a change in the Common Stock of the Company as presently constituted, which is limited to a change in all of its authorized shares without par value into the same number of shares with par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

The award of Restricted Stock pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

6. Governing Law. This Agreement shall be governed by and constructed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws. The parties agree that any action, suit or proceeding arising out of or relative to this Agreement or the relationship of Executive and the Company, shall be instituted only in the state or federal courts located in Broward County in the State of Florida, and each party waives any objection which such party may now or hereafter have to such venue or jurisdictional court in any action, suit, or proceeding. Any and all services of process and any other notice in any such action, suit or proceeding shall be effective against any party if given by mail (registered or certified where possible, return receipt requested), postage prepaid, mailed to such party at the address set forth herein.

7. Conflicts. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall govern.

8. Executive Bound by Plan. The Executive hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms, conditions and provisions thereof.

9. Binding Effect. Subject to the limitations stated herein and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees and personal representatives of the Executive and the successors of the Company.

10. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and the Executive has affixed his or her signature hereto.

REPUBLIC SERVICES, INC.

_____

By: _____

Its: _____

EXECUTIVE

_____

Exhibit A

STOCK POWER

FOR VALUE RECEIVED, pursuant to a certain Restricted Stock Agreement between Republic Services, Inc. and the undersigned dated _____, I hereby sell, assign and transfer unto Republic Services, Inc. all shares of the restricted Common Stock of Republic Services, Inc. awarded to me on this date and in the future under said Agreement and do hereby irrevocably constitute and appoint the Secretary of Republic Services, Inc. as my attorney-in-fact to transfer the said shares of stock on the books of Republic Services, Inc. with full power of substitution in the premises.

Dated:

_____

EXECUTIVE RESTRICTED STOCK AGREEMENT
REPUBLIC SERVICES, INC.

THIS RESTRICTED STOCK AGREEMENT, dated as of this _____ day of _____, between Republic Services, Inc., a Delaware corporation ("the Company") and _____ (the "Executive"), is made pursuant and subject to the provisions of the Company's 1998 Stock Incentive Plan, as amended, and any future amendments thereto (the "Plan"). The Plan, as it may be amended from time to time, is incorporated herein by reference.

1. Definitions. All capitalized terms used herein but not expressly defined shall have the meaning ascribed to them in the Plan. All references to the Company herein shall also be deemed to include references to any and all entities directly or indirectly controlled by the Company and which are consolidated with the Company for financial accounting purposes.

2. Award of Restricted Stock. Subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, the Company on this date awards to the Executive _____ shares of Restricted Stock.

3. Terms and Conditions. This award of Restricted Stock is subject to the following terms and conditions:

A. Restricted Period. Except as otherwise provided in this subparagraph or in subparagraph B, this award of Restricted Stock shall vest, and become nonforfeitable with the schedule set forth below:

Date	Percent of Award Vested
[1 year]	25%
[2 years]	50%
[3 years]	75%
[4 years]	100%

The period from the date hereof until the shares of Restricted Stock have become 100% vested shall be referred to as the "Restricted Period". Notwithstanding anything to the contrary herein, in the event the Company achieves, during one or more of the first three calendar years following the date upon which the Award of Restricted Stock is made to Executive as provided herein, (i) the Earnings Per Share Target ("EPS Target") and (ii) the Free Cash Flow Target ("Free Cash Flow Target"), each as annually established by the Compensation Committee of the Company's Board of Directors pursuant to the Company's Executive Incentive Plan, then the vesting schedule set forth above shall be modified and accelerated in accordance with the terms set forth on the attached Schedule A.

B. Death; Disability; Retirement; Termination of Employment. The shares of Restricted Stock not yet vested shall become 100%“vested and transferable in the event that the Executive dies or becomes permanently and totally disabled (within the meaning of Section 22(e)(3) of the Code) while employed by the Company or an Affiliate during the Restricted Period. If at the time Executive retires he or she:

(a) is at least fifty-five (55) years old and has completed six (6) years of service to the Company or is at least sixty (60) years old (without regard to years of service) and has provided the Company not less than twelve (12) months prior written notice of Executive’s intent to retire;

or

(b) is at least sixty (60) years old or has completed fifteen (15) years of continuous service with the Company or is sixty-five (65) years old and has completed five (5) years of continuous service with the Company, then the shares of Restricted Stock shall become 100% vested and transferable.

C. Restrictions. The shares of Restricted Stock awarded hereunder and any stock distributions with respect to such Restricted Stock shall be subject to the following restrictions during the Restricted Period:

(1) the Restricted Stock shall be subject to forfeiture as provided herein;

(2) the Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, and neither the right to receive the Restricted Stock nor any interest hereunder may be assigned by the Executive, and any attempted assignment shall be void;

(3) A certificate representing the shares of Restricted Stock awarded hereunder shall be held in escrow by the Company and shall, in the Company’s sole discretion, bear an appropriate restrictive legend and be subject to appropriate “stop transfer” orders. To facilitate the escrow of the shares of Restricted Stock awarded hereunder with the Company, the Executive shall deliver herewith the Stock Power attached hereto as Exhibit A executed in blank by the Executive and dated as of the date hereof; and

(4) Any additional stock or other securities or property that may be issued or distributed with respect to the Restricted Stock awarded hereunder as a result of any stock dividend, stock split,

business combination or other event shall be subject to the restrictions and other terms and conditions set forth in this Agreement.

D. Receipt of Common Stock. At or after the end of the Restricted Period, the Executive shall receive the number of shares of restricted Common Stock awarded hereunder, free and clear of the restrictions set forth in this Agreement, except for any restrictions necessary to comply with federal and state securities laws. Certificates representing such shares shall be released to the Executive as promptly as practical following the Executive's becoming entitled to receive such shares.

E. Shareholder Rights. Promptly following the award, the Company shall issue a certificate representing the shares of Restricted Stock awarded hereunder. The Executive shall, subject to the restrictions set forth herein, have all rights of a shareholder with respect to such shares of Restricted Stock, including the right to vote such shares and the right to receive cash dividends and other distributions thereon.

F. Tax Withholding. The Company shall have the right to retain and withhold from any award of the Restricted Stock, the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such award. At its discretion, the Company may require the Executive receiving shares of Restricted Stock to reimburse the Company for any such taxes required to be withheld by the Company, and, withhold any distribution in whole or in part until the Company is so reimbursed. In lieu thereof, the Company shall have the unrestricted right to withhold, from any other cash amounts due (or to become due) from the Company to the Executive, an amount equal to such taxes required to be withheld by the Company to reimburse the Company for any such taxes (or retain and withhold a number of shares of vested Restricted Stock, having a market value not less than the amount of such taxes, and cancel in whole or in part any such shares so withheld, in order to reimburse the Company for any such taxes).

4. No Right to Continued Employment. This Agreement does not confer upon the Executive any right with respect to continuance of employment by the Company or an Affiliate, nor shall it interfere in any way with the right of the Company or an Affiliate to terminate his or her employment at any time.

5. Change of Control or Capital Structure. Subject to any required action by the shareholders of the Company, the number of shares of Restricted Stock covered by this award shall be proportionately adjusted and the terms of the restrictions on such shares shall be adjusted as the Committee shall determine to be equitably required for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from any stock dividend (but only on the Common Stock), stock split, subdivision, combination, reclassification, recapitalization or general issuance to the holders of Common Stock of rights to purchase Common Stock at substantially below fair Market value or any change in the number of such shares outstanding effected without receipt of cash or property or labor or services by the Company or for any spin-off, spin-out, split-up, split-off or other distribution of assets to shareholders.

In the event of a Change of Control, the provisions of Section 13.03 of the Plan shall apply to this award of Restricted Stock. In the event of a change in the Common Stock of the Company as presently constituted, which is limited to a change in all of its authorized shares without par value into the same number of shares with par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

The award of Restricted Stock pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

6. Governing Law. This Agreement shall be governed by and constructed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws. The parties agree that any action, suit or proceeding arising out of or relative to this Agreement or the relationship of Executive and the Company, shall be instituted only in the state or federal courts located in Broward County in the State of Florida, and each party waives any objection which such party may now or hereafter have to such venue or jurisdictional court in any action, suit, or proceeding. Any and all services of process and any other notice in any such action; suit or proceeding shall be effective against any party if given by mail (registered or certified where possible, return receipt requested), postage prepaid, mailed to such party at the address set forth herein.

7. Conflicts. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall govern.

8. Executive Bound by Plan. The Executive hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms, conditions and provisions thereof.

9. Binding Effect. Subject to the limitations stated herein and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees and personal representatives of the Executive and the successors of the Company.

10. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and the Executive has affixed his or her signature hereto.

REPUBLIC SERVICES, INC.

By: _____

Its: _____

EXECUTIVE

_____

Schedule A

Restricted Stock Award
Accelerated Vesting Schedule

Accelerated Vesting Schedule

Award Anniversary Date	Normal Vesting Schedule	Achieve Year 1 EPS and Free Cash Flow Target	Achieve Years 1 & 2 EPS and Free Cash Flow Targets	Achieve Year 2 EPS and Free Cash Flow Targets only
Year 1	25%	50%	50%	25%
Year 2	25%	25%	50%	50%
Year 3	25%	25%	—	25%
Year 4	25%	—	—	—

Exhibit A

STOCK POWER

FOR VALUE RECEIVED, pursuant to a certain Restricted Stock Agreement between Republic Services, Inc. and the undersigned dated _____, I hereby sell, assign and transfer unto Republic Services, Inc. all shares of the restricted Common Stock of Republic Services, Inc. awarded to me on this date and in the future under said Agreement and do hereby irrevocably constitute and appoint the Secretary of Republic Services, Inc. as my attorney-in-fact to transfer the said shares of stock on the books of Republic Services, Inc. with full power of substitution in the premises.

Dated:

_____

REPUBLIC SERVICES, INC.

NON-EMPLOYEE DIRECTOR STOCK UNIT AGREEMENT

THIS STOCK UNIT AGREEMENT, dated as of this ___ day of _____ ___, between Republic Services, Inc., a Delaware corporation ("the Company") and _____ (the "Director"), is made pursuant and subject to the provisions of the Company's 1998 Stock Incentive Plan, as amended, and any future amendments thereto (the "Plan"). The Plan, as it may be amended from time to time, is incorporated herein by reference.

1. Definitions. All capitalized terms used herein but not expressly defined shall have the meaning ascribed to them in the Plan. All references to the Company herein shall also be deemed to include references to any and all entities directly or indirectly controlled by the Company and which are consolidated with the Company for financial accounting purposes.

2. Award of Stock Units. Subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, the Company on this date awards to the Director _____ Stock Units (referred to as "Stock Units" herein and referred to as Phantom Stock in the Plan).

3. Terms and Conditions. This award of Common Stock is subject to the following terms and conditions: A. Payment for Stock Units. Except as otherwise provided in subparagraph B hereof, at the time the Director's service on the Board terminates, the Director shall receive one share of Common Stock for each Stock Unit awarded hereunder, free and clear of the restrictions set forth in this Agreement, except for any restrictions necessary to comply with federal and state securities laws. Certificates representing such shares shall be delivered to the Director as promptly as practical following the Director's becoming entitled to receive such shares.

B. Hypothetical Nature of Stock Units. The Stock Units awarded herein do not represent an equity security of the Company and do not carry any voting or dividend rights, except the right to receive additional Stock Units in lieu of dividends as set forth herein.

C. Dividends. Director shall receive additional Stock Units or fractional Stock Units each time a dividend or other distribution is paid on the Company's Common Stock. The number of Stock Units awarded for a cash dividend or non-cash dividend other than a stock dividend shall be determined by (a) multiplying the number of Stock Units held by the Director pursuant to this Agreement as of the dividend payment date by the amount of the dividend per share of Common Stock and (b) dividing the product so determined by the Fair Market Value of the Common Stock on the dividend payment date. The number of Stock Units awarded for a stock dividend shall be determined by multiplying the number of Stock Units held by the

Director pursuant to this Agreement as of the dividend payment date by the number of additional shares of Common Stock actually paid as a dividend per share of Common Stock. Any additional Stock Units awarded pursuant to this Section 3.C. shall be awarded effective the day following the date the dividend was paid.

D. Unforeseeable Financial Emergency. If the Director experiences an Unforeseeable Financial Emergency, the Director may petition the Committee to receive the payment of shares of Common Stock for all or part of his Stock Units prior to termination of his service on the Board. The Director shall only receive shares of Common Stock as necessary to satisfy the Unforeseeable Financial Emergency to the extent deemed necessary by the Committee (excluding the Director, if the Director is a member of the Committee). "Unforeseeable Financial Emergency" shall mean an unanticipated emergency that is caused by an event beyond the control of the Director that would result in severe financial hardship to the Director resulting from (i) a sudden and unexpected illness or accident of the Director or a dependent of the Director, (ii) a loss of the Director's property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Director, all as determined in the sole discretion of the Committee.

E. Tax. The Company shall make any required tax filings with the Internal Revenue Service and the appropriate State taxing authorities, if any, in connection with the award of Common Stock hereunder. The Director is responsible for the payment of any taxes resulting from the award of Stock Units or receipt of Common Stock hereunder.

4. No Right to Renomination. Nothing in this Agreement shall confer upon the Director any right to be renominated by the Board as a director of the Company.

5. Change of Control or Capital Structure. Subject to any required action by the shareholders of the Company, the number of Stock Units covered by this award shall be proportionately adjusted as the Committee shall determine to be equitably required for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from any stock dividend (but only on the Common Stock), stock split, subdivision, combination, reclassification, recapitalization or general issuance to the holders of Common Stock of rights to purchase Common Stock at substantially below fair market value or any change in the number of such shares outstanding effected without receipt of cash or property or labor or services by the Company or for any spin-off, spin-out, split-up, split-off or other distribution of assets to shareholders.

In the event of a Change of Control, the provisions of Section 13.03 of the Plan shall apply to this Stock Unit Award. Upon a Change of Control, the Stock Units awarded herein shall be cancelled and the Director shall receive a cash payment for each Stock Unit equal to the greater of (1) the closing price of the Company's Common Stock on or nearest the date on which the Change of Control is deemed to occur, or (2) the highest per share price for shares of the Company's Common Stock actually paid in connection with the Change of Control.

The award of Stock Units pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

6. Governing Law. This Agreement shall be governed by and constructed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws. The parties agree that any action, suit or proceeding arising out of or relative to this Agreement or the relationship of Optionee and the Company, shall be instituted only in the state or federal courts located in Broward County in the State of Florida, and each party waives any objection which such party may now or hereafter have to such venue or jurisdictional court in any action, suit, or proceeding. Any and all services of process and any other notice in any such action, suit or proceeding shall be effective against any party if given by mail (registered or certified where possible, return receipt requested), postage prepaid, mailed to such party at the address set forth herein.

7. Conflicts. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall govern.

8. Director Bound by Plan. The Director hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms, conditions and provisions thereof.

9. Binding Effect. Subject to the limitations stated herein and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees and personal representatives of the Director and the successors of the Company.

10. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and the Director has affixed his or her signature hereto.

REPUBLIC SERVICES, INC.

_____

DIRECTOR

_____

AMENDMENT TO THE REPUBLIC SERVICES, INC.
2007 STOCK INCENTIVE PLAN

THIS AMENDMENT (the "Amendment"), made effective as of the ___ day of January, 2009, to the Republic Services, Inc. 2007 Stock Incentive Plan (the "Plan"), by **REPUBLIC SERVICES, INC.**, a Delaware Corporation (the "Company").

WITNESSETH :

WHEREAS, effective as of February 21, 2007, the Company did establish the Plan to enable the Company to attract, retain, reward and motivate Eligible Individuals by providing them with an opportunity to acquire or increase a proprietary interest in Republic and to incentivize them to expend maximum effort for the growth and success of the Company, so as to strengthen the mutuality of the interests between the Eligible Individuals and the shareholders of Republic;

WHEREAS, the board of directors of the Company reserved the right to amend said Plan;

NOW, THEREFORE, the Plan shall be amended, effective as of January 1, 2009, as follows:

1. The definition of "Award" under Section 3(a) of the Plan is hereby amended to read as follows:

(a) "Award" means any Common Stock, Option, Performance Share, Performance Unit, Restricted Stock, Restricted Stock Unit, Stock Appreciation Right or any other award granted pursuant to the Plan.

2. The definition of "Dividend Equivalent" under Section 3(p) of the Plan is hereby amended to read as follows:

(p) “Dividend Equivalent” means a right to receive cash, shares of Common Stock, or other property equal in value to dividends paid with respect to one share of Common Stock subject to an Award granted to a Participant under the Plan.

3. The definition of “Restricted Stock Unit” under Section 3(kk) of the Plan is hereby amended to read as follows:

(kk) “Restricted Stock Unit” means the right to receive a fixed number of shares of Common Stock, or the cash equivalent, granted pursuant to Section 9 hereunder.

4. Section 6(a)(iii) of the Plan is hereby amended to read as follows:

(iii) With respect to the shares of Common Stock reserved pursuant to this Section, a maximum of One Million Two Hundred Fifty Thousand (1,250,000) of such shares may be subject to grants of Performance Shares, Restricted Stock, Restricted Stock Units, and Awards of Common Stock to any one Eligible Individual during any one fiscal year.

5. Section 6(d)(vi) of the Plan is hereby amended to read as follows:

(vi) the Exercise Price of outstanding Options or Stock Appreciation Rights granted under the Plan and/or

6. The third sentence of Section 7(i) is hereby amended to read as follows:

Said notice must be delivered to Republic at its principal office and addressed to the attention of Stock Option Administrator, Republic Services, Inc., 18500 N. Allied Way, Phoenix, AZ 85054.

7. The heading to Section 9 of the Plan is hereby amended to read as follows:

RESTRICTED STOCK AND RESTRICTED STOCK UNITS

8. Section 9(a) of the Plan is hereby amended to read as follows:

(a) *Grant of Restricted Stock and Restricted Stock Units.* Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Restricted Stock and/or Restricted Stock Units, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of Restricted Stock or Restricted Stock Units shall satisfy the requirements as set forth in this Section.

9. Section 9(b) of the Plan is hereby amended to read as follows:

(b) *Restrictions.* The Committee shall impose such restrictions on any Restricted Stock and/or Restricted Stock Units granted pursuant to the Plan as it may deem advisable including, without limitation, time based vesting restrictions, or the attainment of Performance Goals. Except as otherwise provided by the Committee in an Award Agreement in its sole and absolute discretion, subject to Sections 11, 12 and 13 of the Plan, Restricted Stock and Restricted Stock Units covered by any Award under this Plan that are subject solely to a future service requirement shall not vest prior to the first (1st) anniversary of the Grant Date. Shares of Restricted Stock and Restricted Stock Units subject to the attainment of Performance Goals will be released from restrictions only after the attainment of such Performance Goals has been certified by the Committee in accordance with Section 10(d).

10. Section 9(e) of the Plan is hereby amended to read as follows:

(e) *Shareholder Rights.* Unless otherwise provided in an Award Agreement and until the expiration of all restrictions applicable to the Award, the following provisions shall apply with respect to the Restricted Stock and Restricted Stock Units granted pursuant to the Plan.

(i) Restricted Stock. With respect to Restricted Stock, the following provisions apply:

(1) the Restricted Stock shall be treated as outstanding,

(2) the Participant holding shares of Restricted Stock may exercise full voting rights with respect to such shares, and

(3) the Participant holding shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such shares while they are so held. Notwithstanding anything to the contrary, if and to the extent so provided in the Award Agreement, all such dividends and distributions shall be held in escrow by the Company (subject to the same restrictions on forfeitability) until all restrictions on the respective Restricted Stock have lapsed. If any such dividends or distributions are paid in shares of Common Stock, such shares shall be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid.

(ii) Restricted Stock Units. With respect to Restricted Stock Units, the following provisions apply:

(1) prior to settlement of the Restricted Stock Unit with shares of Common Stock, the Restricted Stock Unit carries no voting or dividend or other rights associated with the ownership of Common Stock and the shares of Common Stock to which the

Restricted Stock Units relate shall not be treated as outstanding, and

(2) Unless otherwise provided in the Award Agreement, any Dividend Equivalents that are granted with respect to any Restricted Stock Unit Award shall be either (A) paid with respect to such Restricted Stock Unit Award at the dividend payment date in cash or in shares of Common Stock having a fair market value equal to the amount of such dividends, or (B) deferred with respect to such Restricted Stock Unit Award and the amount or value thereof automatically deemed reinvested in additional Restricted Stock Units, other Awards or other investment vehicles, as the Committee shall provide in the Award Agreement.

11. Section 9(f) of the Plan is hereby amended to read as follows:

(f) *Termination of Service.* Unless otherwise provided in a Award Agreement, if a Participant's employment or other service with the Company terminates for any reason, all unvested shares of Restricted Stock and unvested Restricted Stock Units held by the Participant and any dividends, distributions or Dividend Equivalents, held in escrow by Republic with respect to such Restricted Stock or Restricted Stock Units shall be forfeited immediately and returned to the Company. Notwithstanding this paragraph, all grants of Restricted Stock or Restricted Stock Units that vest solely upon the attainment of Performance Goals shall be treated pursuant to the terms and conditions that would have been applicable under Section 9(c) as if such grants of Restricted Stock or Restricted Stock Units were Awards of Performance Shares. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason, any unvested shares of Restricted Stock or Restricted Stock Units held by the Participant that vest solely upon a future service requirement shall vest in whole or in part, at any time subsequent to such termination of employment or other service.

12. The first sentence of Section 12 of the Plan is hereby amended to read as follows:

Unless otherwise provided in an Award Agreement, upon the occurrence of a Change in Control of Republic, all Awards shall immediately become exercisable or vested, without regard to any limitation imposed pursuant to this Plan.

13. Section 15(c) of the Plan is hereby amended to read as follows:

(c) *Dividends and Dividend Equivalents.* Except as provided in any Award Agreement or as otherwise provided in Sections 6(d), 9(e) and 10 of the Plan, a

Participant shall not be entitled to receive, currently or on a deferred basis, cash or stock dividends, or Dividend Equivalents, on shares of Common Stock covered by an Award which has not vested or an Option. The Committee in its absolute and sole discretion may credit a Participant's Award with Dividend Equivalents with respect to any Awards. To the extent that dividends and distributions relating to an Award are held in escrow by the Company, or Dividend Equivalents are credited to an Award, a Participant shall not be entitled to any interest on any such amounts. The Committee may not grant Dividend Equivalents to an Award subject to performance-based vesting to the extent that the grant of such Dividend Equivalents would limit the Company's deduction of the compensation payable under such Award for federal tax purposes pursuant to Code Section 162(m).

14. Section 15(k) of the Plan is hereby amended to read as follows:

(k) *Amendment and Termination of Plan.* The Board may, at any time and from time to time, amend, suspend or terminate the Plan as to any shares of Common Stock as to which Awards have not been granted; *provided, however,* that the approval of the shareholders of Republic in accordance with applicable law and the Articles of Incorporation and Bylaws of Republic shall be required for any amendment: (i) that changes the class of individuals eligible to receive Awards under the Plan; (ii) that increases the maximum number of shares of Common Stock in the aggregate that may be subject to Awards that are granted under the Plan (except as permitted under Section 6 or Section 12 hereof); (iii) the approval of which is necessary to comply with federal or state law (including without limitation Section 162(m) of the Code and Rule 16b-3 under the Exchange Act) or with the rules of any stock exchange or automated quotation system on which the Common Stock may be listed or traded; or (iv) that proposed to eliminate a requirement provided herein that the shareholders of Republic must approve an action to be undertaken under the Plan. Except as permitted under Section 6 or Section 12 hereof, no amendment, suspension or termination of the Plan shall, without the consent of the holder of an Award, alter or impair rights or obligations under any Award theretofore granted under the Plan. Awards granted prior to the termination of the Plan may extend beyond the date the Plan is terminated and shall continue subject to the terms of the Plan as in effect on the date the Plan is terminated.

15. In all other respects, the Plan shall remain unchanged by this Amendment.

IN WITNESS WHEREOF, the Company has caused this Amendment to be signed by a duly authorized officer.

REPUBLIC SERVICES, INC.

By: _____

STOCK OPTION AGREEMENT

This Stock Option Agreement (the "**Agreement**") dated as of the _____ day of _____, _____ (the **"Grant Date"**), by and between **REPUBLIC SERVICES, INC.,** a Delaware corporation (the **"Company"**) and _____ (**"Optionee"**), is made pursuant and subject to the provisions of the Company's 2007 Incentive Plan, as it may be amended from time to time (the **"Plan"**).

1. Definitions. All capitalized terms used herein but not expressly defined shall have the meaning ascribed to them in the Plan, a copy of which is being provided via email and is incorporated herein by reference. All references to the Company herein also shall be deemed to include references to any and all entities directly or indirectly controlled by the Company and which are consolidated with the Company for financial accounting purposes.

2. Grant of Option. Subject to the terms and conditions of the Plan and to the terms and conditions set forth in this Agreement, the Company hereby grants to the Optionee the right and option to purchase from the Company all or part of an aggregate of _____ shares of the Stock at the Exercise Price of **$**_____ per share (the **"Option"**). The Option shall be treated as a Non-Qualified Stock Option.

3. Vesting and Expiration.

(a) Vesting Schedule. Except as otherwise provided in this subparagraph or in Section 3(b) hereof, this Option shall vest and become nonforfeitable on the dates (each a **"Vesting Date"**) and in the percentages set forth in the following schedule, provided that the Optionee's continuous service with the Company continues until the applicable Vesting Date:

Vesting Date	Vesting Percentage
	25%
	50%
	75%
	100%

Except as otherwise specifically provided herein, there shall be no proportionate or partial vesting in the periods prior to each Vesting Date and all vesting shall occur only on the applicable Vesting Date.

(b) Acceleration of Vesting on Account of Death, Disability, Retirement, Employment Agreement or Change in Control.

(i) The unvested portion of the Option shall become 100% vested in the event that the Optionee's continuous service with the Company terminates by reason of:

(A) the Optionee's death or Disability; or

(B) the Optionee's retirement, if at the time of such retirement, the Optionee:

(1) is at least fifty-five (55) years old and has completed six (6) years of continuous service with the Company or is at least sixty-five (65) years old (without regard to years of service), and in either case has provided the Company not less than twelve (12) months prior written notice of Optionee's intent to retire; or

(2) is at least sixty (60) years old and has completed fifteen (15) years of continuous service with the Company or is sixty-five (65) years old and has completed five (5) years of continuous service with the Company.

Any retirement pursuant to Section 3(b)(i)(B) is sometimes hereinafter referred to as a (**"Retirement"**).

For purposes of determining years of continuous service, service shall include service with any entity whose financial statements are required to be consolidated with the financial statements of Republic, including service with any such entity prior to the date on which the entity's financial statements were required to be so consolidated.

(ii) The unvested portion of the Option shall become fully or partially vested at such times and in such amounts as may be required pursuant to any employment agreement or consulting agreement between the Optionee and the Company.

(iii) The unvested portion of the Option shall not become vested on account of the occurrence of a Change in Control, except if and to the extent required pursuant to any employment agreement or consulting agreement between the Optionee and the Company.

(c) Expiration. Any portion of the Option that has not previously been exercised, or terminated pursuant to Sections 7, 8 or 9 hereof, shall automatically terminate and expire on the seventh anniversary of the Grant Date.

4. Method of Exercise. The vested portion of this Option shall be exercisable in whole or in part in accordance with the vesting provisions set forth in Section 3 hereof, and may be exercised in accordance with the procedures set forth in Section 7(i) of the Plan (except that the address to which any notice is sent thereunder shall be the address set forth in Section 16 hereof).

5. Method of Payment. The Optionee may elect to pay the Exercise Price for the vested portion of this Option pursuant to any of the following methods: (a) by cash, certified or cashier's check, bank draft or money order, or (b) through any of the other methods described in Section 7(j) of the Plan (including without limitation pursuant to a "cashless exercise sale and

remittance procedure" described in Section 7(j)(iii) of the Plan) or through the withholding of shares of Common Stock that otherwise would be delivered to the Optionee as a result of the exercise of the Option (in which case the withheld shares shall be valued at their fair market value on the Exercise Date).

6. Tax Withholding.

(a) The Optionee shall make arrangements satisfactory to the Company to pay to the Company any federal, state or local income taxes required to be withheld as a result of the exercise of the Option. If the Optionee shall fail to make such tax payments as are required, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Optionee, any federal, state or local taxes of any kind required by law to be withheld as a result of the exercise of the Option.

(b) The Optionee may elect, by notice to the Committee, to satisfy his or her minimum withholding tax obligation as a result of the exercise of the Option, by the Company's withholding a portion of the shares of Common Stock otherwise deliverable to Optionee, such shares being valued at their fair market value as of the Exercise Date, or by the Optionee's delivery to the Company of a portion of the shares previously delivered by the Company, such shares being valued at their fair market value as of the date of delivery of such shares by the Optionee to the Company.

7. Termination of Continuous Service. Except as otherwise provided in Section 8 or 9 hereof, or as otherwise provided in any employment or consulting agreement between the Optionee and the Company, in the event that the Optionee's continuous service with the Company terminates for any reason other than the Optionee's death, Disability, or Retirement, then any portion of the Option that has not previously vested pursuant to Section 3 hereof shall automatically terminate on the date on which the Optionee's continuous service terminates, and the portion of the Option, if any, that is vested or becomes vested as a result of such termination of continuous service shall automatically and without notice terminate and become null and void on the earliest to occur of the following:

(a) Immediately upon termination of the Optionee's continuous service with the Company if such termination is by the Company for Cause or is a voluntary termination within ninety (90) days after the occurrence of an event that would be grounds for termination of continuous service by the Company for Cause (without regard to any notice or cure period requirement);

(b) Ninety (90) days after the termination of the Optionee's continuous service for any reason other than the Optionee's death, Disability, Cause, Retirement, or a voluntary termination within ninety (90) days after the occurrence of an event which would be grounds for termination by the Company for Cause; or

(c) the Expiration Date.

8. Extended Exercise Period in the Event of Certain Retirement. If the Optionee's continuous service with the Company terminates by reason of the Optionee's Retirement, the Optionee shall have the right, at any time on or before the earlier of (i) the third anniversary of

the date of the Optionee's Retirement or (ii) the Expiration Date, to exercise the Option in whole or in part.

9. Extended Exercise Period in the Event of Death or Disability.

(a) Death. If the Optionee's continuous service with the Company terminates by reason of the Optionee's death, the Optionee's estate, devisee or heir-at-law (as applicable) shall have the right, at any time, on or before the earlier of the (i) fifth anniversary of the date of the Optionee's death and (ii) the Expiration Date, to exercise the Option, in whole or in part; provided, however, that the Board of Directors of the Company (or any committee thereof) may provide, in its discretion, that following the death of the Optionee, the estate, devisee or heir-at-law (as applicable) may exercise the Option, in whole or in part, at any time subsequent to such Optionee's death and prior to the Expiration Date.

(b) Disability. If the Optionee's continuous service with the Company terminates by reason of the Optionee's Disability, then the Optionee shall have the right to exercise the Option, in whole or in part, at any time, on or before the earlier of (i) the fifth anniversary of the date on which the Optionee's continuous service terminates, and (ii) the Expiration Date; provided, however, that the Board of Directors of the Company (or any committee thereof) may provide, in its discretion, that the Optionee may, in the event of the termination of employment or service of the Optionee with the Company by reason of the Optionee's Disability, exercise Option, in whole or in part, at any time subsequent to such termination of employment or service and prior to the Expiration Date either subject to or without regard to any vesting or other limitation on exercise.

10. Transferability of Options.

(a) Restrictions on Transfer. Except as otherwise provided in Section 10(b), no Options shall be transferable or assignable by the Optionee, other than by will or the laws of descent and distribution or pursuant to a Qualified Domestic Relations Order, and such Options shall be exercisable during the Optionee's lifetime only by the Optionee.

(b) Permitted Transfers. The Optionee may Transfer the Option (or a portion thereof) for no value to (i) a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (ii) any person sharing the Optionee's household (other than a tenant or employee), (iii) a trust in which the persons described in (i) or (ii) have more than 50% of the beneficial interest, (iv) a foundation in which the Optionee or the persons described in (i) or (ii) own more than 50% of the voting interests.

(c) Notice. No transfer by will or the laws of descent and distribution, or transfers permitted under Section 10(b), of any Options or the right to exercise any Option, shall be effective to bind the Company unless the Committee shall have been furnished with (i) written notice thereof and with a copy of the will, assignment or transfer document and/or such evidence as the Committee may deem necessary to establish the validity of the transfer, and (ii) an agreement by the transferee to comply with all the terms and conditions of the Option that are or would have been applicable to the Optionee.

11. Forfeiture by Reason of Detrimental Activity. This Option shall be subject to cancellation by the Committee, in accordance with Section 15(n) of the Plan and this Section 10 if the Optionee engages in any Detrimental Activity. Notwithstanding any other provision of this Agreement to the contrary, if the Optionee engages in any Detrimental Activity at any time prior to, or during the one year period after, the exercise of any portion of the Option, the Company shall, upon the recommendation of the Committee, in its sole and absolute discretion, be entitled to (a) immediately terminate and cancel any portion of the Option that has not previously been exercised, and/or (b) with respect to any portion of the Option that has been previously exercised, recover from the Optionee at any time within two (2) years after such exercise but prior to a Change in Control (and the Optionee shall be obligated to pay over to the Company with respect to any portion of the Option that has been exercised) (i) an amount equal to the excess of the Fair Market Value of the Common Stock for which the Option was exercised over the Exercise Price (regardless of the form by which payment was made) with respect to the Option, and (B) any cash or other property (other than Common Stock) received by the Optionee from the Company pursuant to the Option.

12. Right to Set-Off. By accepting this Agreement, the Optionee consents to a deduction from any amounts the Company owes the Optionee from time to time (including amounts owed to the Optionee as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to Optionee by the Company), up to the dollar amount Optionee owes the Company under Section 11 hereof. Whether or not the Company elects to make any setoff in whole or in part, if the Company does not recover by means of set-off the full amount the Optionee owes the Company calculated as set forth above, the Optionee agrees to pay immediately the unpaid balance to the Company.

13. Board of Director Discretion. The Optionee may be released from his or her obligations under Sections 11 and 12 hereof only if the Board of Directors of the Company, or a duly authorized committee thereof, determines, in its sole and absolute discretion, that such action is not adverse to the interests of the Company.

14. No Right to Continued Employment or Service. This Agreement does not confer upon the Optionee any right to continued employment or service with the Company, and shall not in any way interfere with the right of the Company to terminate the Optionee's employment at any time.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws. The parties agree that any action, suit or proceeding arising out of or relative to this Agreement or the relationship of Optionee and the Company, shall be instituted only in the state or federal courts located in Maricopa County in the State of Arizona, and each party waives any objection which such party may now or hereafter have to such venue or jurisdictional court in any action, suit, or proceeding. Any and all services of process and any other notice in any such action, suit or proceeding shall be effective against any party if given by mail (registered or certified where possible, return receipt requested), postage prepaid, mailed to such party at the address set forth herein.

16. Severability. The invalidity or enforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. In the event that a court of competent jurisdiction should determine that any time periods provided for in Section 11 are unenforceable, then that period shall be reduced to the longest period of time which such court shall deem enforceable, taking into consideration the purpose and intent of the Plan to serve the interest of the Company and its shareholders.

17. Notices. All notices or other communications with respect to the Options shall be deemed given and delivered in person or by facsimile transmission, telefaxed, or mailed by registered or certified mail (return receipt requested, postage prepaid) to the Company's Stock Option Administrator at the following address (or such other address, as shall be specified by like notice of a change of address) and shall be effective upon receipt:

Stock Option Administrator
Republic Services, Inc.
18500 North Allied Way
Phoenix, AZ 85054

18. Binding Effect. Subject to the limitation stated herein and in the Plan, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company and to Optionee's heirs, legatees, distributees and personal representatives.

19. Interpretation/Provisions of Plan Control. In the event that any provision of this Agreement should conflict with any provision of the Plan, the Plan shall govern and be controlling. The Optionee hereby accepts as final, conclusive and binding, any decisions by the Committee with respect to the interpretation or administration of the Plan and this Agreement.

20. Integration. This Agreement supersedes all prior agreements and understanding between the Company and Optionee relating to the grant of the Option.

21. Waiver. The failure of any party at any time to require strict performance of any condition, promise, agreement or understanding set forth herein shall not be construed as a waiver or relinquishment of the right to require strict performance of the same condition, promise, agreement or understanding at a subsequent time.

22. Certification. Upon exercise of all or any portion of the Option, the Optionee shall certify in a manner acceptable to the Company that the Optionee has not engaged in any Detrimental Activity that would give the Company the rights described in Section 11 hereof.

23. Optionee Bound by Terms of the Plan. Optionee hereby acknowledges receipt of a copy of the Plan, and agrees to be bound by all of the terms, conditions and provisions hereof.

24. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The facsimile or email transmission of a signed signature page, by any party to the other(s), shall constitute valid execution and acceptance of this Agreement by the signing/transmitting party.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement.

REPUBLIC SERVICES, INC.

_____
Name:

Date:

OPTIONEE

_____
Signature

_____
Print or Type Name

_____
Street Address

_____
City, State, Zip

_____
Telephone Number

_____
Social Security Number

Date: _____

RESTRICTED STOCK AGREEMENT

THIS RESTRICTED STOCK AGREEMENT, dated as of the _____day of _____, _____ (the **"Grant Date"**), by and between **REPUBLIC SERVICES, INC**., a Delaware corporation (the "**Company**") and _____ (the "**Recipient**"), is made pursuant and subject to the provisions of the Company's 2007 Stock Incentive Plan, as it may be amended from time to time, (the "**Plan**").

1. Definitions. All capitalized terms used herein but not expressly defined shall have the meaning ascribed to them in the Plan, a copy of which is being provided via email and is incorporated herein by reference. All references to the Company herein also shall be deemed to include references to any and all entities directly or indirectly controlled by the Company and which are consolidated with the Company for financial accounting purposes.

2. Grant of Restricted Stock. Subject to the terms and conditions of the Plan and to the terms and conditions set forth in this Agreement, the Company hereby grants to the Recipient _____ shares of Restricted Stock. Restricted Stock hereunder includes any shares or other securities the Recipient may receive or be entitled to receive as a result of the ownership of the original Restricted Stock, whether they are issued as a result of a share split, share dividend, recapitalization or other subdivision or combination of shares effected without receipt of consideration by the Company or the result of the merger or consolidation of the Company or sale of assets of the Company.

3. Vesting.

(a) Vesting Schedule. Except as otherwise provided in Section 3(b) hereof, the shares of Restricted Stock shall vest and become nonforfeitable on the dates (each a **"Vesting Date"**) and in the percentages set forth in accordance with the following schedule, provided that the Recipient's continuous service with the Company continues until the applicable Vesting Date:

Vesting Date	Vesting Percentage
	25%
	50%
	75%
	100%

Except as otherwise specifically provided herein, there shall be no proportionate or partial vesting in the periods prior to each Vesting Date, and all vesting shall occur only on the applicable Vesting Date.

(b) Acceleration of Vesting on Account of Death, Disability, Retirement, Termination of Employment, or for Other Reasons.

(i) Death or Disability. The shares of Restricted Stock not yet vested and that have not previously been forfeited shall become 100% vested and transferable in the event that the Recipient's continuous service with the Company terminates by reason of the Recipient's death or Disability.

(ii) Retirement. The shares of Restricted Stock not yet vested and that have not previously been forfeited shall become 100% vested and transferable in the event that the Recipient's continuous service with the Company terminates by reason of the Recipient's retirement, if at the time of such retirement, the Recipient:

(A) is at least fifty-five (55) years old and has completed six (6) years of continuous service with the Company or is at least sixty (60) years old (without regard to years of service), and in either case has provided the Company not less than twelve (12) months prior written notice of Recipient's intent to retire; or

(B) is at least sixty (60) years old and has completed fifteen (15) years of continuous service with the Company or is sixty-five (65) years old and has completed five (5) years of continuous service with the Company.

For purposes of determining years of continuous service, service shall include service with any entity whose financial statements are required to be consolidated with the financial statements of Republic, including service with any such entity prior to the date on which the entity's financial statements were required to be so consolidated.

(iii) Employment Agreement. The shares of Restricted Stock not yet vested and that have not previously been forfeited shall become partially or fully vested and transferrable at such times and in such amounts as may be required pursuant to any employment or consulting agreement between the Recipient and the Company.

(c) Restrictions. The shares of Restricted Stock and any stock distributions with respect to such Restricted Stock shall be subject to the following restrictions during the period prior to the date on which they become vested pursuant to this Section or the Plan (the "**Restricted Period**"):

(i) The Restricted Stock shall be subject to forfeiture as provided herein;

(ii) The Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, and neither the right to receive the Restricted Stock nor any interest hereunder may be assigned by the Recipient (other than by will or the laws of descent and distribution), and any attempted assignment not so permitted shall be void;

(iii) Promptly following the Grant Date, the Company shall issue a certificate or other indicia of ownership representing the shares of Restricted Stock awarded hereunder. Any certificate of other indicia of ownership representing the shares of Restricted Stock awarded hereunder shall be held in escrow by the Company and shall, in the Company's sole discretion, bear an appropriate restrictive legend and be subject to appropriate "stop transfer" orders. To facilitate the escrow of the shares of Restricted Stock awarded hereunder with the Company, the Recipient shall deliver herewith the Stock Power attached hereto as Exhibit A executed in blank by the Recipient and dated as of the date hereof; and

(iv) Any additional stock or other securities or property that may be issued or distributed with respect to the Restricted Stock awarded hereunder as a result of any stock dividend, stock split, business combination or other event shall be subject to the restrictions and other terms and conditions set forth in this Agreement.

(d) Forfeiture of Restricted Stock. If the Recipient's continuous service with the Company is terminated for any reason, any shares of Restricted Stock that have not previously vested and that do not vest as a result of such termination, shall be forfeited immediately upon termination of the Recipient's continuous service.

(e) Receipt of Common Stock. At or after the end of the applicable Restricted Period, the Recipient shall receive certificates or other indicia of ownership for Common Stock equal to the number of shares of Restricted Stock that became vested at the end of that Restricted Period, free and clear of the restrictions set forth in this Agreement, except for any restrictions necessary to comply with federal and state securities laws. Any certificates representing such shares shall be released to the Recipient as promptly as practical following the Recipient's becoming entitled to receive such shares.

(f) Shareholder Rights. The Recipient shall, subject to the restrictions set forth herein, have all rights of a shareholder with respect to any shares of Restricted Stock, including the right to vote such shares and the right to receive cash dividends and, except as otherwise provided in Section 3(c) hereof, other distributions thereon.

(g) Section 83(b) Election and Tax Withholding.

(i) The Recipient may elect, within thirty (30) days of the Grant Date, to include in gross income for federal income tax purposes an amount equal to the fair market value (as of the Grant Date) of the Restricted Stock pursuant to Section 83(b) of the Code.

(ii) The Recipient shall pay to the Company, or make arrangements satisfactory to the Committee for payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the Restricted Stock (including without limitation the vesting thereof) and any dividends or other distributions made by the Company to the Recipient with respect to the Restricted Stock as and when the Company determines those amounts to be due, and the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to Recipient

any federal, state, or local taxes of any kind required by law to be withheld with respect to the Restricted Stock or any dividends or other distributions made by the Company to the Recipient with respect to any Restricted Stock.

(iii) The Recipient may elect, by notice to the Committee, to satisfy his or her minimum withholding tax obligation with respect to the granting or vesting of the Restricted Stock by the Company's withholding a portion of the shares of Common Stock otherwise deliverable to the Recipient, such shares being valued at their fair market value as of the date on which the taxable event that gives rise to the withholding requirement occurs, or by the Recipient's delivery to the Company of a portion of the shares previously delivered by the Company, such shares being valued at their fair market value as of the date of delivery of such shares by the Recipient to the Company.

4. Forfeiture by Reason of Detrimental Activity. The shares of Restricted Stock shall be subject to Section 15(n) of the Plan. Notwithstanding any other provision of this Agreement to the contrary, if the Recipient engages in any Detrimental Activity at any time prior to or during the one year period after any shares of Restricted Stock become vested (such nonvested shares sometimes being referred to as the "**Forfeitable Shares**"), the Company shall, upon the recommendation of the Committee in its sole and absolute discretion, be entitled to (a) immediately terminate and cancel any portion of the shares of Restricted Stock that have not previously vested, and (b) require that the Recipient (i) return to the Company any Forfeitable Shares, or if such Forfeitable Shares are not still owned by the Recipient, that the Recipient pay to the Company an amount equal to the fair market value of such Forfeitable Shares on the date they were issued, or if later, the date on which they became vested, and (ii) return to the Company any cash or other property (other than Common Stock) received by the Recipient from the Company pursuant to this Agreement.

5. Right to Set Off. By accepting this Agreement, the Recipient consents to a deduction from any amounts the Company owes the Recipient from time to time (including amounts owed to the Recipient as wages or other compensation, for any benefits, or vacation pay, as well as any other amounts owed to the Recipient by the Company), up to the dollar amount the Recipient owes the Company under Section 4 hereof. Whether or not the Company elects to make any set off in whole or in part, if the Company does not recover by means of set off the full amount the Recipient owes the Company calculated as set forth in Section 4 hereof, the Recipient agrees to pay immediately the unpaid balance to the Company.

6. Board of Director Discretion. The Recipient may be released from his or her obligations under Sections 4 and 5 hereof only if the Board of Directors of the Company, or a duly authorized committee thereof, determines, in its sole and absolute discretion, that such action is not adverse to the interests of the Company.

7. No Right to Continued Employment or Service. This Agreement does not confer upon the Recipient any right with respect to continuance of employment or service by the Company, nor shall it interfere in any way with the right of the Company to terminate the Recipient's employment at any time.

8. Change of Control or Capital Structure.

(a) Subject to any required action by the shareholders of the Company, the number of shares of Restricted Stock covered by this award shall be proportionately adjusted and the terms of the restrictions on such shares shall be adjusted as the Committee shall determine to be equitably required for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from any stock dividend (but only on the Common Stock), stock split, subdivision, combination, reclassification, recapitalization or general issuance to the holders of Common Stock of rights to purchase Common Stock at substantially below Fair Market Value or any change in the number of such shares outstanding effected without receipt of cash or property or labor or services by the Company or for any spin-off, spin-out, split-up, split-off or other distribution of assets to shareholders.

(b) The Restricted Stock shall not become immediately vested in the event that a Change in Control occurs, except to the extent required in any employment agreement or consulting agreement between the Company and the Recipient. In the event of a change in the Common Stock as presently constituted, which is limited to a change in all of its authorized shares without par value into the same number of shares with par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

(c) The award of Restricted Stock pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws. The parties agree that any action, suit or proceeding arising out of or relative to this Agreement or the relationship of the Recipient and the Company, shall be instituted only in the state or federal courts located in Maricopa County in the State of Arizona, and each party waives any objection which such party may now or hereafter have to such venue or jurisdictional court in any action, suit, or proceeding. Any and all services of process and any other notice in any such action, suit or proceeding shall be effective against any party if given by mail (registered or certified where possible, return receipt requested), postage prepaid, mailed to such party at the address set forth herein.

10. Severability. The invalidity or enforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. In the event that a court of competent jurisdiction should determine that any time period provided for in Section 4 is unenforceable, then such period shall be reduced to the longest period of time which such court shall deem enforceable, taking into consideration the purpose and intent of the Plan to serve the interests of the Company and its shareholders.

11. Notices. All notices or other communications with respect to the Restricted Stock shall be deemed given and delivered in person or by facsimile transmission, telefaxed, or mailed by registered or certified mail (return receipt requested, postage prepaid) to the Company's Stock

Option Administrator at the following address (or such other address, as shall be specified by like notice of a change of address) and shall be effective upon receipt:

Stock Option Administrator
Republic Services, Inc.
18500 North Allied Way
Phoenix, AZ 85054

12. Waiver. The failure of any party at any time to require strict performance of any condition, promise, agreement or understanding set forth herein shall not be construed as a waiver or relinquishment of the right to require strict performance of the same condition, promise, agreement or understanding at a subsequent time.

13. Interpretation/Provisions of Plan Control. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall govern. The Recipient hereby accepts as final, conclusive and binding, any decisions by the Committee with respect to the interpretation or administration of the Plan and this Agreement.

14. Recipient Bound by Plan. The Recipient hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms, conditions and provisions thereof.

15. Binding Effect. Subject to the limitations stated herein and in the Plan, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company and the Recipient's heirs, legatees, distributees and personal representatives.

16. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The facsimile or email transmission of a signed signature page, by any party to the other(s), shall constitute valid execution and acceptance of this Agreement by the signing/transmitting party.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and the Recipient has affixed his or her signature hereto.

REPUBLIC SERVICES, INC.

_____

RECIPIENT

_____

EXHIBIT A

STOCK POWER

FOR VALUE RECEIVED, pursuant to a certain Restricted Stock Agreement between Republic Services, Inc. and the undersigned dated _____, I hereby sell, assign and transfer unto Republic Services, Inc. all shares of the restricted Common Stock of Republic Services, Inc. awarded to me on this date and in the future under said Agreement and do hereby irrevocably constitute and appoint the Secretary of Republic Services, Inc. as my attorney-in-fact to transfer the said shares of stock on the books of Republic Services, Inc. with full power of substitution in the premises.

Dated: _____

_____

REPUBLIC SERVICES, INC.

NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT (the "Agreement"), dated as of the _____ day of ___ _____ _____, between Republic Services, Inc., a Delaware corporation ("the Company") and _____ (the "Director"), is made pursuant and subject to the provisions of the Company's 2007 Stock Incentive Plan, and any future amendments thereto (the "Plan"). The Plan, as it may be amended from time to time, is incorporated herein by reference.

1. Definitions. All capitalized terms used herein but not expressly defined shall have the meaning ascribed to them in the Plan, a copy of which is being provided in an email and is incorporated herein by reference. All references to the Company herein shall also be deemed to include references to any and all entities directly or indirectly controlled by the Company and which are consolidated with the Company for financial accounting purposes.

2. Award of Restricted Stock Units. Subject to the terms and conditions of the Plan and to the terms and conditions herein set forth in this Agreement, the Company on this date awards to the Director _____ Restricted Stock Units (referred to as the "Restricted Stock Units").

3. Vesting. The Restricted Stock Unit Award shall vest and become nonforfeitable on the dates (each a "Vesting Date") and in the percentages set forth in accordance with the following schedule, provided that the Director's continuous service with the Company continues until the applicable Vesting Date:

Vesting Date	Vesting Percentage
[1 year]	33%
[2 years]	33%
[3 years]	34%

Except as otherwise specifically provided herein, there shall be no proportionate or partial vesting in the periods prior to each Vesting Date, and all vesting shall occur only on the applicable Vesting Date.

4. Terms and Conditions. This award of Restricted Stock Units is subject to the following terms and conditions:

(a) Payment for Restricted Stock Units; Forfeiture of Unvested Units. Except as otherwise provided in Section 4(b) or Section 14 hereof, at the time of the Director's separation from service, within the meaning of Section 409A of the Code and applicable Treasury Regulations (the "Separation from Service"), the Director shall receive one share of Common Stock for each vested Restricted Stock Unit awarded hereunder, free and clear of the restrictions set forth in this Agreement, except for any restrictions necessary to comply with federal and state securities laws. Certificates representing such shares shall be delivered to the Director as promptly as practical following the Director's becoming entitled to receive such shares. Any Restricted Stock Units that are not vested as of the Director's Separation from Service shall automatically and immediately be forfeited on the date of the Director's Separation from Service.

(b) Hypothetical Nature of Restricted Stock Units. The Restricted Stock Units awarded herein do not represent an equity security of the Company and do not carry any voting or dividend rights, except the right to receive Dividend Equivalents in accordance with Section 4(c) hereof.

(c) Dividend Equivalents. Director shall receive Dividend Equivalents in the form of additional Restricted Stock Units or fractional Restricted Stock Units each time a dividend or other distribution is paid on the Company's Common Stock. The number of Restricted Stock Units awarded for a cash dividend or non-cash dividend other than a stock dividend shall be determined by (i) multiplying the number of Restricted Stock Units held by the Director pursuant to this Agreement as of the dividend payment date by the amount of the dividend per share of Common Stock and (ii) dividing the product so determined by the Fair Market Value of the Common Stock on the dividend payment date. The number of Restricted Stock Units awarded for a stock dividend shall be determined by multiplying the number of Restricted Stock Units held by the Director pursuant to this Agreement as of the dividend payment date by the number of additional shares of Common Stock actually paid as a dividend per share of Common Stock. Any additional Restricted Stock Units awarded pursuant to this Section 4(c) shall be awarded effective the day following the date the dividend was paid, and shall have the same status, and shall be subject to the same terms and conditions (including without limitation the vesting and forfeiture provisions), under this Agreement as the Restricted Stock Units to which they relate, and shall be distributed on the same payment date referred to in Section 4(a) herein as the Restricted Stock Units to which they relate.

(d) Unforeseeable Financial Emergency. If the Director experiences an Unforeseeable Financial Emergency, the Director may petition the Committee to receive the payment of shares of Common Stock for all or part of his Restricted Stock Units prior to termination of his service on the Board. If the Committee, in its sole discretion, grants the Director's petition, then the Director shall only receive shares of Common Stock as necessary to satisfy the Unforeseeable Financial Emergency to the extent deemed necessary by the Committee (excluding the Director, if the Director is a member of the Committee).

“Unforeseeable Financial Emergency” shall mean a severe financial hardship to the Director resulting from (i) an illness or accident of the Director, the Director’s spouse, or the Director’s dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), (b)(2), or (d)(1)(B) of the Code), (ii) a loss of the Director’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance), or (iii) similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Director, all as determined in the sole discretion of the Committee.

(e) Tax Withholding.

(i) The Director shall pay to the Company, or make arrangements satisfactory to the Committee for payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the grant of Restricted Stock Units (including without limitation the vesting thereof) and any Dividend Equivalents or other distributions made by the Company to the Director with respect to the Restricted Stock Units as and when the Company determines those amounts to be due, and the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to Director any federal, state, or local taxes of any kind required by law to be withheld with respect to the Restricted Stock Units or any Dividend Equivalents or other distributions made by the Company to the Director with respect to any Restricted Stock Units.

(ii) The Director may elect, by notice to the Committee, to satisfy his or her minimum withholding tax obligation with respect to the granting or vesting of the Restricted Stock Units by the Company’s withholding a portion of the shares of Common Stock otherwise deliverable to the Director, such shares being valued at their fair market value as of the date on which the taxable event that gives rise to the withholding requirement occurs, or by the Director’s delivery to the Company of a portion of the shares previously delivered by the Company, such shares being valued at their fair market value as of the date of delivery of such shares by the Director to the Company.

(f) No Right to Renomination. Nothing in this Agreement shall confer upon the Director any right to be renominated by the Board as a director of the Company.

(g) Transferability of Awards.

(i) Restrictions on Transfer. Except as otherwise provided in Section 4(g)(ii), no Restricted Stock Units shall be transferable or assignable by the Director, other than by will or the laws of descent and distribution or pursuant to a Qualified Domestic Relations Order.

(ii) Permitted Transfers. The Director may transfer the Restricted Stock Units (or a portion thereof) for no value to (1) a child, stepchild, grandchild, parent,

stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (2) any person sharing the Director's household (other than a tenant or employee), (3) a trust in which the persons described in (1) and/or (2) have more than 50% of the beneficial interest, (4) a foundation in which the Director and/or the persons described in (1) and/or (2) control the management of assets, or (5) any other entity in which the Director and/or the persons described in (1) and/or (2) own more than 50% of the voting interests.

(iii) Notice. No transfer by will or the laws of descent and distribution, or transfers permitted under Section 4(g)(ii), of any Restricted Stock Units, shall be effective to bind the Company unless the Committee shall have been furnished with (1) the Notice of Restricted Stock Unit Transfer attached hereto as Exhibit A executed and dated by the Director and with a copy of the will, assignment or transfer document and/or such evidence as the Committee may deem necessary to establish the validity of the transfer, and (2) the Statement of Acknowledgement attached hereto as Exhibit B executed and dated by the transferee which states that the transferee will comply with all the terms and conditions of the Plan and the Agreement relating to the Restricted Stock Units that are or would have been applicable to the Director.

(h) Forfeiture by Reason of Detrimental Activity. The Restricted Stock Units shall be subject to Section 15(n) of the Plan. Notwithstanding any other provision of this Agreement to the contrary, if the Director engages in any Detrimental Activity at any time prior to or during the one year period after the latest date on which any portion of the Restricted Stock Units become vested, the Company shall, upon the recommendation of the Committee in its sole and absolute discretion, be entitled to (i) immediately terminate and cancel any portion of the Restricted Stock Units that have not previously been settled with shares of Common Stock, and/or (ii) require within two (2) years after the last date on which any portion of the Restricted Stock Units are settled but prior to a Change in Control that the Director (1) return to the Company any shares of Common Stock that were distributed to the Director in settlement of the Restricted Stock Units, or if such shares of Common Stock are not still owned by the Director, that the Director pay to the Company an amount equal to the fair market value of such shares of Common Stock on the date they were issued, and (2) return to the Company any cash or other property (other than Common Stock) received by the Director from the Company pursuant to this Agreement.

(i) Right to Set Off. By accepting this Agreement, the Director consents to a deduction from any amounts the Company owes the Director from time to time (including amounts owed to the Director as wages or other compensation, for any benefits, or vacation pay, as well as any other amounts owed to the Director by the Company), up to the dollar amount the Director owes the Company under Section 4(h) hereof. Whether or not the Company elects to make any set off in whole or in part, if the Company does not

recover by means of set off the full amount the Director owes the Company calculated as set forth in Section 4(h) hereof, the Director agrees to pay immediately the unpaid balance to the Company.

(j) Board of Director Discretion. The Director may be released from his or her obligations under Sections 4(h) and 4(i) hereof only if the Board, or a duly authorized committee thereof, determines, in its sole and absolute discretion, that such action is not adverse to the interests of the Company.

5. Change of Control or Capital Structure.

(a) Change in Capital Structure. Subject to any required action by the shareholders of the Company, the number of Restricted Stock Units covered by this award shall be proportionately adjusted and the terms of the restrictions on such Restricted Stock Units shall be adjusted as the Committee shall determine to be equitably required for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from any stock dividend (but only on the Common Stock), stock split, subdivision, combination, reclassification, recapitalization or general issuance to the holders of Common Stock of rights to purchase Common Stock at substantially below fair market value or any change in the number of such shares outstanding effected without receipt of cash or property or labor or services by the Company or for any spin-off, spin-out, split-up, split-off or other distribution of assets to shareholders.

(b) Change in Control. In the event of a Change of Control, the provisions of Section 12 of the Plan shall apply to this Restricted Stock Unit Award. Upon a Change in Control, the Restricted Stock Units awarded herein shall be cancelled and the Director shall receive a cash payment for each Restricted Stock Unit equal to the Change in Control Price with respect to the shares of Common Stock to which the Restricted Stock Units relate. If and to the extent permissible without violating the provisions of Section 409A of the Code, the forgoing cash payment shall be made as soon as administratively practicable, but in no event more than thirty (30) days after the Change in Control occurs. Notwithstanding the forgoing, to the extent the cash payment would violate Section 409A of the Code, then payment shall be made at the earliest time as would be permitted without violating Section 409A of the Code.

(c) Other Adjustments. The award of Restricted Stock Units pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws. The parties agree that any action, suit or proceeding arising out of or related

to this Agreement or the relationship of the Director and the Company, shall be instituted only in the state or federal courts located in Maricopa County in the State of Arizona, and each party waives any objection which such party may now or hereafter have to such venue or jurisdictional court in any action, suit, or proceeding. Any and all services of process and any other notice in any such action, suit or proceeding shall be effective against any party if given by mail (registered or certified where possible, return receipt requested), postage prepaid, mailed to such party at the address set forth herein.

7. Severability. The invalidity or enforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. In the event that a court of competent jurisdiction should determine that any time period provided for in Section 4(h) is unenforceable, then such period shall be reduced to the longest period of time which such court shall deem enforceable, taking into consideration the purpose and intent of the Plan to serve the interests of the Company and its shareholders.

8. Notices. All notices or other communications with respect to the Restricted Stock Units shall be deemed given and delivered in person or by facsimile transmission, telefaxed, or mailed by registered or certified mail (return receipt requested, postage prepaid) to the Company's Stock Option Administrator at the following address (or such other address, as shall be specified by like notice of a change of address) and shall be effective upon receipt:

Stock Option Administrator
Republic Services, Inc.
18500 N. Allied Way
Phoenix, AZ 85054

9. Waiver. The failure of any party at any time to require strict performance of any condition, promise, agreement or understanding set forth herein shall not be construed as a waiver or relinquishment of the right to require strict performance of the same condition, promise, agreement or understanding at a subsequent time.

10. Interpretation/Provisions of Plan Control. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall govern. The Director hereby accepts as final, conclusive and binding, any decisions by the Committee with respect to the interpretation or administration of the Plan and this Agreement.

11. Director Bound by Plan. The Director hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms, conditions and provisions thereof.

12. Binding Effect. Subject to the limitations stated herein and in the Plan, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company and the Director's heirs, legatees, distributees and personal representatives.

13. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The facsimile or email transmission of a signed signature page, by any party to the other(s), shall constitute valid execution and acceptance of this Agreement by the signing/transmitting party.

14. Section 409A.

(a) General. It is the intention of both the Company and the Director that the benefits and rights to which the Director could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Director or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Director and on the Company).

(b) No Representations as to Section 409A Compliance. Notwithstanding the foregoing, the Company does not make any representation to the Director that the Restricted Stock Units awarded pursuant to this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Director or any Beneficiary for any tax, additional tax, interest or penalties that the Director or any Beneficiary may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto is deemed to violate any of the requirements of Section 409A.

(c) Separation from Service. If and to the extent permitted by Treasury Regulations Section 1.409A-1(h)(5) or other applicable law, if the Director provides services both as an employee of the Company and as a member of the Board, the services provided as an employee shall not be taken into account in determining whether the Director has incurred a Separation from Service for purposes of Section 4(a) hereof.

(d) 6 Month Delay for Specified Employees.

(i) If the Director is a "Specified Employee", then no payment or benefit that is payable on account of the Director's "Separation from Service", shall be made before the date that is six months after the Director's "Separation from Service" (or, if earlier, the date of the Director's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(ii) For purposes of this provision, the Director shall be considered to be a "specified employee" if, at the time of his or her separation from service, the Director is a "key employee", within the meaning of Section 416(i) of the Code, of the Company (or any person or entity with whom the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(e) No Acceleration of Payments. Neither the Company nor the Director, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and the Director has affixed his or her signature hereto.

REPUBLIC SERVICES, INC.

By:

DIRECTOR

EXHIBIT A

NOTICE OF RESTRICTED STOCK UNIT TRANSFER

Republic Services, Inc., a Delaware corporation (the "Company") and the undersigned person (the "Director") entered into a Non-Employee Director Restricted Stock Unit Agreement (the "Agreement"), effective _____ and made pursuant and subject to the provisions of the Company's 2007 Stock Incentive Plan, as it may be amended from time to time (the "Plan").

Pursuant to Section 15(g) of the Plan and Section 4(g) of the Agreement, the Director (or the Director's estate) transferred for no value Restricted Stock Units granted under the Agreement, as stated below, to the person or entity described below (the "Transferee").

Number of Restricted Stock Units transferred: _____

Date of transfer: _____

The Transferee is a permitted transferee under Section 15(g) of the Plan and Section 4(g) of the Agreement for the following reason:

o Transfer by will or the laws of descent and distribution.

o Transfer pursuant to a Qualified Domestic Relations Order.

o Transfer to one of the following family members listed in Section 4(g)(ii) of the Agreement: a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships.

o Transfer to a member of the Director's household (other than a tenant or an employee).

o Transfer to a trust in which the Director, a member of the Director's family, or a member of the Director's household has more than a 50% beneficial interest.

o Transfer to a foundation in which the Director, a member of the Director's family, or a member of the Director's household controls the management of the foundation's assets.

o Transfer to an entity in which the Director, a member of the Director's family, or a member of the Director's household owns more than 50% of the voting interest.

If the Transferee is a natural person, the nature of the relationship between the Director and the Transferee is as follows:

If the Transferee is something other than a natural person, details regarding the Director's (or a family member's or a household member's) beneficial interest, control or voting interest in the Transferee is as follows:

The Director acknowledges that at the time the Award is settled, the Director will be taxed at ordinary income rates on the excess, if any, of the fair market value of the cash or stock when received in settlement of the transferred Restricted Stock Units.

This Notice is being furnished to the Company along with a copy of the will, assignment or transfer document and/or such evidence as the Committee may deem necessary to establish the validity of the transfer. An agreement signed by the Transferee acknowledging that all rights and obligations with respect to the transferred Restricted Stock Units shall be governed by the terms and conditions set forth in the Agreement and Plan is also being furnished to the Company.

The aforementioned documents are being delivered to the Company in satisfaction of the Director's obligations under Section 4(g)(iii) of the Agreement, to Stock Option Administrator at the following address:

Stock Option Administrator
Republic Services, Inc.
18500 North Allied Way
Phœnix, Arizona 85054

DIRECTOR

Signature

Print or Type Name

Street Address

City, State, Zip

Telephone Number

Social Security Number

Date

EXHIBIT B

STATEMENT OF ACKNOWLEDGEMENT

On [ ], [ ] (the "Transferor") entered into a Non-Employee Director Restricted Stock Unit Agreement (the "Agreement") with Republic Services, Inc. (the "Company"), pursuant and subject to the provisions of the Company's 2007 Stock Incentive Plan, as it may be amended from time to time (the "Plan"). Pursuant to Section 15(g) of the Plan and Section 4(g) of the Agreement, on [ ] the Transferor (or the Transferor's estate) transferred for no value [ ] Restricted Stock Units granted under the Agreement to [ ] (the "Transferee").

The Transferee hereby acknowledges and agrees that the Transferee is a permitted transferee under to Section 15(g) of the Plan and Section 4(g) of the Agreement. The Transferee further acknowledges and agrees that the Transferee's rights and obligations with respect to the transferred Restricted Stock Units shall be governed by the terms and conditions set forth in the Agreement and the Plan, as they are or would have been applicable to the Transferor, and that the Transferee will comply with such terms and conditions, including, without limitation, those provisions relating to the dates on which the Restricted Stock Units will vest, and those relating to the forfeiture and repayment of benefits in the event that the Transferor engages in any Detrimental Activity, as defined in the Plan.

TRANSFEREE

Signature

Print or Type Name

Street Address

City, State, Zip

Telephone Number

Tax Identifying Number

Date: [ ]

REPUBLIC SERVICES, INC.

NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT (the "Agreement"), dated as of the ____ day of _____ __, between Republic Services, Inc., a Delaware corporation ("the Company") and _____ (the "Director"), is made pursuant and subject to the provisions of the Company's 2007 Stock Incentive Plan, and any future amendments thereto (the "Plan"). The Plan, as it may be amended from time to time, is incorporated herein by reference.

1. Definitions. All capitalized terms used herein but not expressly defined shall have the meaning ascribed to them in the Plan, a copy of which is being provided in an email and is incorporated herein by reference. All references to the Company herein shall also be deemed to include references to any and all entities directly or indirectly controlled by the Company and which are consolidated with the Company for financial accounting purposes.

2. Award of Restricted Stock Units. Subject to the terms and conditions of the Plan and to the terms and conditions herein set forth in this Agreement, the Company on this date awards to the Director _____ Restricted Stock Units (referred to as the "Restricted Stock Units"). The Restricted Stock Units granted pursuant to this Agreement are being granted in lieu of cash compensation.

3. Vesting. The Director's rights with respect to the Restricted Stock Units granted pursuant to this Agreement shall be fully and immediately vested and nonforfeitable as of the effective date of this Agreement.

4. Terms and Conditions. This award of Restricted Stock Units is subject to the following terms and conditions:

(a) Payment for Restricted Stock Units. Except as otherwise provided in Section 4(b) or Section 14 hereof, at the time of the Director's separation from service, within the meaning of Section 409A of the Code and applicable Treasury Regulations (the "Separation from Service"), the Director shall receive one share of Common Stock for each Restricted Stock Unit awarded hereunder, free and clear of the restrictions set forth in this Agreement, except for any restrictions necessary to comply with federal and state securities laws. Certificates representing such shares shall be delivered to the Director as promptly as practical following the Director's becoming entitled to receive such shares.

(b) Hypothetical Nature of Restricted Stock Units. The Restricted Stock Units awarded herein do not represent an equity security of the Company and do not

carry any voting or dividend rights, except the right to receive Dividend Equivalents in accordance with Section 4(c) hereof.

(c) Dividend Equivalents. Director shall receive Dividend Equivalents in the form of additional Restricted Stock Units or fractional Restricted Stock Units each time a dividend or other distribution is paid on the Company's Common Stock. The number of Restricted Stock Units awarded for a cash dividend or non-cash dividend other than a stock dividend shall be determined by (i) multiplying the number of Restricted Stock Units held by the Director pursuant to this Agreement as of the dividend payment date by the amount of the dividend per share of Common Stock and (ii) dividing the product so determined by the Fair Market Value of the Common Stock on the dividend payment date. The number of Restricted Stock Units awarded for a stock dividend shall be determined by multiplying the number of Restricted Stock Units held by the Director pursuant to this Agreement as of the dividend payment date by the number of additional shares of Common Stock actually paid as a dividend per share of Common Stock. Any additional Restricted Stock Units awarded pursuant to this Section 4(c) shall be awarded effective the day following the date the dividend was paid, and shall have the same status, and shall be subject to the same terms and conditions (including without limitation the vesting and forfeiture provisions), under this Agreement as the Restricted Stock Units to which they relate, and shall be distributed on the same payment date referred to in Section 4(a) herein as the Restricted Stock Units to which they relate.

(d) Unforeseeable Financial Emergency. If the Director experiences an Unforeseeable Financial Emergency, the Director may petition the Committee to receive the payment of shares of Common Stock for all or part of his Restricted Stock Units prior to termination of his service on the Board. If the Committee, in its sole discretion, grants the Director's petition, then the Director shall only receive shares of Common Stock as necessary to satisfy the Unforeseeable Financial Emergency to the extent deemed necessary by the Committee (excluding the Director, if the Director is a member of the Committee). "Unforeseeable Financial Emergency" shall mean a severe financial hardship to the Director resulting from (i) an illness or accident of the Director, the Director's spouse, or the Director's dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), (b)(2), or (d)(1)(B) of the Code), (ii) a loss of the Director's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance), or (iii) similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Director, all as determined in the sole discretion of the Committee.

(e) Tax Withholding.

(i) The Director shall pay to the Company, or make arrangements satisfactory to the Committee for payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the grant of Restricted Stock Units (including

without limitation the vesting thereof) and any Dividend Equivalents or other distributions made by the Company to the Director with respect to the Restricted Stock Units as and when the Company determines those amounts to be due, and the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to Director any federal, state, or local taxes of any kind required by law to be withheld with respect to the Restricted Stock Units or any Dividend Equivalents or other distributions made by the Company to the Director with respect to any Restricted Stock Units.

(ii) The Director may elect, by notice to the Committee, to satisfy his or her minimum withholding tax obligation with respect to the granting or vesting of the Restricted Stock Units by the Company's withholding a portion of the shares of Common Stock otherwise deliverable to the Director, such shares being valued at their fair market value as of the date on which the taxable event that gives rise to the withholding requirement occurs, or by the Director's delivery to the Company of a portion of the shares previously delivered by the Company, such shares being valued at their fair market value as of the date of delivery of such shares by the Director to the Company.

(f) No Right to Renomination. Nothing in this Agreement shall confer upon the Director any right to be renominated by the Board as a director of the Company.

(g) Transferability of Awards.

(i) Restrictions on Transfer. Except as otherwise provided in Section 4(g)(ii), no Restricted Stock Units shall be transferable or assignable by the Director, other than by will or the laws of descent and distribution or pursuant to a Qualified Domestic Relations Order.

(ii) Permitted Transfers. The Director may transfer the Restricted Stock Units (or a portion thereof) for no value to (1) a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (2) any person sharing the Director's household (other than a tenant or employee), (3) a trust in which the persons described in (1) and/or (2) have more than 50% of the beneficial interest, (4) a foundation in which the Director and/or the persons described in (1) and/or (2) control the management of assets, or (5) any other entity in which the Director and/or the persons described in (1) and/or (2) own more than 50% of the voting interests.

(iii) Notice. No transfer by will or the laws of descent and distribution, or transfers permitted under Section 4(g)(ii), of any Restricted Stock Units, shall be effective to bind the Company unless the Committee shall have been furnished with (1) the Notice of Restricted Stock Unit Transfer attached hereto as Exhibit A executed and

dated by the Director and with a copy of the will, assignment or transfer document and/or such evidence as the Committee may deem necessary to establish the validity of the transfer, and (2) the Statement of Acknowledgement attached hereto as Exhibit B executed and dated by the transferee which states that the transferee will comply with all the terms and conditions of the Plan and the Agreement relating to the Restricted Stock Units that are or would have been applicable to the Director.

5. Change of Control or Capital Structure.

(a) Change in Capital Structure. Subject to any required action by the shareholders of the Company, the number of Restricted Stock Units covered by this award shall be proportionately adjusted and the terms of the restrictions on such Restricted Stock Units shall be adjusted as the Committee shall determine to be equitably required for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from any stock dividend (but only on the Common Stock), stock split, subdivision, combination, reclassification, recapitalization or general issuance to the holders of Common Stock of rights to purchase Common Stock at substantially below fair market value or any change in the number of such shares outstanding effected without receipt of cash or property or labor or services by the Company or for any spin-off, spin-out, split-up, split-off or other distribution of assets to shareholders.

(b) Change in Control. In the event of a Change of Control, the provisions of Section 12 of the Plan shall apply to this Restricted Stock Unit Award. Upon a Change in Control, the Restricted Stock Units awarded herein shall be cancelled and the Director shall receive a cash payment for each Restricted Stock Unit equal to the Change in Control Price with respect to the shares of Common Stock to which the Restricted Stock Units relate. If and to the extent permissible without violating the provisions of Section 409A of the Code, the forgoing cash payment shall be made as soon as administratively practicable, but in no event more than thirty (30) days after the Change in Control occurs. Notwithstanding the forgoing, to the extent the cash payment would violate Section 409A of the Code, then payment shall be made at the earliest time as would be permitted without violating Section 409A of the Code.

(c) Other Adjustments. The award of Restricted Stock Units pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws. The parties agree that any action, suit or proceeding arising out of or related to this Agreement or the relationship of the Director and the Company, shall be instituted only in the state or federal courts located in Maricopa County in the State of Arizona, and

each party waives any objection which such party may now or hereafter have to such venue or jurisdictional court in any action, suit, or proceeding. Any and all services of process and any other notice in any such action, suit or proceeding shall be effective against any party if given by mail (registered or certified where possible, return receipt requested), postage prepaid, mailed to such party at the address set forth herein.

7. Severability. The invalidity or enforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

8. Notices. All notices or other communications with respect to the Restricted Stock Units shall be deemed given and delivered in person or by facsimile transmission, telefaxed, or mailed by registered or certified mail (return receipt requested, postage prepaid) to the Company's Stock Option Administrator at the following address (or such other address, as shall be specified by like notice of a change of address) and shall be effective upon receipt:

Stock Option Administrator
Republic Services, Inc.
18500 N. Allied Way
Phoenix, AZ 85054

9. Waiver. The failure of any party at any time to require strict performance of any condition, promise, agreement or understanding set forth herein shall not be construed as a waiver or relinquishment of the right to require strict performance of the same condition, promise, agreement or understanding at a subsequent time.

10. Interpretation/Provisions of Plan Control. In the event of any conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall govern. The Director hereby accepts as final, conclusive and binding, any decisions by the Committee with respect to the interpretation or administration of the Plan and this Agreement.

11. Director Bound by Plan. The Director hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms, conditions and provisions thereof.

12. Binding Effect. Subject to the limitations stated herein and in the Plan, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company and the Director's heirs, legatees, distributees and personal representatives.

13. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The facsimile or email transmission of a signed

signature page, by any party to the other(s), shall constitute valid execution and acceptance of this Agreement by the signing/transmitting party.

14. Section 409A.

(a) General. It is the intention of both the Company and the Director that the benefits and rights to which the Director could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Director or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Director and on the Company).

(b) No Representations as to Section 409A Compliance. Notwithstanding the foregoing, the Company does not make any representation to the Director that the Restricted Stock Units awarded pursuant to this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Director or any Beneficiary for any tax, additional tax, interest or penalties that the Director or any Beneficiary may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto is deemed to violate any of the requirements of Section 409A.

(c) Separation from Service. If and to the extent permitted by Treasury Regulations Section 1.409A-1(h)(5) or other applicable law, if the Director provides services both as an employee of the Company and as a member of the Board, the services provided as an employee shall not be taken into account in determining whether the Director has incurred a Separation from Service for purposes of Section 4(a) hereof.

(d) 6 Month Delay for Specified Employees.

(i) If the Director is a "Specified Employee", then no payment or benefit that is payable on account of the Director's "Separation from Service, shall be made before the date that is six months after the Director's "Separation from Service" (or, if earlier, the date of the Director's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule.

(ii) For purposes of this provision, the Director shall be considered to be a “specified employee” if, at the time of his or her separation from service, the Director is a “key employee”, within the meaning of Section 416(i) of the Code, of the Company (or any person or entity with whom the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(e) No Acceleration of Payments. Neither the Company nor the Director, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and the Director has affixed his or her signature hereto.

REPUBLIC SERVICES, INC.

By: _____

DIRECTOR

_____

EXHIBIT A

NOTICE OF RESTRICTED STOCK UNIT TRANSFER

Republic Services, Inc., a Delaware corporation (the "Company") and the undersigned person (the "Director") entered into a Non-Employee Director Restricted Stock Unit Agreement (the "Agreement"), effective _____ and made pursuant and subject to the provisions of the Company's 2007 Stock Incentive Plan, as it may be amended from time to time (the "Plan").

Pursuant to Section 15(g) of the Plan and Section 4(g) of the Agreement, the Director (or the Director's estate) transferred for no value Restricted Stock Units granted under the Agreement, as stated below, to the person or entity described below (the "Transferee").

Number of Restricted Stock Units transferred: _____

Date of transfer: _____

The Transferee is a permitted transferee under Section 15(g) of the Plan and Section 4(g) of the Agreement for the following reason:

- o Transfer by will or the laws of descent and distribution.
- o Transfer pursuant to a Qualified Domestic Relations Order.
- o Transfer to one of the following family members listed in Section 4(g)(ii) of the Agreement: a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships.
- o Transfer to a member of the Director's household (other than a tenant or an employee).
- o Transfer to a trust in which the Director, a member of the Director's family, or a member of the Director's household has more than a 50% beneficial interest.

o Transfer to a foundation in which the Director, a member of the Director's family, or a member of the Director's household controls the management of the foundation's assets.

o Transfer to an entity in which the Director, a member of the Director's family, or a member of the Director's household owns more than 50% of the voting interest.

If the Transferee is a natural person, the nature of the relationship between the Director and the Transferee is as follows:

If the Transferee is something other than a natural person, details regarding the Director's (or a family member's or a household member's) beneficial interest, control or voting interest in the Transferee is as follows:

The Director acknowledges that at the time the Award is settled, the Director will be taxed at ordinary income rates on the excess, if any, of the fair market value of the cash or stock when received in settlement of the transferred Restricted Stock Units.

This Notice is being furnished to the Company along with a copy of the will, assignment or transfer document and/or such evidence as the Committee may deem necessary to establish the validity of the transfer. An agreement signed by the Transferee acknowledging that all rights and obligations with respect to the transferred Restricted Stock Units shall be governed by the terms and conditions set forth in the Agreement and Plan is also being furnished to the Company.

The aforementioned documents are being delivered to the Company in satisfaction of the Director's obligations under Section 4(g)(iii) of the Agreement, to Stock Option Administrator at the following address:

Stock Option Administrator
Republic Services, Inc.
18500 North Allied Way
Phœnix, Arizona 85054

DIRECTOR

Signature

Print or Type Name

Street Address

City, State, Zip

Telephone Number

Social Security Number

Date

EXHIBIT B

STATEMENT OF ACKNOWLEDGEMENT

On [ ], [ ] (the "Transferor") entered into a Non-Employee Director Restricted Stock Unit Agreement (the "Agreement") with Republic Services, Inc. (the "Company"), pursuant and subject to the provisions of the Company's 2007 Stock Incentive Plan, as it may be amended from time to time (the "Plan"). Pursuant to Section 15(g) of the Plan and Section 4(g) of the Agreement, on [ ] the Transferor (or the Transferor's estate) transferred for no value [ ] Restricted Stock Units granted under the Agreement to [ ] (the "Transferee").

The Transferee hereby acknowledges and agrees that the Transferee is a permitted transferee under to Section 15(g) of the Plan and Section 4(g) of the Agreement. The Transferee further acknowledges and agrees that the Transferee's rights and obligations with respect to the transferred Restricted Stock Units shall be governed by the terms and conditions set forth in the Agreement and the Plan, as they are or would have been applicable to the Transferor, and that the Transferee will comply with such terms and conditions, including, without limitation, those provisions relating to the dates on which the Restricted Stock Units will vest, and those relating to the forfeiture and repayment of benefits in the event that the Transferor engages in any Detrimental Activity, as defined in the Plan.

TRANSFEREE

Signature

Print or Type Name

Street Address

City, State, Zip

Telephone Number

Tax Identifying Number

Date: [ ]

First Amendment
to
Republic Services, Inc.
Executive Incentive Plan

Introduction

Effective January 1, 2003, the Board of Directors adopted the amended, restated and renamed Republic Services, Inc. Executive Incentive Plan (the "Plan"), which was thereafter submitted to and approved by the shareholders of the Company.

Pursuant to Section 7.3 of the Plan, the Compensation Committee of the Board of Directors of the Company is authorized to amend the Plan and in the exercise of that authority has amended the Plan as follows, effective as of January 30, 2007.

Amendment

The Plan is amended by deleting the current provisions of Section 5.2 thereof in its entirety and, in lieu thereof, substituting the following:

5.2 *Death, Disability or Retirement*. In the event that a Participant dies or his or her employment is terminated by reason of Disability or Retirement after an Award has been granted to the Participant but before it has been determined to be earned pursuant to Section 4.2, there shall be paid to the Participant (or in the event of death, to the Participant's Beneficiary or estate) an amount equal to the full targeted Award that the Committee was authorized in accordance with the Award Formula to pay to the Participant pursuant to Section 4.3 had his or her employment continued through the end of the Performance Period and had all Performance Goals been met. Payment of all such Awards shall be made within thirty (30) days following the date of termination of the Participant's employment as a result of death, Disability or Retirement.

REPUBLIC SERVICES, INC.

DEFERRED COMPENSATION PLAN

Effective January 1, 2005

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DEFERRED COMPENSATION PLAN

Effective January 1, 2005

Purpose

The purpose of this Plan is to provide specified benefits to Directors and a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of Republic Services, Inc., a Delaware corporation, and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

This Plan is intended to comply with all applicable law, including Code §409A and related Treasury guidance and Regulations, and shall be operated and interpreted in accordance with this intention. Consistent with the foregoing, and in order to transition the Plan to the requirements of Code §409A and related Treasury guidance and Regulations, the Committee has made available, or will make available, to Participants certain transition relief described more fully in Appendix A of this Plan, as permitted by Code §409A and related Treasury guidance and Regulations.

ARTICLE I
DEFINITIONS

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1. "Account Balance" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of the Participant's Annual Accounts. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2. "Affiliate" shall mean any entity, other than the Company, which is a member of a controlled group of companies or under common control with the Company within the meaning of Code Sections 414(b) or (c).

1.3. "Allied Plan" shall mean the Allied Waste Industries, Inc. 2005 Executive Deferred Compensation Plan.

1.4. "Annual Account" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the following amount: (i) the sum of the Participant's Annual Deferral Amount, Company Contribution Amount, Company Restoration Matching Amount, and Company Additional Matching Amount for any one Plan Year, plus (ii) amounts credited or debited to such amounts pursuant to this Plan, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Annual Account for such Plan Year. The Annual Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.5. “Annual Deferral Amount” shall mean that portion of a Participant’s Base Salary, Bonus, Commissions, Director Fees and LTIP Amounts that a Participant defers in accordance with Article III for any one Plan Year, without regard to whether such amounts are withheld and credited during such Plan Year. In the event of a Participant’s Disability or death prior to the end of a Plan Year, such year’s Annual Deferral Amount shall be the actual amount withheld prior to such event.

1.6. “Annual Installment Method” shall be an annual installment payment over the number of years selected by the Participant in accordance with this Plan, calculated as follows: (i) for the first annual installment, the vested portion of each Annual Account shall be calculated as of the close of business on, or if the Participant’s Benefit Distribution Date is not a business day the first business day following, the Participant’s Benefit Distribution Date, , and (ii) for remaining annual installments, the vested portion of each applicable Annual Account shall be calculated on every anniversary of such calculation date, as applicable. Each annual installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due to the Participant. By way of example, if the Participant elects a ten (10) year Annual Installment Method as the form of Retirement Benefit for an Annual Account, the first payment shall be 1/10 of the vested balance of such Annual Account, calculated as described in this definition. The following year, the payment shall be 1/9 of the vested balance of such Annual Account, calculated as described in this definition.

1.7. “Area President” shall mean an Employee whose title as an Employee is area president.

1.8. “Base Salary” shall mean the annual cash compensation relating to services performed during any calendar year, excluding distributions from nonqualified deferred compensation plans, bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, director fees and other fees, and automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee’s gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or nonqualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant’s gross income under Code §§125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Employee.

1.9. “Beneficiary” shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 10, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.10. “Beneficiary Designation Form” shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.11. “Benefit Distribution Date” shall mean a date or event that triggers distribution of a Participant’s vested benefits as provided in Articles V, VI, VII, VIII, and IX.

1.12. “Board” shall mean the board of directors of the Company.

1.13. “Bonus” shall mean any compensation, in addition to Base Salary, Commissions and LTIP Amounts, earned by a Participant for services rendered during a Plan Year, under any Employer’s annual bonus and cash incentive plans.

1.14. “Cause” shall mean with respect to each Participant (i) if the Participant has an employment agreement with an Employer containing a definition of “cause”, the definition in the Participant’s employment agreement; and (ii) if the Participant does not have an employment agreement with an Employer containing a definition of “cause”, (a) Participant is convicted of, or pleads guilty (or *nolo contendere*), to a felony or crime involving moral turpitude, (b) the Company determines that the Participant knowing breached any term of the Participant’s employment agreement with an Employer, (c) the Company determines that the Participant knowingly violated any of the Company’s policies, rules or guidelines, or (d) the Company determines that the Participant willfully engaged in conduct, or willfully failed to perform assigned duties, the result of which exposes the Company to serious or potential injury (financial or otherwise).

1.15. “Change in Control” shall mean any “change in control event” as defined in accordance with Code §409A and related Treasury guidance and Regulations.

1.16. “Change in Control Benefit” shall have the meaning set forth in Article V.

1.17. “Claimant” shall have the meaning set forth in Section 15.1.

1.18. “Code” shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.19. “Commissions” shall mean the cash commissions earned by a Participant from any Employer for services rendered during a Plan Year, excluding Bonus, LTIP Amounts or other additional incentives or awards earned by the Participant.

1.20. “Committee” shall mean the Company’s Benefits Committee as constituted from time to time, and when there are no members of the Benefits Committee, the Board’s Compensation Committee.

1.21. “Company” shall mean Republic Services, Inc., a Delaware corporation, and any successor to all or substantially all of the Company’s assets or business.

1.22. “Company Additional Matching Amount” shall mean, for any one Plan Year, the amount determined in accordance with Section 3.7.

1.23. “Company Contribution Amount” shall mean, for any one Plan Year, the amount determined in accordance with Section 3.5.

1.24. “Company Restoration Matching Amount” shall mean, for any one Plan Year, the amount determined in accordance with Section 3.6.

1.25. “Death Benefit” shall mean the benefit set forth in Article IX.

1.26. “Director” shall mean any member of the board of directors of any Employer who is not an employee of any Employer.

1.27. “Director Fees” shall mean the annual fees earned by a Director from any Employer, including retainer fees and meetings fees, as compensation for serving on the board of directors.

1.28. “Disability” or “Disabled” shall mean that a Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident or health plan covering employees of the Participant’s Employer. For purposes of this Plan, a Participant shall be deemed to have satisfied either clause (i) or (ii) of this Section 1.25 and be Disabled if determined to be totally disabled by the Social Security Administration, or if determined to be disabled in accordance with the applicable disability insurance program of such Participant’s Employer, provided that the definition of “disability” applied under such disability insurance program complies with the requirements in the preceding sentence.

1.29. “Disability Benefit” shall mean the benefit set forth in Article VIII.

1.30. “Election Form” shall mean the form, which may be in electronic format, established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.31. “Employee” shall mean a person who is an employee of any Employer.

1.32. “Employee Director” shall mean an Employee whose title as an Employee is that of a director level. For this purpose, it is not intended to indicate a member of the board of directors of any Employer.

1.33. “Employer(s)” shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor.

1.34. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.35. “401(k) Plan” shall mean, with respect to an Employer, a plan qualified under Code §401(a) that contains a cash or deferred arrangement described in Code §401(k), adopted by the Employer, as it may be amended from time to time, or any successor thereto.

1.36. “General Manager” shall mean an Employee whose title as an Employee is general manager.

1.37. “LTIP Amounts” shall mean any portion of the compensation attributable to a Plan Year that is earned by a Participant as an Employee under any Employer’s long-term incentive plan or any other long-term incentive arrangement designated by the Committee.

1.38. “Measurement Fund” shall have the meaning set forth in Section 3.10(a).

1.39. “Participant” shall mean any Employee or Director (i) who is selected to participate in the Plan, (ii) who submits an executed Plan Agreement, Election Form and Beneficiary Designation Form, which is accepted by the Committee, and (iii) whose Plan Agreement has not terminated.

1.40. “Plan” shall mean the Republic Services Deferred Compensation Plan, which shall be evidenced by this instrument and by each Plan Agreement, as they may be amended from time to time.

1.41. “Plan Agreement” shall mean a written agreement, as may be amended from time to time, which is entered into by and between an Employer and a Participant. Each Plan Agreement executed by a Participant and the Participant’s Employer shall provide for the entire benefit to which such Participant is entitled under the Plan; should there be more than one Plan Agreement, the Plan Agreement bearing the latest date of acceptance by the Employer shall supersede all previous Plan Agreements in their entirety and shall govern such entitlement. The terms of any Plan Agreement may be different for any Participant, and any Plan Agreement may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan; provided, however, that any such additional benefits or benefit limitations must be agreed to by both the Employer and the Participant.

1.42. “Plan Compensation” for any Plan Year shall mean the sum of a Participant’s (i) Base Salary, Commissions, Bonus, LTIP Amounts, each of which is included in the Participant’s W-2 compensation for the applicable year, (ii) elective deferrals to the 401(k) Plan, (iii) Annual Deferral Amount, and (iv) deferrals excluded from taxable wages under Code §125.

1.43. “Plan Year” shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.44. “Retirement”, “Retire(s)” or “Retired” shall mean, with respect to an Employee, the definition of Retirement set forth with respect to this Plan in the Participant’s initial Plan Agreement (provided however that Retirement is defined as Separation from Service after a specified date), and if none, shall mean Separation from Service for any reason other than death or Disability, as determined in accordance with Code §409A and related

Treasury guidance and Regulations, on or after the earlier of the attainment of (a) age sixty (60) plus five (5) Years of Service, (b) age fifty-six (56) plus ten (10) Years of Service, or (c) fifty-five plus twenty (20) Years of Service; and shall mean with respect to a Director who is not an Employee, Separation from Service as a Director. If a Participant is both an Employee and a Director and does not have benefits under this Plan (or a plan required to be aggregated with this Plan) for services both as an Employee and a Director, the services provided as a Director are not taken into consideration in determining if the Participant has a Separation from Service as an Employee hereunder and the services as an Employee are not taken into consideration for purposes of determining if the Director has as Separation of Service as a Director.

1.45. "Retirement Benefit" shall mean the benefit set forth in Article VI.

1.46. "Scheduled Distribution" shall mean the distribution set forth in Section 4.1.

1.47. "Separation from Service" shall have the meaning set forth in Code Section 409A(a)(2) and the regulations issued pursuant thereto.

1.48. "Stock" shall mean the common stock of the Company.

1.49. "Terminate the Plan", "Termination of the Plan" shall mean a determination by an Employer's board of directors that (i) all of its Participants shall no longer be eligible to participate in the Plan, (ii) no new deferral elections for such Participants shall be permitted, and (iii) such Participants shall no longer be eligible to be credited with any contributions under this Plan.

1.50. "Termination Benefit" shall mean the benefit set forth in Article VII.

1.51. "Termination of Employment" shall mean the Separation from Service, voluntarily or involuntarily, for any reason other than Retirement, Disability or death, as determined in accordance with Code §409A and related Treasury guidance and Regulations. If a Participant is both an Employee and a Director and does not have benefits under this Plan (or a plan required to be aggregated with this Plan) for services both as an Employee and a Director, the services provided as a Director are not taken into consideration in determining if the Participation has a Termination of Employment as an Employee hereunder and the services as an Employee are not taken into consideration for purposes of determining if the Director has as Termination of Employment as a Director.

1.52. "Trust" shall mean one or more trusts established by the Company in accordance with Article XVI.

1.53. "Unforeseeable Emergency" shall mean a severe financial hardship of the Participant resulting from (i) an illness or accident of the Participant, the Participant's spouse, Beneficiary, or dependent (as defined in Code §152(a)), (ii) a loss of the Participant's property due to casualty, or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee.

1.54. “Vice President” shall mean an Employee whose title as an Employee is vice president.

1.55. “Years of Service” shall mean the number of consecutive full years of employment with the Company or an Affiliate (including years of employment before the Employer became an Affiliate).

ARTICLE II
SELECTION, ENROLLMENT, ELIGIBILITY

Selection by Committee. Participation in the Plan shall be limited to Directors, Employees of an Employer at the level of Vice Presidents and above, Area Presidents, Employee Directors, General Managers and such others as may be included in a select group of management or highly compensated employees of an Employer, as may be selected by the Committee.

2.1. **Enrollment and Eligibility Requirements; Commencement of Participation.**

(a) As a condition to participation, each Director or selected Employee who is eligible to participate in the Plan effective as of the first day of a Plan Year shall complete, execute and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form, prior to the first day of such Plan Year, or such other earlier deadline as may be established by the Committee in its sole discretion. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.

(b) A Director or selected Employee who first becomes eligible to participate in this Plan after the first day of a Plan Year must complete, execute and return to the Committee a Plan Agreement, an Election Form, and a Beneficiary Designation Form within thirty (30) days after he or she first becomes eligible to participate in the Plan, or within such other earlier deadline as may be established by the Committee, in its sole discretion, in order to participate for that Plan Year. In such event, such person’s participation in this Plan shall not commence earlier than the date determined by the Committee pursuant to Section 2.2(c) and such person shall not be permitted to defer under this Plan any portion of his or her Base Salary, Bonus, LTIP Amounts, Commissions and/or Director Fees that are paid with respect to services performed prior to his or her participation commencement date, except to the extent permissible under Code §409A and related Treasury guidance or Regulations.

(c) Each Director or selected Employee who is eligible to participate in the Plan shall commence participation in the Plan on the date that the Committee determines, in its sole discretion, that the Director or Employee has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required documents to the Committee within the specified time period. Notwithstanding the foregoing, the Committee shall process such Participant’s deferral election as soon as administratively practicable after such deferral election is submitted to and accepted by the Committee.

(d) If a Director or an Employee fails to meet all requirements contained in this Section 2.2 within the period required, that Director or Employee shall not be eligible to participate in the Plan during such Plan Year.

ARTICLE III
DEFERRAL COMMITMENTS/COMPANY CONTRIBUTION AMOUNTS/ COMPANY RESTORATION MATCHING AMOUNTS/COMPANY ADDITIONAL MATCHING AMOUNTS/VESTING/CREDITING/TAXES

3.1. **Minimum Deferrals.**

(a) **Annual Deferral Amount.** For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Base Salary, Bonus, Commissions, LTIP Amounts and/or Director Fees in the following minimum amounts for each deferral elected:

Deferral	Minimum Amount
Base Salary, Bonus, Commissions and/or LTIP Amounts	$5,000 aggregate
Director Fees	$1,000

If the Committee determines, in its sole discretion, prior to the beginning of a Plan Year that a Participant has made an election for less than the stated minimum amounts, or if no election is made, the amount deferred shall be zero.

(b) **Short Plan Year.** Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, the minimum Annual Deferral Amount shall be an amount equal to the minimum set forth above, multiplied by a fraction, the numerator of which is the number of complete months remaining in the Plan Year and the denominator of which is 12.

3.2. **Maximum Deferral.**

(a) **Annual Deferral Amount.** For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Base Salary, Bonus, Commissions, LTIP Amounts and/or Director Fees up to the following maximum percentages for each deferral elected:

Deferral	Maximum Percentage
Base Salary/Commissions	80%
Bonus	100%
LTIP Amounts	100%
Director Fees	100%

(b) **Short Plan Year.** Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, the maximum Annual Deferral Amount shall be limited to the amount of compensation not yet earned by the Participant as of the date the Participant submits a Plan Agreement and Election Form to the Committee for acceptance, except to the extent permissible under Code §409A and related Treasury guidance or Regulations. For compensation that is earned based upon a specified performance period, the Participant's deferral election will apply to the portion of such compensation that is equal to (i)

the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the service period after the Participant's deferral election is made, and the denominator of which is the total number of days in the performance period.

3.3. **Election to Defer; Effect of Election Form.**

(a) **First Plan Year.** In connection with a Participant's commencement of participation in the Plan, the Participant shall make an irrevocable election to defer Base Salary, Bonus, Commissions, Director Fees and LTIP Amounts for the Plan Year in which the Participant commences participation in the Plan, along with such other elections as the Committee deems necessary or desirable under the Plan. For these elections to be valid, the Election Form must be completed and signed by the Participant, timely delivered to the Committee (in accordance with Section 2.2 above) and accepted by the Committee.

(b) **Subsequent Plan Years.** A Participant's election to defer Base Salary, Bonus, Commissions, Director Fees and LTIP Amounts shall remain in effect for subsequent Plan Years, unless and until the Participant either timely files a new Election Form to notify the Committee of the change (including ceasing deferrals) in the election to defer Base Salary, Bonus, Commissions, Director Fees and LTIP Amounts. All changes and elections shall be made by the Participant timely delivering a new Election Form, and any other forms as the Committee may deem necessary or desirable, to the Committee, in accordance with its rules and procedures, before the December 31st preceding the Plan Year in which such compensation is earned with respect to which the termination or modification applies, or before such other deadline established by the Committee in accordance with the requirements of Code §409A and related Treasury guidance or Regulations. For compensation which is earned over one or more consecutive fiscal years of an Employer that is not payable during the service period, the Committee may determine that a Participant may defer such compensation by making an election before the last day of the fiscal year preceding the first fiscal year in which the services are performed.

Any deferral election(s) made in accordance with this Section 3.3(b) shall be irrevocable; provided, however, that if the Committee requires Participants to make a deferral election for "performance-based compensation" by the deadline(s) described above, it may, in its sole discretion, and in accordance with Code §409A and related Treasury guidance or Regulations, permit a Participant to subsequently change his or her deferral election for such compensation by submitting an Election Form to the Committee no later than the deadline established by the Committee pursuant to Section 3.3(c) below.

(c) **Performance-Based Compensation.** Notwithstanding the foregoing, the Committee may, in its sole discretion, determine that an irrevocable deferral election pertaining to "performance-based compensation" based on services performed over a period of at least twelve (12) months, may be made by timely delivering an Election Form to the Committee, in accordance with its rules and procedures, no later than six (6) months before the end of the performance service period. "Performance-based compensation" shall be compensation, the payment or amount of which is contingent on pre-established organizational or individual performance criteria, which satisfies the requirements of Code §409A and related Treasury

guidance or Regulations. In order to be eligible to make a deferral election for performance-based compensation, a Participant must perform services continuously from a date no later than the date upon which the performance criteria for such compensation are established through the date upon which the Participant makes a deferral election for such compensation. In no event shall an election to defer performance-based compensation be permitted after such compensation has become both substantially certain to be paid and readily ascertainable and such election shall be void and not in effect with respect to compensation which is determined not to be "Performance-based compensation."

(d) **Compensation Subject to Risk of Forfeiture.** With respect to compensation (i) to which a Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least twelve (12) months from the date the Participant obtains the legally binding right, the Committee may, in its sole discretion, determine that an irrevocable deferral election for such compensation may be made by timely delivering an Election Form to the Committee in accordance with its rules and procedures, no later than the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least twelve (12) months in advance of the earliest date at which the forfeiture condition could lapse.

(e) **Contingent Deferral Election.** A Participant may elect to not receive all or part of the restricted stock award and instead be credited with the equivalent value of the restricted stock in the Republic Services Stock Unit Fund. To be effective, such an election must be made either (i) prior to the first day of the Plan year in which the restricted stock award is granted, or (ii) within 30 days after the restricted stock award is granted, provided that the election is made at least 12 months in advance of the earliest date on which the restricted stock award could vest (other than by reason of the Participant's death, Disability or Change in Control).

3.4. **Withholding and Crediting of Annual Deferral Amounts.** For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. The Bonus, Commissions, LTIP Amounts and/or Director Fees portion of the Annual Deferral Amount shall be withheld at the time the Bonus, Commissions, LTIP Amounts or Director Fees are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself. Annual Deferral Amounts shall be credited to the Participant's Annual Account for such Plan Year at the time such amounts would otherwise have been paid to the Participant.

3.5. **Company Contribution Amount.**

(a) For each Plan Year, an Employer may be required to credit amounts to a Participant's Annual Account in accordance with employment or other agreements entered into between the Participant and the Employer, which amounts shall be part of the Participant's Company Contribution Amount for that Plan Year. Such amounts shall be credited to the Participant's Annual Account for the applicable Plan Year on the date or dates prescribed by such agreements.

(b) For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Annual Account under this Plan, which amount shall be part of the Participant's Company Contribution Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive a Company Contribution Amount for that Plan Year. The Company Contribution Amount described in this Section 3.5(b), if any, shall be credited to the Participant's Annual Account for the applicable Plan Year on a date or dates to be determined by the Committee, in its sole discretion.

3.6. **Company Restoration Matching Amount.** A Participant's Company Restoration Matching Amount for any Plan Year shall be an amount equal to the lesser of (i) two percent (2%) of the Participant's Plan Compensation for such Plan Year in excess of the Code §401(a)(17) limits (which is $245,000 for 2009 and as adjusted thereafter), or (ii) fifty percent (50%) of the Participant's Annual Deferral Amount for such year. The Participant's Company Restoration Matching Amount, if any, shall be credited to the Participant's Annual Account for the applicable Plan Year on a date or dates to be determined by the Committee, in it sole discretion. The Company Restoration Matching Amount shall be credited in Stock in the 2005 Plan Year and in cash in all future Plan Years.

3.7. **Company Additional Matching Amount.**

For Plan Years beginning on or after January 1, 2009, there will be no Company Additional Matching Amount.

3.8. **Crediting of Amounts after Benefit Distribution.** Notwithstanding any provision in this Plan to the contrary, should the complete distribution (other than as a distribution pursuant to Section 4.4) of a Participant's vested Account Balance (as determined pursuant to Section 3.9) occur prior to the date on which any portion of (i) the Annual Deferral Amount that a Participant has elected to defer in accordance with Section 3.3, (ii) the Company Contribution Amount, (iii) the Company Restoration Matching Amount, or (iv) the Company Additional Matching Amount, would otherwise be credited to the Participant's Account Balance, such amounts shall be credited to the Participant's Account Balance and distributed in accordance with the form and time of distribution that is applicable to the amount so credited (and to the extent the time of distribution has occurred, within 60 days of the date of such crediting).

3.9. **Vesting.**

(a) A Participant shall at all times be 100% vested in the portion of his or her Account Balance attributable to his or her deferrals of Base Salary, Bonus, Commissions, LTIP Amounts and Director Fees as adjusted for amounts credited or debited on such amounts (pursuant to Section 3.10).

(b) A Participant shall be vested in the portion of his or her Account Balance attributable to any Company Contribution Amounts, adjusted for amounts credited or debited on such amounts (pursuant to Section 3.10), in accordance with the vesting schedule(s) set forth

with respect to this Plan in his or her Plan Agreement, employment agreement or any other agreement between the Participant and his or her Employer. If not addressed in such agreements, a Participant shall 100% vest in his or her portion of his or her Account Balance attributable to any Company Contribution Amounts, adjusted for amounts credited or debited on such amounts (pursuant to Section 3.10), if such Participant's employment with the Employer is terminated due to Retirement, death, Disability, or by the Company for other than Cause. Amounts which are not vested upon Separation from Service with all Employers under circumstances set forth in this Section 3.9(b) shall be forfeited at the time of such Separation from Service.

(c) A Participant shall be vested in the portion of his or her Account Balance attributable to any Company Restoration Matching Amounts and Company Additional Matching Amounts, adjusted for amounts credited or debited on such amounts (pursuant to Section 3.10), only to the extent that the Participant would be vested in such amounts, if any, under the provisions of the 401(k) Plan applicable to the vesting of matching contributions, as determined by the Committee in its sole discretion.

(d) Notwithstanding anything to the contrary contained in this Section 3.9, in the event of a Change in Control, prior to a Participant's Separation from Service, any amounts that are not vested in accordance with Sections 3.9(b) or 3.9(c) above, shall immediately become 100% vested (if it is not already vested in accordance with those Sections).

(e) Notwithstanding Section 3.9(d) above, the vesting schedules described in Sections 3.9(b) and 3.9(c) shall not be accelerated upon a Change in Control to the extent that the Committee determines that such acceleration would cause the deduction limitations of Code §280G to become effective. The portion not so vested shall continue to be subject to the vesting provisions of this Plan. In the event of such a determination, the Participant may dispute the Committee's determination with respect to the application of Code §280G in which case the Committee must provide to the Participant within ninety (90) days of such a request an opinion from a nationally recognized accounting firm selected by the Participant (the "Accounting Firm"). The opinion shall state the Accounting Firm's opinion that any limitation in the vested percentage hereunder is necessary to avoid the limits of Code §280G and contain supporting calculations. The cost of such opinion shall be paid for by the Company. Payments made pursuant to any such dispute shall be made in compliance with Treasury Regulations §1.409A-3(g).

(f) Section 3.9(e) shall not prevent the acceleration of the vesting schedules described in Sections 3.9(b) and 3.9(c) if such Participant is entitled to a "gross-up" payment, to eliminate the effect of the Code §4999 excise tax, pursuant to his or her employment agreement or other agreement entered into between such Participant and the Employer.

3.10. **Crediting/Debiting of Account Balances.** In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) **Measurement Funds.** Subject to the restrictions found in Section 3.10(c) below, the Participant may elect one or more of the measurement funds selected by the Committee, in its sole discretion, which are based on certain mutual funds (the "Measurement Funds"), for the purpose of crediting or debiting additional amounts to his or her Account Balance. As necessary, the Committee may, in its sole discretion, discontinue, substitute or add a Measurement Fund. Each such action will take effect as of the first day of the first calendar quarter that begins at least thirty (30) days after the day on which the Committee gives Participants advance written notice of such change.

(b) **Election of Measurement Funds.** Subject to the restrictions found in Section 3.10(c) below, a Participant, in connection with his or her initial deferral election in accordance with Section 3.3(a) above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.10(a) above) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any of the Measurement Funds as described in the previous sentence, the Participant's Account Balance shall automatically be allocated into the lowest-risk Measurement Fund, as determined by the Committee, in its sole discretion. Subject to the restrictions found in Section 3.10(c) below, the Participant may (but is not required to) elect, by submitting an Election Form to the Committee that is accepted by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Committee, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence; provided, however, if the Participant's election includes the allocation or re-allocation of amounts to or from the Republic Services Stock Investment Fund, the Committee may, in its sole discretion, process any portion of the Participant's Election Form which allocates and/or re-allocates such amounts to or from any Measurement Fund other than the Republic Services Stock Investment Fund, while postponing the processing of any portion of the Participant's Election Form which allocates and/or re-allocates such amounts to or from the Republic Services Stock Investment Fund, as more fully described in Section 3.10(d)(i). Notwithstanding the foregoing, the Committee, in its sole discretion, may impose limitations on the frequency with which one or more of the Measurement Funds elected in accordance with this Section 3.10(b) may be added or deleted by such Participant; furthermore, the Committee, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund.

(c) **Republic Services Stock Unit Fund.**

(i) A Participant's election to not receive restricted stock but instead to be credited with the value of the restricted stock under this Plan will be automatically and irrevocably allocated to the Republic Services Stock Unit Fund. Participants may not select any other Measurement Fund to be used to determine the amounts to be credited or debited to their Republic Services Stock Unit Fund. Furthermore, no other portion of the Participant's Account Balance

can be either initially allocated or re-allocated to the Republic Services Stock Unit Fund. Amounts allocated to the Republic Services Stock Unit Fund shall only be distributable in actual shares of Stock.

(ii) Any stock dividends, cash dividends or other non-cash dividends that would have been payable on the Stock credited to a Participant's Account Balance shall be credited to the Participant's Account Balance in the form of additional shares of Stock and shall automatically and irrevocably be deemed to be re-invested in the Republic Services Stock Unit Fund until such amounts are distributed to the Participant. The number of shares credited to the Participant for a particular stock dividend shall be equal to (A) the number of shares of Stock credited to the Participant's Account Balance as of the payment date for such dividend in respect of each share of Stock, multiplied by (B) the number of additional or fractional shares of Stock actually paid as a dividend in respect of each share of Stock. The number of shares credited to the Participant for a particular cash dividend or other non-cash dividend shall be equal to (x) the number of shares of Stock credited to the Participant's Account Balance as of the payment date for such dividend in respect of each share of Stock, multiplied by (y) the fair market value of the dividend, divided by (z) the "fair market value" of the Stock on the payment date for such dividend.

(iii) The number of shares of Stock credited to the Participant's Account Balance shall be adjusted by the Committee, in its sole discretion, to prevent dilution or enlargement of Participants' rights with respect to the portion of his or her Account Balance allocated to the Republic Services Stock Unit Fund in the event of any reorganization, reclassification, stock split, or other unusual corporate transaction or event which affects the value of the Stock, provided that any such adjustment shall be made taking into account any crediting of shares of Stock to the Participant under Section 3.10.

(iv) For purposes of this Section 3.10(c), the fair market value of the Stock shall be determined by the Committee in its sole discretion.

(d) **Republic Services Stock Investment Fund.**

(i) A Participant may elect to allocate any portion of his or her future Annual Deferral Amounts, Company Contribution Amounts, Company Restoration Matching Amounts and Company Additional Matching Amounts, and/or re-allocate any portion of his or her Account Balance to the Republic Services Stock Investment Fund. However, if a Participant elects to allocate such

amounts to the Republic Services Stock Investment Fund, then such amounts will be (A) initially allocated to the lowest-risk Measurement Fund, as determined by the Committee, in its sole discretion, and (B) transferred from the lowest-risk Measurement Fund to the Republic Services Stock Investment Fund on or around the first business day of any calendar quarter, as determined by the Committee, in its sole discretion. Similarly, any elections to transfer amounts from the Republic Services Stock Investment Fund to any other Measurement Fund shall be processed on or around the first business day of the calendar quarter as determined by the Committee, in its sole discretion. Notwithstanding anything to the contrary contained in this Section 3.10 the Committee may, in its sole discretion, disallow any transfer which is made during a period in which the Participant is prohibited (by Company policy or otherwise) from acquiring or disposing of the Company's equity securities.

(ii) The portion of the Participant's Account Balance that is allocated to the Republic Services Stock Investment Fund shall be adjusted by the Committee, in its sole discretion, based on the cash equivalent of any stock dividends, cash dividends or other non-cash dividends that would have been payable on the Stock.

(iii) The portion of the Participant's Account Balance that is allocated to the Republic Services Stock Investment Fund shall be adjusted by the Committee, in its sole discretion, to prevent dilution or enlargement of Participants' rights with respect to the portion of his or her Account Balance allocated to the Republic Services Stock Investment Fund in the event of any reorganization, reclassification, stock split, or other unusual corporate transaction or event which affects the value of the Stock.

(iv) For purposes of this Section 3.10(d), the fair market value of the Stock shall be determined by the Committee in its sole discretion.

(e) **Proportionate Allocation.** In making any election described in Section 3.10(b) above, the Participant shall specify on the Election Form, in increments of one percent (1%), the percentage of his or her Account Balance or Measurement Fund, as applicable, to be allocated/re-allocated.

(f) **Crediting or Debiting Method.** The performance of each Measurement Fund (either positive or negative) will be determined on a daily basis based on the manner in which such Participant's Account Balance has been hypothetically allocated among the Measurement Funds by the Participant.

(g) **No Actual Investment.** Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement

purposes only, and a Participant's election of any such Measurement Fund, the allocation of his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the investments on which the Measurement Funds are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured creditor of the Employer obligated to pay the Participant's benefit as determined in Section 17.3 hereof, to the extent of such obligation.

3.11. **FICA and Other Taxes.**

(a) **Annual Deferral Amounts.** For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus, Commissions and/or LTIP Amounts that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Committee may reduce the Annual Deferral Amount for amounts required to be withheld and described in Treasury Regulations Section 1.409A-3(j)(4)(vi) in order to comply with this Section 3.11.

(b) **Company Restoration Matching Amounts, Company Additional Matching Amounts and Company Contribution Amounts.** When a Participant becomes vested in a portion of his or her Account Balance attributable to any Company Restoration Matching Amounts, Company Additional Matching Amounts and/or Company Contribution Amounts, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus, Commissions and/or LTIP Amounts that is not deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such amounts. If necessary, the Committee may reduce the vested portion of the Participant's Company Restoration Matching Amount, Company Additional Matching Amount or Company Contribution Amount for such amounts attributable to employment taxes required to be withheld or that otherwise may be withheld as described in Treasury Regulations Section 1.409A-3(j)(4)(vi), in order to comply with this Section 3.11.

(c) **Distributions.** The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

ARTICLE IV
SCHEDULED DISTRIBUTION; UNFORESEEABLE EMERGENCIES

4.1. **Scheduled Distribution.** In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive a Scheduled Distribution, in the form of a lump sum payment, from the Plan with respect to all or a portion of the Annual Deferral Amount. The Scheduled Distribution shall be a lump sum payment in an amount that is equal to the portion of the Annual Deferral Amount the Participant elected to have distributed as a Scheduled Distribution, adjusted for amounts credited or debited in the manner provided in Section 3.10 above on that amount, calculated as of the close of business on or around the date on which the Scheduled Distribution becomes payable, as determined by the Committee in its sole discretion. Subject to the other terms and conditions of this Plan, each Scheduled Distribution elected shall be paid out during a sixty (60) day period commencing immediately after the first day of any Plan Year designated by the Participant (the "Scheduled Distribution Date"). The Plan Year designated by the Participant must be at least three (3) Plan Years after the end of the Plan Year to which the Participant's deferral election described in Section 3.3 relates, unless otherwise provided on an Election Form approved by the Committee in its sole discretion. By way of example, if a Scheduled Distribution is elected for Annual Deferral Amounts that are earned in the Plan Year commencing January 1, 2006, the earliest Scheduled Distribution Date that may be designated by a Participant would be January 1, 2010, and the Scheduled Distribution would become payable during the sixty (60) day period commencing immediately after such Scheduled Distribution Date.

4.2. **Postponing Scheduled Distributions.** A Participant may elect to postpone a Scheduled Distribution described in Section 4.1 above, and have such amount paid out during a sixty (60) day period commencing immediately after an allowable alternative distribution date designated by the Participant in accordance with this Section 4.2. In order to make this election, the Participant must submit a new Scheduled Distribution Election Form to the Committee in accordance with the following criteria:

(a) Such Scheduled Distribution Election Form must be submitted to and accepted by the Committee in its sole discretion at least twelve (12) months prior to the Participant's previously designated Scheduled Distribution Date;

(b) The new Scheduled Distribution Date selected by the Participant must be the first day of a Plan Year, and must be at least five (5) years after the previously designated Scheduled Distribution Date; and

(c) The election of the new Scheduled Distribution Date shall have no effect until at least twelve (12) months after the date on which the election is made.

4.3. **Other Benefits Take Precedence Over Scheduled Distributions.** Should a Benefit Distribution Date occur that triggers a benefit under Articles V, VI, VII, VIII, or IX any Annual Deferral Amount that is subject to a Scheduled Distribution election under Section 4.1 or 4.2 shall not be paid in accordance with Section 4.1 or 4.2, but shall be paid in accordance with the other applicable Article. Notwithstanding the foregoing, the Committee shall interpret this

Section 4.3 in a manner that is consistent with Code §409A and related Treasury guidance and Regulations.

4.4. **Unforeseeable Emergencies.**

(a) If the Participant experiences an Unforeseeable Emergency, the Participant may petition the Committee to receive a partial or full payout from the Plan, subject to the provisions set forth below.

(b) The payout, if any, from the Plan shall not exceed the lesser of (i) the Participant's vested Account Balance (as determined pursuant to Section 3.9), calculated as of the close of business on or around the date on which the amount becomes payable, as determined by the Committee in its sole discretion, or (ii) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay Federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. Notwithstanding the foregoing, a Participant may not receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (C) by cessation of deferrals under this Plan.

(c) If the Committee, in its sole discretion, approves a Participant's petition for payout from the Plan, the Participant shall receive a payout from the Plan within sixty (60) days of the date of such approval, and the Participant's deferrals under the Plan shall be terminated as of the date of such approval.

(d) In addition, a Participant's deferral elections under this Plan shall be terminated to the extent the Committee determines, in its sole discretion, that termination of such Participant's deferral elections is required pursuant to Treas. Reg. §1.401(k)-1(d)(3) for the Participant to obtain a hardship distribution from an Employer's 401(k) Plan. If the Committee determines, in its sole discretion, that a termination of the Participant's deferrals is required in accordance with the preceding sentence, the Participant's deferrals shall be terminated as soon as administratively practicable following the date on which such determination is made.

(e) Notwithstanding the foregoing, the Committee shall interpret all provisions relating to a payout and/or termination of deferrals under this Section 4.4 in a manner that is consistent with Code §409A and related Treasury guidance and Regulations.

ARTICLE V
CHANGE IN CONTROL BENEFIT

5.1. **Change in Control Benefit.** A Participant, in connection with his or her commencement of participation in the Plan, shall irrevocably elect on an Election Form whether to (i) receive a Change in Control Benefit upon the occurrence of a Change in Control, which shall be equal to the Participant's vested Account Balance (as determined pursuant to Section 3.9), calculated as of the close of business on the date of the Change in Control (if the Account Balance is not valued on the date of the Change in Control, the first date so valued following the Change in Control), as determined by the Committee in its sole discretion, or (ii) to have his or

her Account Balance remain in the Plan upon the occurrence of a Change in Control and to have his or her Account Balance remain subject to the terms and conditions of the Plan. If a Participant does not make any election with respect to the payment of the Change in Control Benefit, then such Participant's Account Balance shall remain in the Plan upon a Change in Control and shall be subject to the terms and conditions of the Plan.

5.2. **Payment of Change in Control Benefit.** The Change in Control Benefit, if any, shall be paid to the Participant in a lump sum no later than sixty (60) days after the Participant's Benefit Distribution Date. Notwithstanding the foregoing, the Committee shall interpret all provisions in this Plan relating to a Change in Control Benefit in a manner that is consistent with Code §409A and related Treasury guidance and Regulations.

ARTICLE VI
RETIREMENT BENEFIT

6.1. **Retirement Benefit.** A Participant who Retires shall receive, as a Retirement Benefit, his or her vested Account Balance (as determined pursuant to Section 3.9), calculated as of the first business day coincident with or first following the six (6) month anniversary of the date of the Participant's Retirement, or if an election is made under Section 6.2(b), the date benefit distribution is to begin pursuant to Section 6.2(b).

6.2. **Payment of Retirement Benefit**.

(a) In connection with a Participant's election to defer an Annual Deferral Amount, the Participant shall elect the form in which his or her Annual Account for such Plan Year will be paid. The Participant may elect to receive each Annual Account in the form of a lump sum or pursuant to an Annual Installment Method of up to fifteen (15) years. If a Participant does not make any election with respect to the payment of an Annual Account, then the Participant shall be deemed to have elected to receive such Annual Account as a lump sum.

(b) A Participant may change the form of payment for an Annual Account by submitting an Election Form to the Committee in accordance with the following criteria:

(i) The election to modify the form of payment for such Annual Account shall have no effect until at least twelve (12) months after the date on which the election is made; and

(ii) The first payment related to such Annual Account shall be delayed at least five (5) years from the originally scheduled Benefit Distribution Date for such Annual Account, as described in Section 1.8.

For purposes of applying the requirements above, the right to receive an Annual Account in installment payments shall be treated as the entitlement to a single payment. The Committee shall interpret all provisions relating to an election described in this Section 6.2 in a manner that is consistent with Code §409A and related Treasury guidance or Regulations.

(c) A lump sum payment shall be made on the first business day coincident with or first following the six (6) month anniversary of the date of the Participant's Retirement. Installment payments shall commence on the Benefit Distribution Date; provided, however, any installments due prior to the first business day coincident with or first following the six (6) month anniversary of the date of the Participant's Retirement shall be paid on the first business day coincident with or first following the six (6) month anniversary of the date of the Participant's Retirement. Remaining installments, if any, shall continue in accordance with the Participant's election for each Annual Account and shall be paid no later than sixty (60) days after each anniversary of the Benefit Distribution Date.

ARTICLE VII
TERMINATION BENEFIT

7.1. **Termination Benefit.** A Participant who experiences a Termination of Employment shall receive, as a Termination Benefit, his or her entire vested Account Balance (as determined pursuant to Section 3.9), calculated as of the date as of which the Participant's benefit is distributed as set forth in Section 7.2. The unvested portion of his or her Account Balance shall be forfeited on the date of his or her Separation of Service.

7.2. **Payment of Termination Benefit.**

(a) The Participant's vested Account Balance (as determined pursuant to Section 3.9) attributable to the Company Contribution Amount shall be distributed as a single lump sum payment on the earlier of:

(i) The date the Participant would have been eligible for Retirement if the Participant had continued in the service of an Employer; or

(ii) The five (5) year anniversary date of the Participant's Separation from Service.

(b) The Participant's vested Account Balance (as determined pursuant to Section 3.9), other than the amount attributable to the Company Contribution Amount, shall be distributed to the Participant on the first business day coincident with or first following the six (6) month anniversary of the date of the Participant's Separation from Service.

(c) Notwithstanding any provisions hereof to the contrary, no payment under this Section 7.2 shall be made prior to the first day following the six (6) month anniversary of the date of the Participant's Separation from Service.

ARTICLE VIII
DISABILITY BENEFIT

8.1. **Disability Benefit.** Upon a Participant's Disability, the Participant shall receive a Disability Benefit, which shall be equal to the Participant's vested Account Balance (as determined pursuant to Section 3.9), calculated as of the close of business coincident with or first following the date of the Participant's Disability.

8.2. **Payment of Disability Benefit.** The Disability Benefit shall be paid to the Participant in a single lump sum payment no later than sixty (60) days after the date of the Participant's Disability.

ARTICLE IX
DEATH BENEFIT

9.1. **Death Benefit.** The Participant's Beneficiary(ies) shall receive a Death Benefit upon the Participant's death which will be equal to the Participant's vested Account Balance (as determined pursuant to Section 3.9) , calculated as of the close of business coincident with or first following the Participant's date of death.

9.2. **Payment of Death Benefit.** The Death Benefit shall be paid to the Participant's Beneficiary(ies) in a single lump sum payment no later than sixty (60) days after the date of the Participant's death.

ARTICLE X
BENEFICIARY DESIGNATION

10.1. **Beneficiary.** Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of the Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

10.2. **Beneficiary Designation; Change; Spousal Consent.** A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, the Committee may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Committee, executed by such Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

10.3. **Acknowledgment.** No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

10.4. **No Beneficiary Designation.** If a Participant fails to designate a Beneficiary as provided in Sections 10.1, 10.2 and 10.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under this Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

10.5. **Doubt as to Beneficiary.** If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.

10.6. **Discharge of Obligations.** The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE XI
LEAVE OF ABSENCE

11.1. **Paid Leave of Absence.** If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, and such leave of absence does not constitute a Separation from Service, as determined by the Committee in accordance with Code §409A and related Treasury guidance and Regulations, (i) the Participant shall continue to be considered eligible for the benefits provided in Articles IV, V, VI, VII, VIII, or IX in accordance with the provisions of those Articles, and (ii) the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.3.

11.2. **Unpaid Leave of Absence.** If a Participant is on unpaid leave of absence from the employment of the Employer for any reason, and such leave of absence does not constitute a Separation from Service as determined by the Committee in accordance with Code §409A and related Treasury guidance and Regulations, such Participant shall continue to be eligible for the benefits provided in Articles IV, V, VI, VII, VIII, or IX in accordance with the provisions of those Articles. Annual Deferral Amount for the Plan Year of his or her return and for such Plan Year shall remain in effect.

11.3. **Leaves Resulting in Separation from Service.** In the event that a Participant's leave of absence from his or her Employer constitutes a separation from service, as determined by the Committee in accordance with Code §409A and related Treasury guidance and Regulations, the Participant's vested Account Balance (as determined pursuant to Section 3.9) shall be distributed to the Participant in accordance with Article VI or VII of this Plan, as applicable.

ARTICLE XII
TERMINATION OF PLAN, AMENDMENT OR MODIFICATION

12.1. **Termination of Plan.** Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to Terminate the Plan. In the event of a Termination of the Plan, the Measurement Funds available to Participants following the Termination of the Plan shall be comparable in number and type to those Measurement Funds available to Participants in the Plan Year preceding the Plan Year in which the Termination of the Plan is effective. Following a Termination of the Plan, Participant Account Balances shall remain in the Plan until the

Participant becomes eligible for the benefits provided in Articles IV, V, VI, VII, VIII, or IX in accordance with the provisions of those Articles. The Termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination. Notwithstanding the foregoing, the Company may terminate and liquidate the Plan if such is done consistent with Treasury Regulation §1.409A-3(j)(ix).

12.2. **Amendment.**

(a) Any Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer. Notwithstanding the foregoing, no amendment or modification shall be effective to decrease the value of a Participant's Account Balance (as determined pursuant to Section 3.9) in existence at the time the amendment or modification is made.

(b) Notwithstanding any provision of the Plan to the contrary, in the event that the Company determines that any provision of the Plan may cause amounts deferred under the Plan to become immediately taxable to any Participant under Code §409A and related Treasury guidance or Regulations, the Company may (i) adopt such amendments to the Plan and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines necessary or appropriate to preserve the intended tax treatment of the Plan benefits provided by the Plan, and/or (ii) take such other actions as the Company determines necessary or appropriate to comply with the requirements of Code §409A and related Treasury guidance or Regulations. Notwithstanding the foregoing, neither the Company nor any other Employers, the Committee, nor their respective officers, directors, members or representatives, shall have any liability or other obligation to indemnify or hold harmless any Participant or Beneficiary for any tax, additional tax, interest or penalties that the Participant or Beneficiary may incur in the event that any provision of this Plan, or any other action taken with respect thereto, is deemed to violate any of the requirements of Code §409A.

12.3. **Plan Agreement.** Despite the provisions of Sections 12.1 and 12.2 above, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer may only amend or terminate such provisions with the written consent of the Participant.

12.4. **Effect of Payment.** The full payment of the Participant's vested Account Balance under Articles IV, V, VI, VII, VIII, or IX of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan, and the Participant's Plan Agreement shall terminate.

ARTICLE XIII
ADMINISTRATION

13.1. **Committee Duties.** Except as otherwise provided in this Article 13, this Plan shall be administered by the Committee. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, and

(ii) decide or resolve any and all questions, including benefit entitlement determinations and interpretations of this Plan, as may arise in connection with this Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or an Employer.

13.2. **Administration Upon Change In Control.** Within one hundred and twenty (120) days following a Change in Control that occurs on or after January 1, 2009, the individuals who comprised the Committee immediately prior to the Change in Control (whether or not such individuals are members of the Committee following the Change in Control) may, by written consent of the majority of such individuals, appoint an independent third party administrator (the "Administrator") to perform any or all of the Committee's duties described in Section 13.1 above, including without limitation, the power to determine any questions arising in connection with the administration or interpretation of the Plan, and the power to make benefit entitlement determinations. Upon and after the effective date of such appointment, (i) the Company must pay all reasonable administrative expenses and fees of the Administrator, and (ii) the Administrator may only be terminated with the written consent of the majority of Participants with an Account Balance in the Plan as of the date of such proposed termination.

13.3. **Agents.** In the administration of this Plan, the Committee or the Administrator, as applicable, may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel.

13.4. **Binding Effect of Decisions.** The decision or action of the Committee or Administrator, as applicable, with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

13.5. **Indemnity of Committee.** All Employers shall indemnify and hold harmless the members of the Committee, any Employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee or the Administrator.

13.6. **Employer Information.** To enable the Committee and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Committee and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Separation of Service of its Participants, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE XIV
OTHER BENEFITS AND AGREEMENTS

14.1. **Coordination with Other Benefits.** The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE XV
CLAIMS PROCEDURES

15.1. **Presentation of Claim.** Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

15.2. **Notification of Decision.** The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) That the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) That the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(iv) an explanation of the claim review procedure set forth in Section 15.3 below; and

(v) a statement of the Claimant's right to bring a civil action under ERISA §502(a) following an adverse benefit determination on review.

15.3. **Review of a Denied Claim.** On or before sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

15.4. **Decision on Review.** The Committee shall render its decision on review promptly, and no later than sixty (60) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA §502(a).

15.5. **Legal Action.** A Claimant's compliance with the foregoing provisions of this Article XV is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE XVI
TRUST

16.1. **Establishment of the Trust.** In order to provide assets from which to fulfill its obligations to the Participants and their Beneficiaries under the Plan, the Company may establish a trust by a trust agreement with a third party, the trustee, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan.

16.2. **Interrelationship of the Plan and the Trust.** The provisions of this Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under this Plan.

16.3. **Distributions From the Trust.** Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE XVII
MISCELLANEOUS

17.1. **Status of Plan.** This Plan is intended to be a plan that is not qualified within the meaning of Code §401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA §§201(2), 301(a)(3) and 401(a)(1). This Plan shall be administered and interpreted (i) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (ii) in accordance with Code §409A and related Treasury guidance and Regulations.

17.2. **Unsecured General Creditor.** Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

17.3. **Employer's Liability.** Each Employer, and only such Employer, shall be obligated to pay the benefits that are attributable to contributions credited to the Participant's Account with respect to Compensation payable or Employer Contributions credited by that Employer. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.

17.4. **Nonassignability.** Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable

hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

17.5. **Not a Contract of Employment.** The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and a Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

17.6. **Furnishing Information.** A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

17.7. **Terms.** Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

17.8. **Captions.** The captions of the articles, Sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

17.9. **Governing Law.** Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Arizona without regard to its conflicts of laws principles.

17.10. **Notice.** Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Republic Services Deferred Compensation Plan Committee
c/o General Counsel
18500 North Allied Way
Phoenix, Arizona 85054

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

17.11. **Successors.** The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

17.12. **Spouse's Interest**. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

17.13. **Validity.** In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

17.14. **Incompetent.** If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

17.15. **Court Order**. The Committee is authorized to comply with any court order in any action in which the Plan or the Committee has been named as a party, including any action involving a determination of the rights or interests in a Participant's benefits under the Plan. Notwithstanding the foregoing, the Committee shall interpret this provision in a manner that is consistent with Code §409A and other applicable tax law. In addition, if necessary to comply with a qualified domestic relations order, as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee, in its sole discretion, shall have the right to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to such spouse or former spouse.

17.16. **Distribution in the Event of Income Inclusion Under Code §409A.** If any portion of a Participant's Account Balance under this Plan is required to be included in income by the Participant prior to receipt due to a failure of this Plan to meet the requirement of Code §409A and related Treasury guidance or Regulations, the Participant may petition the Committee or Administrator, as applicable, for a distribution of that portion of his or her Account Balance that is required to be included in his or her income. Upon the grant of such a petition, the grant of which shall be at the Committees' sole discretion, the Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to the portion of his or her

Account Balance required to be included in income as a result of the failure of the Plan to meet the requirements of Code §409A and related Treasury guidance or Regulations, which amount shall not exceed the Participant's unpaid vested Account Balance (as determined pursuant to Section 3.9) under the Plan. If the petition is granted, such distribution shall be made within ninety (90) days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the Participant's benefits to be paid under this Plan.

17.17. **Deduction Limitation on Benefit Payments.** If an Employer reasonably anticipates that the Employer's deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code §162(m), then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution from this Plan is deductible, the Employer may delay payment of any amount that would otherwise be distributed from this Plan. Any amounts for which distribution is delayed pursuant to this Section shall continue to be credited/debited with additional amounts in accordance with Section 3.10 above. The delayed amounts (and any amounts credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant's death) at the earliest date the Employer reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code §162(m).

17.18. **Insurance.** The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

IN WITNESS WHEREOF, the Company has signed this Plan document as of _____, _____.

REPUBLIC SERVICES, INC.

By: _____

Title: _____

APPENDIX A

LIMITED TRANSITION RELIEF MADE AVAILABLE IN ACCORDANCE WITH CODE §409A AND RELATED TREASURY GUIDANCE AND REGULATIONS AND CERTAIN FORMER ALLIED PLAN PARTICIPANT SPECIAL TRANSITION RULES

Unless otherwise provided below, the capitalized terms below shall have the same meaning as provided in the Plan.

1. Opportunity to Make New Distribution Elections. Notwithstanding the required deadline for the submission of an initial distribution election described in Articles 4, 5, 6 and 7, the Committee may, as permitted by Code §409A and related Treasury guidance or Regulations, provide a limited period in which Participants may make new distribution elections, by submitting an Election Form on or before the deadline established by the Committee, which in no event shall be later than December 31, 2008. Any distribution election made in accordance with the requirements established by the Committee, pursuant to this Section, shall not be treated as a change in the form or timing of a Participant's benefit payment for purposes of Code §409A or the Plan.

   The Committee shall interpret all provisions relating to an election submitted in accordance with this Section in a manner that is consistent with Code §409A and related Treasury guidance or Regulations. If any distribution election submitted in accordance with this Section either (i) relates to payments that a Participant would otherwise receive in the calendar year of the election, or (ii) would cause payments to be made in the calendar year of the election, such election shall not be effective.

2. Former Allied Plan Participants. Effective on such date as determined by the Company, Participant's accounts under the Allied Plan attributable to pre-January 1, 2009 deferrals and contributions to the Allied Plan, shall be transferred to this Plan and included in such Participant's Account Balance under this Plan. Unless otherwise changed after such transfer in accordance with the terms of this Plan, the payment of the transferred amounts (as adjusted for amounts credited or debited to such amounts pursuant to this Plan less all distributions that relate to the transferred amounts) shall be made in accordance with the time and form of payment as elected under the Allied Plan even if such time and form of payment is not otherwise permitted under this Plan.

CONSULTING AGREEMENT

THIS AGREEMENT ("Agreement"), made and entered into as of December 5, 2008, by and between Harris W. Hudson ("Hudson") and Republic Services, Inc. ("Republic").

WITNESSETH THAT:

WHEREAS, Hudson's service on the Board of Directors of Republic has ceased; and

WHEREAS, Republic desires to retain the services of Hudson on a limited basis, and Hudson is willing to provide his services subject to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, it is hereby covenanted and agreed by Hudson and Republic as follows:

1. **DUTIES OF HUDSON.** Subject to the terms of this Agreement, Hudson shall make himself available on a reasonable basis to, and shall provide, advisory and consultative services as may, from time to time, be reasonably requested by the Chairman and Chief Executive Officer of Republic (but in no event shall such services require any travel by Hudson) in connection with the business of the Republic for a period of one (1) year, commencing on the day after the closing of the contemplated merger of the Republic's subsidiary, RS Merger Wedge Inc. and Allied Waste Industries, Inc. (the "Effective Date").

2. **COMPENSATION**

a. Consideration. As full compensation for the services rendered pursuant to this agreement, and regardless of the amount of consulting services requested by the Republic or performed by Hudson, Republic shall pay Hudson the sum of $500,000.00 for the year, payable in twelve monthly installments by the last day of each calendar month, commencing on December 31, 2008 and ending on November 30, 2009.

b. Independent Contractor. This agreement shall not render Hudson an employee, partner, or agent of, or joint venturer with, Republic for any purpose. Hudson is and will remain an independent contractor in his advisory and consultant relationship to Republic. Republic shall not be responsible for withholding taxes with respect to Hudson's compensation hereunder. Hudson shall have no claim against Republic hereunder for vacation pay, sick leave, retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits, or employee benefits of any kind.

c. Expense Reimbursement. During the terms of this Agreement, Hudson shall be entitled to be reimbursed for all reasonable, documented and approved out-of-pocket expenses which are incurred in connection with the performance of any consulting services rendered to Republic hereunder.

3. **NONDISCLOSURE OF CONFIDENTIAL INFORMATION.** Hudson agrees that, from the Effective Date and at all times thereafter, he shall hold in confidence for the benefit of Republic, all trade secrets and confidential information, knowledge or data relating to Republic or any of its subsidiaries or affiliates, and their respective businesses, which shall have been obtained by Hudson during the performance of his services on behalf of Republic, or during his consultation with Republic or after he ceases to provide services for Republic, and which shall not be or become public knowledge. Except in the good faith performance of his duties for Republic, Hudson shall not, without the prior written consent of Republic or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than Republic and those designated by it.

4. **ASSIGNABILITY AND BINDING NATURE.** This Agreement shall be binding upon and inure to the benefit of the parties hereto. No rights or obligations of Republic under this Agreement may be assigned or transferred pursuant to a merger or consolidation in which Republic is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of Republic, as contained in this Agreement, either contractually or as a matter of law. No rights or obligations of Hudson under this Agreement may be assigned or transferred by Hudson.

5. **AMENDMENT.** This Agreement may be amended or cancelled only by mutual agreement of the parties in writing without the consent of any other person. So long as Hudson lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

6. **APPLICABLE LAW.** The provisions of this Agreement shall be construed in accordance with the laws of the State of Florida, without regard to the conflict of law provisions of any other state.

7. **SEVERABILITY.** The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement and this Agreement will be construed as if such invalid and unenforceable provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

8. **WAIVER OF BREACH.** No waiver by any party hereto of a breach of any provision of this Agreement by the other party, or of compliance with any condition or provision of this Agreement to be performed by the other party, will operate or be construed as a waiver of any subsequent breach by such other party of any similar or dissimilar provisions and conditions at the same or any prior or subsequent time.

9. **NOTICES.** Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered mail, return receipt requested, postage prepaid, or prepaid overnight courier to the parties at the addresses set forth below (or such other addresses as shall be specified by the parties by like notice):

To Republic:

Republic Services, Inc.
18500 North Allied Way
Phoenix, AZ 85054
Attention: Timothy Donovan, Executive Vice President, General Counsel and Secretary

To Hudson:

Mr. Harris W. Hudson
1850 S.E. 17th Street, 3rd Floor
Fort Lauderdale, FL 33316

Each party, by written notice furnished to the other party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt. Such notices, demands, claims and other communications shall be deemed given in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery; or in the case of certified or registered U.S. mail, five days after deposit in the U.S. mail; provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received.

10. **HUDSON'S REPRESENTATIONS.** Hudson hereby represents and warrants to Republic that (i) the execution, delivery and performance of this Agreement by Hudson does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Hudson is a party or by which he is bound; and (ii) except to the extent previously disclosed to Republic in writing, Hudson is not a party to or bound by an employment agreement, noncompete agreement or confidentiality agreement with any other person or entity which would interfere in any material respect with the performance of his duties hereunder.

11. **COMPANY'S REPRESENTATIONS.** Republic represents and warrants that it is fully authorized and empowered to enter into this Agreement, that the Agreement has been duly authorized by all necessary corporate action, that the performance of its obligations under this Agreement will not violate any agreement between it and any other person, firm or organization or any applicable law or regulation and that this Agreement is enforceable in accordance with its terms.

12. **ENTIRE AGREEMENT**. Except as otherwise noted herein, this Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior contemporaneous agreements, if any, between the parties relating to the subject matter hereof.

13. **COUNTERPARTS.** This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

{*Signature follow on next page}*

IN WITNESS THEREOF, Hudson has hereunto set his hand, and Republic has caused this document to be executed in its name and on its behalf, and its corporate seal to be hereunto affixed, all as of the day and year first above written.

HUDSON

/s/ Harris W. Hudson
Harris W. Hudson

REPUBLIC SERVICES, INC.

By: /s/ James E. O'Connor
Name: James E. O'Connor
Title: Chief Executive Officer & Chairman

[REPUBLIC LETTERHEAD]

December 15, 2008

Mr. David A. Barclay
Senior Vice President and General Counsel
Republic Services, Inc.
110 SE 6 Street, 28th Floor
Fort Lauderdale, FL 33301

RE: Consulting Arrangement

Dear Mr. Barclay:

As we have discussed, your history and experience with Republic Services, Inc. will be a valuable resource to the Company during the next year as the Company transitions its business operations to implement the recent merger. We appreciate your willingness to make yourself available to provide consulting services to the Company during that period. The purpose of this letter is to document the terms and conditions of our consulting arrangement.

Consulting Services to Be Provided

You agree to be available to provide consulting services to the Company as requested by the Company during the period from December 15, 2008 to December 15, 2009 (the "Term"). In no event, however, will the Company request that you perform more than 30 hours of consulting services in any calendar month. For the purpose of this consulting arrangement, you agree that you will accept and act on requests for your services only to the extent that they come directly from Timothy R. Donovan, the General Counsel for the Company.

Nature of the Relationship

You and the Company both agree that you will provide services as an independent contractor to, and not an employee of, the Company. Neither you nor the Company will represent directly or indirectly that you are an agent, employee, or legal representative of the Company. You will not have the authority to incur any liabilities or obligations of any kind in the name of or on behalf of the Company. You will remain free at all times to arrange the time and manner of performance of your consulting services. In addition to any other obligations to the Company, you agree: (a) to proceed with diligence and promptness and hereby warrant that such services shall be performed in accordance with the highest professional standards in the field to the satisfaction of the Company; and (b) to comply, at your own expense, with the provisions of all state, local, and federal laws, regulations, ordinances, requirements and codes which are applicable to the performance of the services hereunder.

Compensation

In consideration for your agreement to remain available to perform consulting services during the Term and for the services to be provided during the Term, the Company will pay you the amount of $70,000 upon your acceptance of the terms and conditions of this arrangement.

Subject to any subsequent agreement you may enter into with the Company with respect to your providing consulting services with respect to a discrete project, this payment will be the sole compensation that you will receive for the consulting services you will provide to the Company during the period described below. In particular, you acknowledge and agree that you will not receive any employee benefits of any kind from the Company and that you are excluded from participating in any fringe benefit plans or programs as a result of the performance of consulting services and waive any and all rights, if any, to participation in any of the Company's fringe benefit plans or programs including, but not limited to, health, sickness, accident or dental coverage, life insurance, disability benefits, severance, accidental death and dismemberment coverage, unemployment insurance coverage, workers' compensation coverage, and pension or 401(k) benefit(s) provided by the Company to its employees. As a former employee, you may be entitled to participate in some of these programs.

Taxes

Consistent with the nature of your relationship as an independent contractor to the Company, you acknowledge that you will be solely responsible for any income, employment or other taxes payable by you with respect to the compensation you receive from the Company for your agreement to remain available to provide consulting services to the Company and for the consulting services you do provide. The Company will not be responsible for withholding any such taxes from the amount to be paid to you.

Expenses and Liabilities

You agree that as an independent contractor, you are responsible for all expenses (and profits/losses) you incur in connection with the performance of services. You understand that you will not be reimbursed for any supplies, equipment, or operating costs, nor will these costs of doing business be defrayed in any way by the Company. To the extent you are requested by Tim Donovan to travel as part of the performance of your services, the Company will reimburse you for reasonable out of pocket travel expenses incurred.

Indemnification

You will indemnify and hold harmless the Company and its officers, directors, agents, owners, and employees, for any claims brought or liabilities imposed against the Company by you or by any other party (including private parties, governmental bodies and courts), or any other matters, arising from acts or omissions by you related to your performance of consulting services pursuant to this letter.

Employment Agreement

The consulting services you will perform pursuant to this letter are separate and distinct from those you had previously provided under the Amended and Restated Employment Agreement, dated February 21, 2007, as amended, between you and Republic Services, Inc. (the "Employment Agreement"). Nothing about or contained in this letter modifies or in any way affects the obligations either party owns the other party pursuant to the Employment Agreement.

* * *

If you agree to the terms and conditions set forth in this letter, please acknowledge and accept them by signing a copy of this letter in the space provided below and returning it to Catharine Ellingsen.

Very truly yours,

/s/ Timothy R. Donovan
Timothy R. Donovan
Executive Vice President, and General Counsel

ACKNOWLEDGED AND ACCEPTED

/s/ David A. Barclay
David A. Barclay

12/16/08
Date

AMENDMENT
TO
CERTAIN ALLIED WASTE INDUSTRIES, INC.
EQUITY AWARD AGREEMENTS

THIS AMENDMENT (the "Amendment") is made by and between Allied Waste Industries, Inc., a Delaware corporation (the "Company") and the individual specified below (the "Grantee"), to those certain Allied Waste Industries, Inc. equity award agreements held by Grantee and set forth and described on Exhibit A attached hereto and incorporated herein (collectively referred to herein as the "Agreements").

WITNESSETH:

WHEREAS, the Company and the Grantee previously entered into the Agreements set forth on Exhibit A attached hereto;

WHEREAS, the equity awards underlying the Agreements were issued pursuant to and under either the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, as amended from time to time (the "1991 Plan") or the Allied Waste Industries, Inc. 2006 Incentive Stock Plan, as amended from time to time (the "2006 Plan");

WHEREAS, outstanding awards under the 1991 Plan and the 2006 Plan are governed under the terms of the 2006 Plan;

WHEREAS, on June 22, 2008, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with and among Republic Services, Inc., a Delaware corporation ("Republic"), and RS Merger Wedge, Inc., a Delaware corporation and wholly owned subsidiary of Republic (the "Merger Sub"), pursuant to which Merger Sub will merge with and into the Company (the "Merger") and, as a result, the Company will become a wholly owned subsidiary of Republic as of the Effective Time (as defined in the Merger Agreement);

WHEREAS, in anticipation of the Merger, and in accordance with the terms and provisions of the Merger Agreement and the 2006 Plan, the Company and the Grantee now wish to amend the Agreements to reflect the changes that are required to be made as a result of such Merger; and

WHEREAS, the Company and the Grantee wish to amend the Agreements for purposes of Section 409A of the Internal Revenue Code (i) to eliminate the Grantee's right to defer the delivery of shares of common stock otherwise deliverable upon the exercise of stock options, and (ii) to provide that the Agreement shall be interpreted in a manner consistent with the awards satisfying the requirements of Section 409A.

NOW, THEREFORE, except as otherwise specifically provided, effective as of the Effective Time of the Merger, the Agreements shall be amended as follows:

1. Definitions. With respect to certain definitions contained in the Agreements, the following shall apply: (a) any references to "Company" and/or "Allied Waste Industries, Inc." shall be to Republic Services, Inc., (b) any references to the "Board" or "Board of Directors" shall be to the Board of Directors of Republic Services, Inc., (c) any references to the "Committee" shall be to the Compensation Committee of the Board of Directors of Republic Services, Inc., (d) any references to the "Allied Waste Industries, Inc. 1991 Incentive Stock Plan, as amended" or the "Allied Waste Industries, Inc. 2006 Incentive Stock Plan, as amended," shall be to the Republic Services, Inc. 2006 Incentive Stock Plan, as amended (f/k/a the Allied Waste Industries, Inc. 2006 Incentive Stock Plan, as amended), (e) any references to "Shares" or "Stock" or "Common Stock" shall be with respect to shares of the common stock of Republic Services, Inc., as adjusted, in accordance with the Plan and as described in Section 2 or Section 3 below, as applicable; (f) any references to "Options" shall be with respect to shares of the common stock of Republic Services, Inc., as adjusted, in accordance with the Plan and as described in Section 2 below; and (g) any references to "Restricted Stock", "Restricted Stock Units" or "RSUs" shall be with respect to shares of common stock of Republic Services, Inc., as adjusted, in accordance with the Plan and as described in Section 3 below.

2. Option Awards. With respect to those Agreements that provide for Options, the following shall apply: (a) the number of those shares of the common stock of Allied Waste Industries, Inc. subject to the Agreement that remain outstanding at the Effective Time of the Merger (the "Allied Shares") shall be adjusted, effective as of the Effective Time, so that the number of shares of common stock of Republic Services, Inc. subject to the Agreement on and after the Effective Time shall equal the number of Allied Shares multiplied by 0.45 (rounded to the nearest whole share); (b) the exercise price per share provided for in each Agreement shall be adjusted, effective as of the Effective Time, to equal (i) the exercise price per Allied Share otherwise purchasable pursuant to the Option, divided by (ii) 0.45 (rounded to the nearest whole cent); and (c) any unvested portion of an Option that remains outstanding immediately prior to the Effective Time shall become immediately and fully vested as of the Effective Time.

3. Restricted Stock and RSU Awards. With respect to those Agreements that provide for Restricted Stock or Restricted Stock Units, (a) the number of shares of the common stock of Allied Waste Industries, Inc. subject to the Agreement that remain outstanding at the Effective Time of the Merger (the "Allied Shares") shall be adjusted, effective as of the Effective Time, so that the number of shares of common stock of Republic Services, Inc. subject to the Agreement on and after the Effective Time shall equal the number of Allied Shares multiplied by 0.45 (rounded to the nearest whole share); and (b) any unvested portion of Restricted Stock or Restricted Stock Units that remain outstanding immediately prior to the Effective Time shall become immediately and fully vested as of the Effective Time.

4. Stock Option Deferral. Any Agreement that contains a provision that allows for a deferral of the delivery of shares of common stock otherwise deliverable upon exercise of the Option shall be amended to delete such provision effective as of the earlier of (i) the Effective Time or (ii) December 31, 2008.

5. Section 409A. It is intended that the awards granted pursuant to the Agreements either comply with the requirements of Section 409A of the Code or fall within an exception to

Section 409A. The provisions of this Amendment and the Agreements shall be interpreted and construed in a manner consistent with these intentions after the date reflected below.

6. In all other respects, the Agreements shall remain unchanged by this Amendment.

IN WITNESS WHEREOF, the Company and the Grantee has caused this instrument to be executed on the date set forth below.

ALLIED WASTE INDUSTRIES, INC., a
Delaware corporation

By: _____
Name: _____
Its: _____

GRANTEE

_____

DATE:

_____

EXHIBIT A

EQUITY AWARD AGREEMENTS

REPUBLIC SERVICES, INC.
2005 NON-EMPLOYEE DIRECTOR EQUITY COMPENSATION PLAN
(f/k/a ALLIED WASTE INDUSTRIES, INC. 2005 NON-EMPLOYEE DIRECTOR EQUITY COMPENSATION PLAN)

[Originally Adopted Effective February 28, 1994;
Most Recent Amendment and Restatement Effective January 1, 2008;
This Amendment and Restatement Effective December 5, 2008]

1. Purpose of the Plan

The Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan was adopted, subject to shareholder approval, for the benefit of Non-Employee Directors of Allied Waste Industries, Inc. The Plan is intended to advance the interests of Allied Waste Industries, Inc. by providing the Non-Employee Directors with additional incentive to serve Allied Waste Industries, Inc. by increasing their proprietary interest in the success of Allied Waste Industries, Inc.

On June 22, 2008, Allied Waste Industries, Inc. entered into an Agreement and Plan of Merger (the "Merger Agreement") with and among Republic Services, Inc., a Delaware corporation ("Republic"), and RS Merger Wedge, Inc., a Delaware corporation and wholly owned subsidiary of Republic (the "Merger Sub"), pursuant to which Merger Sub will merge with and into Allied Waste Industries, Inc. (the "Merger") and, as a result, Allied Waste Industries, Inc. will become a wholly owned subsidiary of Republic as of the Effective Time (as defined in the Merger Agreement").

Effective on and after the Effective Time, the Plan is to be referred to as the "Republic Services, Inc. 2005 Non-Employee Director Equity Compensation Plan (f/k/a the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan)" and Republic Services, Inc. is to be the new sponsor of this Plan. In addition, any references to shares of Common Stock is to shares of the common stock of Republic Services, Inc. and necessary adjustments have been made to the number of shares of common stock available for grant under this Plan, as well as to outstanding Awards, to reflect the Exchange Ratio (as defined in the Merger Agreement). This Amendment and Restatement reflects these changes.

In addition, no new Awards shall be granted under this Plan on or after the Effective Time.

This Amendment and Restatement is subject to and conditioned upon the Closing (as defined in the Merger Agreement) of the Merger. In the event that the Closing does not occur, then this Amendment and Restatement shall be void and the prior amendment and restatement of the Plan shall remain in effect.

2. Definitions

As used in the Plan, the following definitions apply to the terms indicated below.

(a) "Additional Restricted Stock Units" has the meaning set forth in Section 6(d).

(b) “Affiliate” of any person means an individual or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such person.

(c) “Annual Grant” means the annual grant of an Award to an Eligible Director pursuant to Section 5(b).

(d) “Award” means a share of Restricted Stock, Restricted Stock Unit, or Option granted under this Plan.

(e) “Board” or “Board of Directors” means the Board of Directors of the Company.

(f) “Cash Fee Award” means cash fees paid to eligible Directors from time to time for their continued service on the Board and/or for attendance at meetings of the Board or of committees of the Board.

(g) “Code” means the Internal Revenue Code of 1986, as amended from time to time.

(h) “Committee” means a committee duly appointed by the Board, which Committee shall consist of not less than two members of the Board.

(i) “Common Stock” means the Company’s common stock, par value $.01 per share.

(j) “Company” means, on or after the Effective Time, Republic Services, Inc., a Delaware corporation and its successors. Prior to the Effective Time, “Company” means Allied Waste Industries, Inc., a Delaware corporation.

(k) “Deferred Compensation Plan” means any nonqualified deferred compensation plan of the Company that is currently in effect or subsequently adopted by the Company.

(l) “Designee Director” means a person designated by a Designating Person to serve as a Non-Employee Director pursuant to Allied Waste Industries, Inc.’s Certificate of Incorporation or Bylaws, or an agreement or other arrangement between Allied Waste Industries, Inc. and the Designating Person.

(m) “Designating Person” with respect to a Designee Director means an individual or entity that has the right to designate such Designee Director to serve as a Director of Allied Waste Industries, Inc.

(n) “Effective Date” means, in the case of the original Effective Date of this Plan, February 28, 1994. The Effective Date with respect to this Amendment and Restatement means _____, 2008.

(o) “Eligible Director” means, for purposes of an Award, a person who is elected, appointed, or reelected as a Non-Employee Director on or after the Effective Date.

(p) “Fair Market Value” of a share of Common Stock on any date is (i) the closing sales price of a share of Common Stock on that date (or if that date is not a business day, on the

immediately preceding business day) as reported on the principal securities exchange on which shares of Common Stock are then listed or admitted to trading; (ii) if not so reported, the average of the closing bid and asked prices for a share of Common Stock on that date (or if that date is not a business day, on the immediately preceding business day as quoted on the Nasdaq Stock Market, Inc. ("Nasdaq") or (iii) if not quoted on Nasdaq, the average of the closing bid and asked prices for a share of Common Stock as quoted by the National Quotation Bureau's "Pink Sheets" or the National Association of Securities Dealers' OTC Bulletin Board System on that date (or if that date is not a business day, on the immediately preceding business day). If the price of a share of Common Stock is not so reported, the Fair Market Value of a share of Common Stock shall be determined by the Plan Administrator in good faith.

(q) "Initial Grant" means the initial grant of an Award to an Eligible Director pursuant to Section 5(a).

(r) "New Director", for purposes of an Award, means a person who (i) is first elected or appointed as a Non-Employee Director on or after the Effective Date, or (ii) first becomes a Non-Employee Director on or after the Effective Date.

(s) "Non-Employee Director" or "Director" means a director of Allied Waste Industries, Inc. who, at the time of his or her service, is not an employee of Allied Waste Industries, Inc. or any Subsidiary.

(t) "Option" means an option to purchase shares of Common Stock of the Company granted pursuant to Section 5(d).

(u) "Plan" means, on or after the Effective Time, the Republic Services, Inc. 2005 Non-Employee Director Equity Compensation Plan (f/k/a the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan), as may be amended from time to time. Prior to the Effective Time, the Plan means the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan, as amended.

(v) "Plan Administrator" means the Board or the Committee, as the case may be.

(w) "Restricted Stock" means shares of Common Stock that are granted pursuant to the terms of Section 5 and that are subject to the restrictions set forth in Section 6 for so long as such restrictions continue to apply to such shares.

(x) "Restricted Stock Unit" or "RSU" means the Company's unfunded promise to pay one share of Common Stock or its cash equivalent that is granted pursuant to the terms of Section 5 and that is subject to the restrictions set forth in Section 6 for so long as such restrictions continue to apply to such unit.

(y) "Securities Act" means the Securities Act of 1933, as amended.

(z) "Subsidiary" or "Subsidiaries" mean any and all corporations or other entities in which, at the pertinent time, Allied Waste Industries, Inc. owns, directly or indirectly, stock or other equity interests vested with more than 50% of the total combined voting power of all classes of stock

of such corporations within the meaning of Section 424(f) of the Internal Revenue Code of 1986, as amended.

3. Administration of the Plan

The Plan shall be administered by the Plan Administrator. If a Committee is the Plan Administrator, a majority of the members of the Committee shall constitute a quorum for the transaction of business and the vote of a majority of those members present at any meeting shall decide any question brought before that meeting. The Plan Administrator shall have full authority to administer the Plan, including authority to interpret and construe any provision of the Plan and the terms of any Award granted under it and to adopt such rules and regulations for administering the Plan as it may deem necessary. Decisions of the Plan Administrator shall be final and binding on all parties. Notwithstanding the above, the selection of Non-Employee Directors to whom Awards are to be granted, the number of shares of Restricted Stock granted or the number of shares subject to any RSU or Option, the exercise price of any Option, the ten-year maximum term of any Option, and the vesting period for shares of any Awards shall be as provided in this Plan and the Plan Administrator shall have no discretion as to such matters.

4. Stock Reserved for the Plan

A maximum of 1,237,500 shares of Common Stock (as adjusted in accordance with the Exchange Ratio in the Merger Agreement) may at any time be (a) granted as Restricted Stock under the Plan, (b) subject to outstanding RSUs or Options granted under the Plan, or (c) issued to Eligible Directors as the result of conversions of Cash Fee Awards; *provided*, that the class and aggregate number of shares granted hereunder shall be subject to adjustment in accordance with the provisions of Section 12 of this Plan. The Company shall reserve for issuance pursuant to this Plan such number of shares of Common Stock as may from time to time be granted or subject to Awards hereunder. If any shares of Restricted Stock are forfeited or cancelled for any reason, such shares shall again be available for grant under the Plan. If any RSUs are forfeited or cancelled for any reason, or if any Options expire or are canceled prior to their exercise in full, the shares of Common Stock subject to such RSUs or Options shall again be available for grant under the Plan. If there are not sufficient shares under the Plan to make an Award on the date the Award is to be made, the Award will not be made.

No new Awards shall be granted under this Plan on or after the Effective Time.

5. Awards

(a) **Initial Grant to New Directors**. Beginning on the initial Effective Date of this Plan and for so long as this Plan is in effect and shares of Common Stock are available for the grant of Awards, each New Director shall be granted shares of Restricted Stock (or, in the discretion of the Plan Administrator, Restricted Stock Units or Options) having a Fair Market Value of $150,000, which shares shall be awarded on the later of (i) the date of the New Director's initial election to the Board or (ii) the date upon which the New Director first becomes eligible to participate in this Plan. Restricted Stock granted under this Section 5(a) shall be subject to the provisions of Section 6; *provided*, *however*, that no new awards shall be granted on or after the Effective Time.

(b) **Annual Grant**. Beginning on the initial Effective Date and for so long as this Plan is in effect and shares of Common Stock are available for the grant of Awards, each Eligible Director shall, on each date on which he or she is elected or reelected to the Board, be granted shares of Restricted Stock (or, in the discretion of the Plan Administrator, Restricted Stock Units or Options) having a Fair Market Value of $55,000, which shares shall be awarded on the date of reelection. Restricted Stock granted under this Section 5(b) shall be subject to the provisions of Section 6; *provided*, *however*, that no new awards shall be granted on or after the Effective Time.

(c) **Determination of Number of Shares**. The number of shares of Restricted Stock subject to each Award granted pursuant to Section 5(a) or 5(b) shall be determined by dividing the dollar amount set forth in Section 5(a) or 5(b), as the case may be, by the Fair Market Value of one share of Common Stock on the date of the Award; *provided*, *however*, that the number of shares of Restricted Stock shall be rounded downward such that no fractional share shall be issued.

(d) **Restricted Stock Units or Options in Lieu of Shares of Restricted Stock**. The Plan Administrator, in its discretion, may determine that one or more Initial Grants or Annual Grants under this Plan shall be made in the form of RSUs or Options. If the Plan Administrator determines that RSUs are to be awarded instead of shares of Restricted Stock, then (i) the number of shares of Common Stock subject to each award of RSUs shall be the number of shares of Restricted Stock that otherwise would have been awarded, (ii)the RSUs will be subject to the terms and conditions of Section 6, and (iii) the agreement evidencing the RSUs shall specify whether payment, upon vesting, will be made in the form of Common Stock (whereby the Director will receive one share of Common Stock for each Restricted Stock Unit) or in cash (whereby the Director will receive a lump sum cash payment in an amount equal to the Fair Market Value of one share of Common Stock at the time of vesting times the number of vested RSUs). If the Plan Administrator determines that Options are to be awarded instead of shares of Restricted Stock, then (A) the number of shares of Common Stock subject to each Option shall be three times the number of shares of Restricted Stock that otherwise would have been awarded, and (B) the Options shall be subject to the terms and conditions of Section 7.

(e) **Vesting**. An Award made under Section 5(a) above shall be subject to the following vesting schedule: 0% vested until the last day of the Director's first one-year term ending after the date of grant; 1/3 vested on the last day of the Director's first one-year term ending after the date of grant; an additional 1/3 vested on the last day of the Director's second one-year term ending after the date of grant; and an additional 1/3 vested on the last day of the Director's third one-year term ending after the date of grant. An Award made under Section 5(b) above shall be subject to the following vesting schedule: 0% vested until the last day of the Director's first one-year term ending after the date of grant, and 100% vested on the last day of the Director's first one-year term ending after the date of grant. Upon vesting, shares of Restricted Stock and/or RSUs shall no longer be subject to any restrictions set forth in Section 6, and Options may be exercised pursuant to the terms and conditions set forth in Section 7. Any portion of an Award granted under Section 5(a) or 5(b) that remains unvested as of the date a Director ceases to be a Director for any reason shall be forfeited. Notwithstanding any contrary provision of this Section 5(e), an Award shall be fully vested in the event of the Director's death or as otherwise provided in the agreement evidencing the Director's Award.

(f) **Adjustments to Amount of Initial Grants and Annual Grants**. Notwithstanding the foregoing, the Board may, from time to time and in its sole discretion, (i) adjust (upward or downward) the nominal dollar value of Initial Grants under Section 5(a); *provided*, *however*, that the Board may not increase the nominal dollar value of Initial Grants to more than $200,000 in the aggregate during the term of the Plan; and (b) adjust (upward or downward) the nominal dollar value of Annual Grants under Section 5(b); *provided*, *however*, that the Board may not increase the nominal value of Annual Grants to more than $80,000 in the aggregate during the term of the Plan.

(g) **Awards to Designee Directors**. A Designee Director may provide written notice to the Plan Administrator to instruct the Plan Administrator to issue any Awards that would be issuable to such Designee Director under the Plan to the Designee Director's Designating Person or its Affiliates. Upon receipt of such notice, the Plan Administrator shall cause all Awards that would otherwise be issuable to the Designee Director under the Plan to be issued to the Designee Director's Designating Person or its Affiliates, according to the instructions set forth in such notice.

6. Restricted Stock and Restricted Stock Units

(a) **Issuance of Certificates for Restricted Stock**. Reasonably promptly after the award of shares of Restricted Stock under Section 5(a) or 5(b), the Company shall cause to be issued a stock certificate, registered in the name of the Director to whom such shares were granted, evidencing such shares; *provided* that the Company shall not cause such stock certificate to be issued unless it has received a stock power duly endorsed in blank with respect to such shares. Each such stock certificate shall bear the following legend:

Prior to the Effective Time:

The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms, and conditions (including forfeiture and restrictions against transfer) contained in the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (the "Plan") and an agreement entered into between the registered owner of such shares and Allied Waste Industries, Inc. A copy of the Plan and agreement is on file in the office of the Secretary of Allied Waste Industries, Inc.

On or after the Effective Time:

The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms, and conditions (including forfeiture and restrictions against transfer) contained in the Republic Services, Inc. 2005 Non-Employee Director Equity Compensation Plan, f/n/a the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan (the "Plan") and an agreement entered into between the registered owner of such shares and Republic Services, Inc. A copy of the Plan and agreement is on file in the office of the Secretary of Republic Services, Inc.

Such legend shall not be removed from the certificate evidencing such shares until such shares vest pursuant to the terms of this Plan.

Each certificate issued pursuant to the above paragraph, together with the stock powers relating to the shares of Restricted Stock evidenced by such certificate, shall be held by the Company. The Company shall issue to the Director a receipt evidencing the certificates that are registered in the name of the Director and held by the Company.

Reasonably promptly after a share of Restricted Stock vests pursuant to the terms of Section 5(e), the Company shall cause to be issued and delivered to the Director to whom such shares were granted a certificate evidencing such shares, free of the legend set forth above. Delivery of the certificate shall be effected for all purposes when the Company shall have deposited such certificate in the United States mail, addressed to the Director.

(b) **Issuance of Certificates or Cash Payment Upon Vesting of RSUs**. If shares of Common Stock are to be issued upon vesting of RSUs, then within 60 days after the vesting of such RSUs the Company shall cause to be issued a stock certificate, registered in the name of the Director to whom such Units were granted, evidencing the shares, *provided* that such stock certificate shall not be required to bear the legend set forth in Section 6(a). Delivery of the certificate shall be effected for all purposes when the Company shall have deposited such certificate in the United States mail, addressed to the Director. If, under Section 5(d), a cash payment is to be made upon vesting of RSUs, then within 60 days after the vesting of such RSUs the Company shall cause a lump sum payment to be made to the Director.

(c) **Restrictions on Transfer**. Prior to vesting, a Director shall be entitled to assign or transfer a share of Restricted Stock and all of the rights related thereto only to the extent permitted by this Section 6(c). Any such assignment or transfer must not be for value and shall be limited to an assignment or transfer to: (i) a child, stepchild, grandchild, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships; (ii) any person sharing the Director's household (other than a tenant or employee); (iii) a trust in which the Director or any of the persons described in clause (i) or (ii), above, hold more than 50% of the beneficial interest; or (iv) a private foundation in which the Director or any of the persons described in clause (i) or (ii), above, own more than 50% of the voting interests. A transfer to any entity in which more than 50% of the voting interests are owned by the Director or any of the persons described in clause (i) or (ii), above, in exchange for an interest in that entity shall not constitute a transfer for value. Prior to vesting, a Director shall not be entitled to assign or transfer any interest in any RSUs.

(d) **Voting and Dividend Rights**. The holders of shares of Restricted Stock awarded under this Plan shall have the same voting, dividend, and other rights as the Company's other stockholders (except that the transfer of such shares is limited in accordance with Section 6(c) prior to vesting); *provided, however,* that the Plan Administrator may require in the agreement granting the shares of Restricted Stock that cash dividends be invested in additional shares of Restricted Stock, subject to the same conditions and restrictions as the Award with respect to which the dividends were paid. Holders of RSUs awarded under this Plan shall have no voting, dividend, or other rights as stockholders of the Company unless and until such RSUs vest and certificates for shares of Common Stock are issued pursuant to Section 6(b). Notwithstanding the foregoing, the agreement evidencing RSUs may provide, in the event of a cash dividend paid by the Company to holders of Common Stock generally, for the crediting of an additional number of RSUs ("Additional

Restricted Stock Units") equal to the total number of whole RSUs and any Additional Restricted Stock Units previously credited multiplied by the dollar amount of the cash dividend paid per share of Common Stock by the Company, divided by the Fair Market Value of a share of Common Stock. The agreement also may provide, in the event of a stock dividend paid by the Company to holders of Common Stock generally, for the crediting of Additional Restricted Stock Units equal to the total number of whole RSUs and Additional Restricted Stock Units previously credited multiplied by the share dividend paid per share of Common Stock by the Company. Any Additional Restricted Stock Units shall be subject to the same terms and restrictions as the RSUs to which they relate.

(e) **Deferral of Issuance of Common Stock Upon Vesting of RSUs**. A Director who is eligible to participate in any Deferred Compensation Plan may elect to defer the dates on which shares of Common Stock are to be issued pursuant to one or more RSUs, but only in a manner that is either exempt from or that satisfies the requirements of Section 409A of the Code ("Section 409A"). The Director's election shall be made pursuant to the terms of the Deferred Compensation Plan. When the election occurs, the RSU(s) subject to the election will be transferred into a deferred compensation account established under the Deferred Compensation Plan and will be subject to the terms of the Deferred Compensation Plan. Notwithstanding any election to defer the date(s) on which shares of Common Stock are to be issued pursuant to one or more RSUs, all RSUs will continue to be subject to the vesting provisions set forth in this Plan and the RSU Award.

(f) **Conversion of Restricted Stock and Restricted Stock Units; Cash-Out for Certain Directors**. At the Effective Time, each share of Restricted Stock, each RSU and each deferred RSU that is outstanding immediately prior to the Effective Time shall be converted into a restricted share, restricted stock unit or a deferred restricted stock unit with respect to a number of shares of Common Stock based upon the Exchange Ratio in accordance with and subject to the provisions contained in the Merger Agreement. Notwithstanding the foregoing, with respect to each Director that will no longer be a Director as of the Effective Time, each share of Restricted Stock, each RSU and each deferred RSU that was granted to such Director and is outstanding immediately prior to the Effective Time shall, immediately prior to such Effective Time, be cancelled in exchange for a lump sum cash payment pursuant to terms and conditions set forth by the Board and consistent with the terms of Section 9 of this Plan, the Award agreement and the Merger Agreement.

7. Options

(a) **Exercise Price**. The exercise price per share of Common Stock of each Option granted to a Director pursuant to this Plan shall be the Fair Market Value of the Common Stock on the date of grant.

(b) **Option Agreement**. Each Option granted under this Plan shall be evidenced by an agreement, in a form approved by the Plan Administrator, which shall be subject to the terms and conditions of the Plan. Any agreement may contain such other terms, provisions, and conditions as may be determined by the Plan Administrator, so long as such terms are not inconsistent with the Plan.

(c) **Term and Exercise of Options**. Each option agreement shall provide that the Option shall expire ten (10) years from the date of the grant.

(d) **Procedure for Exercise of Options**. An Option shall be exercised by delivering notice to the Company's principal office, to the attention of its Secretary, along with the agreement evidencing the Option and payment for shares of Common Stock to be purchased upon the exercise of the Option. The notice must specify the number of shares of Common Stock with respect to which the Option is being exercised and must be signed by the Director (or his or her executor or administrator). Payment shall be made either (i) in cash, by certified check, bank cashier's check or wire transfer, (ii) subject to the approval of the Plan Administrator, in shares of Common Stock owned by the Director for a period of at least six months prior to the effective date on which the Option is exercised and valued at their Fair Market Value on the effective date of such exercise, (iii) subject to the approval of the Plan Administrator, in the form of a "cashless exercise" (as described in Section 7(e), below), or (iv) subject to the approval of the Plan Administrator, in any combination of the foregoing. Any payment in shares of Common Stock shall be effected by the delivery of such shares to the Secretary of the Company, duly endorsed in blank or accompanied by stock powers duly executed in blank, together with any other documents and evidences as the Secretary of the Company shall require from time to time. The effective date on which an Option is exercised shall be established by the Secretary of the Company and shall occur within an administratively reasonable period of time (but no later than five business days) after the Secretary receives the notice, agreement, and payment referred to above. Prior to the exercise date, the Director may withdraw the notice, in which case the Option will not be exercised.

(e) **Cashless Exercise**. The cashless exercise of an Option shall be pursuant to procedures whereby the Director, by written notice, irrevocably directs (i) an immediate market sale or margin loan with respect to all or a portion of the shares of Common Stock to which he or she is entitled upon exercise pursuant to an extension of credit by a brokerage firm or other party (provided that the brokerage firm or other party is not affiliated with the Company) of the exercise price and any tax withholding obligations resulting from such exercise, (ii) the delivery of the shares of Common Stock directly from the Company to such brokerage firm or other party, and (iii) delivery to the Company from the brokerage firm or other party, from the proceeds of the sale or the margin loan, of an amount sufficient to pay the exercise price and any tax withholding obligations resulting from such exercise.

(f) **Termination of Options**. Except as may be otherwise expressly provided in this Plan or otherwise determined by the Plan Administrator, each Option, to the extent it shall not have been exercised previously, shall terminate on the earliest of the following:

(i) On the last day of the three-month period commencing on the date on which the Director ceases to be a member of the Board for any reason, other than the death of the Director, during which period the Director shall be entitled to exercise all Options held by the Director on the date on which the Director ceased to be a member of the Board that could have been exercised on such date;

(ii) On the last day of the six-month period commencing on the Director's death while serving as a member of the Board, during which period the executor or administrator of the Director's estate or the person or persons to whom the Director's Option shall have been transferred by will or the laws of descent or distribution shall be entitled to exercise all Options in respect of the number of shares that the Director

would have been entitled to purchase had the Director exercised such Options on the date of his or her death; or

(iii) Ten years after the date of grant of such Option.

Notwithstanding the foregoing, no provision in the Plan or Award and no action by the Plan Administrator shall cause an Option to be extended, after the initial grant date, beyond a period of ten years after the initial grant date. For purposes of this Section 7(f), "month" means 31 calendar days beginning with the calendar day on which the relevant event occurs, and "year" means 365 calendar days beginning with the calendar day on which the relevant event occurs.

(g) **Assignability of Options**. Except as set forth in this Section 7(g), during the lifetime of a Director each Option granted to him or her shall be exercisable only by him or her or a broker-dealer acting on his or her behalf pursuant to Section 7(e). No Option shall be assignable or transferable for value. Each Option may be assigned by a Director by will or by the laws of descent and distribution, or pursuant to a Qualified Domestic Relations Order. Additionally, each Option may be assigned to: (i) a child, stepchild, grandchild, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (ii) any person sharing the Director's household (other than a tenant or employee), (iii) a trust in which the Director or any of the persons described in clause (i) or (ii), above, hold more than 50% of the beneficial interest, or (d) a private foundation in which the Director or any of the persons described in clause (i) or (ii), above, own more than 50% of the voting interests. A transfer to any entity in which more than 50% of the voting interests are owned by the Director or any of the persons described in clause (i) or (ii), above, in exchange for an interest in that entity shall not constitute a transfer for value for purposes of this Section 7(g).

(h) **No Rights as a Stockholder**. No Director shall have any rights as a stockholder with respect to any shares covered by an Option until the date of the issuance of a stock certificate or certificates representing such shares. Except as provided in Section 12 of this Plan, no adjustment for dividends or otherwise shall be made if the record date is prior to the date of issuance of the certificates representing shares of Common Stock purchased pursuant to exercise of the Option.

(i) **Conversion of Options**. At the Effective Time, each outstanding Option that is outstanding immediately prior to the Effective Time shall be converted into an Option with respect to a number of shares of Common Stock based upon the Exchange Ratio with an adjusted exercise price based upon the Exchange Ratio, in accordance with and subject to the provisions contained in the Merger Agreement.

8. Election Regarding Cash Fee Awards

(a) **Election to Receive Equity in Lieu of Cash Fee Awards**. Each Eligible Director may elect, on or prior to the date of each annual meeting of the Company's stockholders, in a writing delivered to the Company's principal executive offices, to have all or any portion of his or her Cash Fee Awards paid to him or her in shares of Common Stock. Such election by a Director shall remain valid until the date of the annual meeting of stockholders in the following year and, if the Director does not make another written election with respect to his or her Cash Fee Awards at that time, his or her Cash Fee Awards for the next year shall be paid in cash. Notwithstanding the foregoing, (a) if

there are not sufficient shares of Common Stock available under the Plan to make payment of the Cash Fee Awards in the form of Common Stock, the Cash Fee Awards will be paid in cash, and (b) Common Stock shall not be available under this Plan to make payment of the Cash Fee Awards for service on or after the Effective Time and, therefore, any such Cash Fee Awards will be paid in cash.

(b) **Determination of Number of Shares Subject to Cash Fee Awards**. If an Eligible Director elects to have his or her Cash Fee Award paid in Common Stock, the number of shares shall be determined by dividing the dollar amount of the Cash Fee Award to be paid in the form of shares by the Fair Market Value of one share of Common Stock on the last day of the calendar quarter in which the Cash Fee Award is earned; *provided*, *however*, that the number of shares of Common Stock shall be rounded downward such that no fractional share shall be issued.

(c) **Vesting**. Notwithstanding any contrary provision of this Plan, shares of Common Stock paid to a Director in lieu of Cash Fee Awards will not be subject to vesting.

9. Extraordinary Corporate Transactions

If the Company effects a merger, consolidation, acquisition, separation, reorganization, liquidation or similar transaction, the Company may substitute new Awards for the Awards then outstanding under the Plan or a corporation other than the Company, including (without limitation) a parent or subsidiary of the Company, may assume the Company's duties as to Awards then outstanding under the Plan. Notwithstanding the foregoing or the provisions of Section 11 of this Plan, in the event such corporation or parent or subsidiary of the Company does not substitute new and substantially equivalent Awards for, or assume, the Awards then outstanding under the Plan, all such outstanding Awards shall be cancelled immediately prior to the effective date of such extraordinary corporation transaction and, in full consideration of such cancellation, each Director to whom the Awards were granted shall be paid an amount in cash equal to the product of (a) the number of shares of Restricted Stock held by the Director plus the number shares of Common Stock issuable upon vesting of RSUs and exercise of Options held by the Director times (b) the value, as determined by the Plan Administrator in its absolute discretion, of the property (including cash) received by a holder of one share of Common Stock as a result of such event, reduced by (c) the aggregate exercise price of all Options held by such Director.

Except as otherwise expressly provided in this Plan, the issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services either on direct sale or on the exercise of rights or warrants to subscribe therefor, or on conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock then subject to outstanding Awards.

Notwithstanding anything to the contrary in this Section 9, the foregoing shall not be applicable to an Award if (a) the Award is subject to Section 409A of the Code or the application of the foregoing would cause the Award to become subject to Section 409A and (b) application of the foregoing would result in a violation of Section 409A.

10. Investment Representations

If the shares issuable upon the vesting of shares of Restricted Stock or RSUs or upon exercise of an Option are not registered under the Securities Act, the Company may imprint on the certificate representing such shares the following legend or any other legend that counsel for the Company considers necessary or advisable to comply with the Securities Act:

> THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT UPON SUCH REGISTRATION OR UPON RECEIPT BY THE CORPORATION OF AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION, THAT REGISTRATION IS NOT REQUIRED FOR SUCH SALE OR TRANSFER.

The Company may, but shall in no event be obligated to, register any securities under this Plan pursuant to the Securities Act and, if any shares are so registered, the Company may remove any legend on certificates representing such shares. The Company shall not be obligated to take any other affirmative action to cause the vesting of shares of Restricted Stock, the vesting of RSUs, or the exercise of an Option or the issuance of shares pursuant thereto to comply with any law or regulation of any governmental authority.

11. Amendment or Termination

The Board may amend, modify, revise or terminate this Plan at any time and from time to time; *provided, however,* that without the degree of stockholder approval required by the Company's charter or bylaws, applicable law, or the rules and regulations of any exchange or trading market on which the Company's securities are then traded, the Board may not: (a) materially increase the benefits accruing to Eligible Directors under this Plan; (b) materially increase the number of shares of Common Stock that may be issued under this Plan; or (c) materially modify the requirements as to eligibility for participation in this Plan. All Awards granted under this Plan shall be subject to the terms and provisions of this Plan and any amendment, modification or revision of this Plan shall be deemed to amend, modify or revise all Awards outstanding under this Plan at the time of such amendment, modification or revision, provided that no amendment, modification, or revision of any Award that adversely affects the rights of the holder of such award shall be effective with respect to such Award without the consent of the holder of such Award. At the discretion of the Board, all outstanding Awards may be forfeited and terminated if this Plan is terminated by action of the Board. Notwithstanding the foregoing, any amendment, modification, revision or termination that relates to an Award that is subject to Section 409A or that would result in an Award becoming subject to Section 409A may only be made in a manner that complies with the provisions of Section 409A.

12. Changes in the Company's Capital Structure

The existence of outstanding Awards shall not affect in any way the right or power of the Company or its stockholders to make or authorize the dissolution or liquidation of the Company, any sale or transfer of all or any part of the Company's assets or business, any reorganization or other corporate act or proceeding, whether of a similar character or otherwise, any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business,

any merger or consolidation of the Company, or any issuance of bonds, debentures, preferred or prior preference stock senior to or affecting the Common Stock or the rights thereof. Notwithstanding the foregoing, if the outstanding shares of Common Stock of the Company shall be subdivided into a greater number of shares or the outstanding shares of Common Stock shall be combined into a smaller number of shares thereof, then:

(a) The number of shares of Restricted Stock or RSUs then outstanding under the Plan shall be proportionately adjusted to equal the product obtained by multiplying such number of shares of Common Stock by a fraction, the numerator of which is that number of outstanding shares of Common Stock after giving effect to such combination or subdivision and the denominator of which is that number of outstanding shares of Common Stock prior to such combination or subdivision.

(b) The exercise price of any Option then outstanding under the Plan shall be proportionately adjusted to equal the product obtained by multiplying such exercise price by a fraction, the numerator of which is the number of outstanding shares of Common Stock prior to such combination or subdivision and the denominator of which is that number of outstanding shares of Common Stock after giving effect to such combination or subdivision; and

(c) The number of shares of Common Stock issuable upon the exercise of any Option then outstanding under the Plan shall be proportionately adjusted to equal the product obtained by multiplying such number of shares of Common Stock by a fraction, the numerator of which is that number of outstanding shares of Common Stock after giving effect to such combination or subdivision and the denominator of which is that number of outstanding shares of Common Stock prior to such combination or subdivision.

Notwithstanding the foregoing, any adjustment to shares of Common Stock subject to an Award must be done in accordance with any applicable requirements of Section 409A.

13. <u>Compliance With Other Laws and Regulations</u>

The Plan, the grant of Awards, and the obligation of the Company to issue and deliver shares of Common Stock upon vesting of shares of Restricted Stock or RSUs or upon exercise of Options shall be subject to all applicable federal and state laws, rules, and regulations and to such approvals by such governmental or regulatory agency or national securities exchange as may be required. The Company shall not be required to issue any shares upon vesting of shares of Restricted Stock or RSUs or upon exercise of any Option if the issuance of such shares shall constitute a violation by the Director or the Company of any provisions of any law or regulation of any governmental authority; *provided*, *however*, that the shares shall be issued as soon as the Company reasonably believes that the issuance will not cause a violation to occur. Each Award granted under this Plan shall be subject to the requirement that, if at any time the Plan Administrator shall determine that (a) the listing, registration or qualification of the shares subject thereto on any securities exchange or trading market or under any state or federal law of the United States or of any other country or governmental subdivision thereof, (b) the consent or approval of any governmental regulatory body, or (c) the making of investment or other representations are necessary or desirable in connection with the issue or purchase of shares subject thereto, no shares of Common Stock may be issued upon grant, vesting, or exercise of any Award Option unless such listing, registration, qualification, consent, approval or representation shall have been effected or obtained, free of any conditions not acceptable

to the Plan Administrator. Any determination in this connection by the Plan Administrator shall be final, binding, and conclusive.

14. Limitation of Liability; Indemnification of Committee and Board of Directors

No member of the Board, the Allied Board or the Committee shall be liable for any act or omission of any other member of the Board, Allied Board or the Committee or for any act or omission on his or her own part, including (without limitation) the exercise of any power or discretion given to him or her under this Plan, except those resulting from his or her own gross negligence or willful misconduct. The Company shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless any person who at any time is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) in any way relating to or arising out of this Plan or any Awards granted hereunder by reason of the fact that such person is or was at any time a director of the Company or a member of the Committee against judgments, fines, penalties, settlements, and reasonable expenses (including attorneys' fees) actually incurred by such person in connection with such action, suit or proceeding. This right of indemnification shall inure to the benefit of heirs, executors, and administrators of each such person and is in addition to all other rights to which such person may be entitled by virtue of the bylaws of the Company or as a matter of law, contract or otherwise.

15. Effective Date; Expiration of the Plan

This Plan, which provides for grants of shares of Restricted Stock, RSUs, and Options, shall become effective on the Effective Date. Options previously granted under the Allied Waste Industries, Inc. 1994 Amended and Restated Non-Employee Director Stock Option Plan shall remain in full force and effect under the terms of such Options and this Plan. No Awards shall be granted pursuant to this Plan on or after May 20, 2015 or, if earlier, the Effective Time.

Dated: _____, 2008

REPUBLIC SERVICES, INC., a Delaware corporation

By: _____

AMENDMENT
TO
CERTAIN ALLIED WASTE INDUSTRIES, INC.
EQUITY AWARD AGREEMENTS

THIS AMENDMENT (the "Amendment") is made by and between Allied Waste Industries, Inc., a Delaware corporation (the "Company") and the individual specified below (the "Grantee"), to those certain Allied Waste Industries, Inc. equity award agreements held by Grantee and set forth and described on Exhibit A attached hereto and incorporated herein (collectively referred to herein as the "Agreements").

WITNESSETH:

WHEREAS, the Company and the Grantee previously entered into the Agreements set forth on Exhibit A attached hereto;

WHEREAS, the equity awards underlying the Agreements were issued pursuant to and under either the Allied Waste Industries, Inc. 1994 Non-Employee Directors Stock Option Plan, as amended from time to time (the "1994 Plan") or the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan, as amended from time to time (the "2005 Plan");

WHEREAS, outstanding awards under the 1994 Plan and the 2005 Plan are governed under the terms of the 2005 Plan;

WHEREAS, on June 22, 2008, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with and among Republic Services, Inc., a Delaware corporation ("Republic"), and RS Merger Wedge, Inc., a Delaware corporation and wholly owned subsidiary of Republic (the "Merger Sub"), pursuant to which Merger Sub will merge with and into the Company (the "Merger") and, as a result, the Company will become a wholly owned subsidiary of Republic as of the Effective Time (as defined in the Merger Agreement);

WHEREAS, in anticipation of the Merger, and in accordance with the terms and provisions of the Merger Agreement and the 2005 Plan, the Company and the Grantee now wish to amend the Agreements to reflect the changes that are required to be made as a result of such Merger; and

WHEREAS, the Company and the Grantee wish to amend the Agreements for purposes of Section 409A of the Internal Revenue Code to provide that the Agreements shall be interpreted in a manner consistent with the awards satisfying the requirements of Section 409A.

NOW, THEREFORE, except as otherwise specifically provided, effective as of the Effective Time of the Merger, the Agreements shall be amended as follows:

1. Definitions. With respect to certain definitions contained in the Agreements, the following shall apply: (a) any references to "Company" and/or "Allied Waste Industries, Inc." shall be to Republic Services, Inc., (b) any references to the "Board" or "Board of Directors"

shall be to the Board of Directors of Republic Services, Inc., (c) any references to the "Committee" shall be to the Compensation Committee of the Board of Directors of Republic Services, Inc., (d) any references to the "Allied Waste Industries, Inc. 1994 Non-Employee Directors Stock Option Plan, as amended" or the "Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan, as amended," shall be to the Republic Services, Inc. 2005 Non-Employee Director Equity Compensation Plan, as amended (f/k/a the Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan, as amended), (e) any references to "Shares" or "Stock" or "Common Stock" shall be with respect to shares of the common stock of Republic Services, Inc., as adjusted, in accordance with the Plan and as described in Section 2 or Section 3(a) below, as applicable; (f) any references to "Options" shall be with respect to shares of the common stock of Republic Services, Inc., as adjusted, in accordance with the Plan and as described in Section 2 below; and (g) any references to "Restricted Stock" or "Award Shares" shall be with respect to shares of common stock of Republic Services, Inc., as adjusted, in accordance with the Plan and as described in Section 3(a) below.

2. Option Awards. With respect to those Agreements that provide for Options, the following shall apply: (a) the number of those shares of the common stock of Allied Waste Industries, Inc. subject to the Agreement that remain outstanding at the Effective Time of the Merger (the "Allied Shares") shall be adjusted, effective as of the Effective Time, so that the number of shares of common stock of Republic Services, Inc. subject to the Agreement on and after the Effective Time shall equal the number of Allied Shares multiplied by 0.45 (rounded to the nearest whole share); and (b) the exercise price per share provided for in each Agreement shall be adjusted, effective as of the Effective Time, to equal (i) the exercise price per Allied Share otherwise purchasable pursuant to the Option, divided by (ii) 0.45 (rounded to the nearest whole cent).

3. Restricted Stock Awards. With respect to those Agreements that provide for Restricted Stock (a) if the Grantee remains as a director of Republic Services, Inc. on and after the Effective Time, the number of unvested shares of the common stock of Allied Waste Industries, Inc. subject to the Agreement that remain outstanding at the Effective Time of the Merger (the "Allied Shares") shall be adjusted, effective as of the Effective Time, so that the number of shares of common stock of Republic Services, Inc. subject to the Agreement on and after the Effective Time shall equal the number of Allied Shares multiplied by 0.45 (rounded to the nearest whole share), and any unvested Restricted Stock that remains outstanding at the Effective Time shall continue to vest in accordance with the schedule set forth in the individual Agreement governing such Restricted Stock; and (b) if the Grantee is not a director of Republic Services, Inc. on and after the Effective Time, each unvested share of Restricted Stock held by such Grantee that remains outstanding immediately prior to the Effective Time shall, immediately prior to such Effective Time, be cancelled in exchange for a lump sum cash payment equal to the value received by a holder of one share of Common Stock as a result of the Merger, as determined by the Board or the Committee in accordance with the terms and provisions of the 2005 Plan.

4. Section 409A. It is intended that the awards granted pursuant to the Agreements either comply with the requirements of Section 409A of the Code or fall within an exception to

Section 409A. The provisions of this Amendment and the Agreements shall be interpreted and construed in a manner consistent with these intentions after the date reflected below.

5. In all other respects, the Agreements shall remain unchanged by this Amendment.

IN WITNESS WHEREOF, the Company and the Grantee has caused this instrument to be executed on the date set forth below.

ALLIED WASTE INDUSTRIES, INC., a
Delaware corporation

By: _____

Name: _____

Its: _____

GRANTEE

_____

DATE:

_____

EXHIBIT A

EQUITY AWARD AGREEMENTS

REPUBLIC SERVICES, INC.
2006 INCENTIVE STOCK PLAN
(f/n/a ALLIED WASTE INDUSTRIES, INC. 2006 INCENTIVE STOCK PLAN)

(Originally Adopted on March 8, 1991;
Most Recent Amendment and Restatement Effective October 24, 2007;
This Amendment and Restatement Effective December 5, 2008)

1. **Purpose**. The purpose of this Plan is to provide a means through which the Company and its Subsidiaries may (a) attract able persons to provide valuable services to Allied Waste Industries, Inc. as Employees or Consultants, (b) promote the interests of the Company by providing Employees and Consultants with a proprietary interest in the Company, thereby strengthening their concern for the welfare of the Company and their desire to continue to provide their services to the Company, and (c) provide such persons with additional incentive and reward opportunities to enhance the profitable growth of the Company. The Plan amends and restates the Allied Waste Industries, Inc. 1991 Incentive Stock Plan, as previously amended and restated in 2004, again in 2006, and again in 2007.

On June 22, 2008, Allied Waste Industries, Inc. entered into an Agreement and Plan of Merger (the "Merger Agreement") with and among Republic Services, Inc., a Delaware corporation ("Republic"), and RS Merger Wedge, Inc., a Delaware corporation and wholly owned subsidiary of Republic (the "Merger Sub"), pursuant to which Merger Sub will merge with and into Allied Waste Industries, Inc. (the "Merger") and, as a result, Allied Waste Industries, Inc. will become a wholly owned subsidiary of Republic as of the Effective Time (as defined in the Merger Agreement").

Effective on and after the Effective Time, the Plan is to be referred to as the "Republic Services, Inc. 2006 Incentive Stock Plan (f/k/a the Allied Waste Industries, Inc. 2006 Incentive Stock Plan)" and Republic Services, Inc. is to be the new sponsor of this Plan. In addition, any references to shares of Common Stock is to shares of the common stock of Republic Services, Inc. and necessary adjustments have been made to the number of shares of common stock available for grant under this Plan, as well as to outstanding Awards, to reflect the Exchange Ratio (as defined in the Merger Agreement). This Amendment and Restatement reflects these changes.

This Amendment and Restatement is subject to and conditioned upon the Closing (as defined in the Merger Agreement) of the Merger. In the event that the Closing does not occur, then this Amendment and Restatement shall be void and the prior amendment and restatement of the Plan shall remain in effect.

Capitalized terms shall have the meanings set forth in Section 2.

2. **Definitions**. As used in the Plan, the following definitions apply to the terms indicated below.

(a) “Acquiror” means the surviving, continuing, successor or purchasing person or entity, as the case may be, in a Change in Control.

(b) “Award” means an Option, a share of Restricted Stock, an RSU, a SAR, a Performance Award, a Dividend Equivalent, a Stock Bonus, a Cash Award, or other stock-based Awards granted pursuant to the terms of the Plan.

(c) “Board” means the Board of Directors of the Company.

(d) “Cash Award” means an Award of a bonus payable in cash pursuant to Section 13.

(e) “Cause,” when used in connection with the termination of a Participant’s Service with the Company, means the termination of the Participant’s Service by the Company by reason of (i) the conviction of the Participant by a court of competent jurisdiction as to which no further appeal can be taken, or a guilty plea or plea of *nolo contendere* by the Participant, with respect to a crime involving moral turpitude; (ii) the proven commission by the Participant of an act of fraud upon the Company; (iii) the willful and proven misappropriation of any material amount of funds or property of the Company by the Participant; (iv) the willful, continued and unreasonable failure by the Participant to perform duties assigned to the Participant and agreed to by the Participant; (v) the knowing engagement by the Participant in any direct, material conflict of interest with the Company without compliance with the Company’s conflict of interest policy, if any, then in effect; (vi) the knowing engagement by the Participant, without the written approval of the Board, in any activity that competes with the business of the Company or that would result in a material injury to the Company; or (vii) the knowing engagement in any activity that would constitute a material violation of the provisions of the Company’s Policies and Procedures Manual, if any, then in effect.

(f) “Change in Control” means

(i) a “change in control” of the Company of a nature that would be required to be reported (A) in response to Item 6(e) of Schedule 14A of Regulation 14A under the Exchange Act (or any successor provisions or reports thereunder), (B) in response to Item 1.01 or Item 2.01 of Form 8-K as in effect on the date of this Plan, as promulgated under the Exchange Act (or any successor provisions or reports thereunder), or (C) in any other filing by the Company with the Securities and Exchange Commission; or

(ii) the occurrence of any of the following events:

(A) a transaction or series of transactions after the Effective Date in which any “person” (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act, or any successor provisions thereunder) is or becomes the “beneficial owner” (as defined in Rule 13d-3 promulgated under the Exchange Act, or any successor provisions thereunder), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company’s then-outstanding voting securities; *provided, however,* that for purposes of this Section 2(f)(ii)(A), the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company; (2) any acquisition of voting securities by the Company, including any acquisition that, by reducing the number of shares

outstanding, is the sole cause for increasing the percentage of shares beneficially owned by any such Person to more than the percentage set forth above; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; (4) any acquisition by any Person pursuant to a transaction that complies with clauses (1), (2) and (3) of Section 2(f)(ii)(C); (5) the acquisition of additional voting securities after the Effective Date by any Person who is, as of the Effective Date, the beneficial owner, directly or indirectly, of 30% or more of the combined voting power of the Company's then-outstanding securities; or (6) any transaction, acquisition, or other event that the Board (as constituted immediately prior to such Person becoming such a beneficial owner) determines, in its sole discretion, does not constitute a Change in Control in such a situation; or

(B) individuals who were the Board's nominees for election as directors of the Company immediately prior to a meeting of the Company's stockholders involving a contest for the election of directors do not constitute a majority of the Board following such election; or

(C) consummation by the Company of a Business Combination unless, following such Business Combination, (1) more than 50% of the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors or managers of the entity resulting from such Business Combination (including without limitation, an entity that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) is represented by voting securities of the Company that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by voting securities into which such previously outstanding voting securities of the Company were converted pursuant to such Business Combination) and such ownership of voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's voting securities, (2) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of the then-outstanding voting securities of the entity resulting from such Business Combination except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors or managers of the entity resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(D) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company; or

(E) the Board determines in its sole and absolute discretion that there has been a Change in Control of the Company.

For purposes of this Section 2(f), "Business Combination" means a reorganization, merger or consolidation of the Company with another Person or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation.

Notwithstanding the foregoing, however, with respect to any Section 409A Award the term "Change in Control" shall mean a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as defined under Treasury Regulations Section 1.409A-3(i)(5), as such definition may be modified by subsequent Treasury Regulations or other guidance.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time. Reference in the Plan to any Code section shall be deemed to include any amendments or successor provisions to such section and any Treasury Regulations promulgated thereunder.

(h) "Committee" means, on or after the Effective Time, the Compensation Committee of the Board or such other committee as the Board shall appoint from time to time to administer the Plan. Prior to the Effective Time, "Committee" means the Management Development/Compensation Committee of the Board or such other committee as the Board shall appoint from time to time to administer the Plan.

(i) "Common Stock" means the Company's common stock, par value $.01 per share.

(j) "Company" means, on or after the Effective Time, Republic Services, Inc., a Delaware corporation, each of its Subsidiaries, and its successors. Prior to the Effective Time, "Company" means Allied Waste Industries, Inc. and each of its Subsidiaries. With respect to Incentive Stock Options, the "Company" includes any Parent.

(k) "Consultant" means any person who is engaged by Allied Waste Industries, Inc. and its Subsidiaries to render consulting services and is compensated for such services; provided, however, that on or after the Effective Time, "Consultant" does not include any individual who was performing services for Republic Services, Inc., or its Subsidiaries immediately prior to the Closing of the Merger.

(l) "Deferred Compensation Plan" means any nonqualified deferred compensation plan of the Company that is currently in effect or subsequently adopted by the Company.

(m) "Disability" means (i) with respect to Incentive Stock Options, a Participant's "permanent and total disability" within the meaning of Code Section 22(e)(3), and (ii) with respect to all other Awards, a Participant is "totally disabled" as determined by the Social Security Administration.

(n) "Dividend Equivalents" means an amount of cash equal to all dividends and other distributions (or the economic equivalent thereof) that are payable by the Company on one share of Common Stock to stockholders of record.

(o) "EBIT" means earnings before interest and taxes.

(p) "EBITDA" means earnings before interest, taxes, depreciation and amortization.

(q) “Effective Date” means, in the case of the original Effective Date of this Plan, the date on which the Company’s stockholders approved the Plan. The Effective Date of this Amended and Restated Plan is _____, 2008.

(r) “Employee” means any person who is an employee of Allied Waste Industries, Inc. and its Subsidiaries within the meaning of Code Section 3401(c) and the applicable interpretive authority thereunder; provided, however, that on or after the Effective Time, “Employee” does not include any individual who was employed by Republic Services, Inc. or its Subsidiaries immediately prior to the Closing of the Merger.

(s) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

(t) “Exercise Date” means the date on which a Participant exercises an Award.

(u) “Exercise Price” means the price at which a Participant may exercise his or her right to receive cash or Common Stock, as applicable, under the terms of an Award.

(v) “Fair Market Value” of a share of Common Stock on any date is (i) the closing sales price on that date (or if that date is not a business day, on the immediately preceding business day) of a share of Common Stock as reported on the principal securities exchange on which shares of Common Stock are then listed or admitted to trading; (ii) if not so reported, the average of the closing bid and asked prices for a share of Common Stock on that date (or if that date is not a business day, on the immediately preceding business day) as quoted on Nasdaq; or (iii) if not quoted on Nasdaq, the average of the closing bid and asked prices for a share of Common Stock as quoted by the National Quotation Bureau’s “Pink Sheets” or the National Association of Securities Dealers’ OTC Bulletin Board System. If the price of a share of Common Stock is not so reported, the Fair Market Value of a share of Common Stock shall be determined by the Committee in its absolute discretion; provided, however, that if the definition of Fair Market Value will impact whether an Award will be considered a Section 409A Award, the Committee will use a definition that will not make the Award a Section 409A Award.

(w) “Grant Date” means the date an Award is granted to a Participant pursuant to the Plan as determined by the Committee.

(x) “Incentive Stock Option” means an Option that is an “incentive stock option” within the meaning of Code Section 422 and that is identified as an Incentive Stock Option in the agreement by which it is evidenced.

(y) “Initial Award” means any and all Awards granted to a Participant in connection with such Participant’s commencement of Service with the Company.

(z) “Nasdaq” means the Nasdaq Stock Market, Inc.

(aa) “Non-Employee Director” means a member of the Board who, at the time in question (i) is not an officer or Employee of the Company or any Parent; (ii) does not receive compensation, either directly or indirectly from the Company or any Parent, for services

rendered as a consultant or in any capacity other than as a director of the Company, except for compensation in an amount that does not exceed the threshold for which disclosure would be required under Regulation S-K under the Securities Act; (iii) does not possess an interest in any other transaction with the Company for which disclosure would be required under Regulation S-K under the Securities Act; and (iv) is not engaged in a business relationship with the Company for which disclosure would be required under Regulation S-K under the Securities Act.

(bb) "Non-Qualified Performance Award" means an Award payable in cash or Common Stock upon achievement of certain Performance Goals established by the Committee that do not satisfy the requirements of Section 10(c).

(cc) "Non-Qualified Stock Option" means an Option that is not an Incentive Stock Option and that is identified as a Non-Qualified Stock Option in the agreement by which it is evidenced, or an Option identified as an Incentive Stock Option that fails to satisfy the requirements of Code Section 422.

(dd) "Option" means an option to purchase shares of Common Stock of the Company granted pursuant to Section 7. Each Option shall be identified as either an Incentive Stock Option or a Non-Qualified Stock Option in the agreement by which it is evidenced.

(ee) "Parent" means a "parent corporation" of the Company, whether now or hereafter existing, as defined in Code Section 424(e).

(ff) "Participant" means an Employee or Consultant who is eligible to participate in the Plan and to whom an Award is granted pursuant to the Plan and, upon his or her death, his or her successors, heirs, executors and administrators, as the case may be, to the extent permitted herein.

(gg) "Performance Award" means either a Qualified Performance Award or a Non-Qualified Performance Award granted pursuant to Section 10, which may be denominated either in dollars or in a number of shares of Common Stock.

(hh) "Performance Goal" means one or more standards established by the Committee pursuant to Section 10 to determine, in whole or in part, whether a Performance Award shall be earned.

(ii) "Person" means a "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act and the rules and regulations in effect from time to time thereunder.

(jj) "Plan" means, on or after the Effective Time, the Republic Services, Inc. 2006 Incentive Stock Plan (f/k/a the Allied Waste Industries, Inc. 2006 Incentive Stock Plan), as may be amended from time to time. Prior to the Effective Time, the Plan means the Allied Waste Industries, Inc. 2006 Incentive Stock Plan, as amended.

(kk) "Qualified Domestic Relations Order" means a qualified domestic relations order as defined in Code Section 414(p), Section 206(d)(3) of Title I of the Employee Retirement Income Security Act, or in the rules and regulations as may be in effect from time to time thereunder.

(ll) “Qualified Performance Award” means an Award payable in cash or Common Stock upon achievement of certain Performance Goals established by the Committee that satisfy the requirements of Section 10(c).

(mm) “Retirement” means, with respect to Awards granted prior to May 25, 2006, termination of employment with the Company by a Participant at a time when the sum of the Participant’s total whole years (a “whole year” means 12 calendar months) of employment with the Company (including whole years of employment with any business which was acquired by the Company) and the Participant’s age is at least 55. For Awards granted on or after May 25, 2006, “Retirement” shall have the meaning set forth in the respective agreements for such Awards or, if there is no agreement or no such definition in the agreement for any Award, then the term “Retirement” shall be inapplicable to such Award.

(nn) “Restricted Stock” means a share of Common Stock that is granted pursuant to the terms of Section 8 and that is subject to the restrictions established by the Committee with respect to such share for so long as such restrictions continue to apply to such share.

(oo) “Restricted Stock Unit” or “RSU” means the Company’s unfunded promise to pay one share of Common Stock or its cash equivalent that is granted pursuant to the terms of Section 8 and that is subject to the restrictions established by the Committee with respect to such unit for so long as such restrictions continue to apply to such unit.

(pp) “SAR” or “Stock Appreciation Right” means a right to receive a payment, in cash or Common Stock, equal to the excess of the Fair Market Value of one share of Common Stock on the Exercise Date over a specified Exercise Price, in each case as determined by the Committee subject to Section 9.

(qq) “Section 409A Award” has the meaning set forth in Section 23(c).

(rr) “Securities Act” means the Securities Act of 1933, as amended from time to time.

(ss) “Service” has the meaning set forth in Section 18(a).

(tt) “Share Limit” has the meaning set forth in Section 5(a).

(uu) “Stock Bonus” means a grant of a bonus payable in shares of Common Stock pursuant to Section 12 and subject to the terms and conditions contained therein.

(vv) “Subsidiary” or “Subsidiaries” mean any and all corporations or other entities in which, at the pertinent time, the Company owns, directly or indirectly, equity interests vested with more than 50% of the total combined voting power of all classes of stock of such entities within the meaning of Code Section 424(f).

(ww) “Substitute Award” means an Award issued or made upon the assumption, substitution, conversion, adjustment, or replacement of outstanding awards under a plan or arrangement of an entity acquired by the Company in a merger or other acquisition.

(xx) “Vesting Date” means the date established by the Committee on which an Award may vest.

3. **Plan Administration**.

(a) **In General**. The Plan shall be administered by the Company’s Board. The Board, in its sole discretion, may delegate all or any portion of its authority and duties under the Plan to the Committee under such conditions and limitations as the Board may from time to time establish. The Board and/or any Committee that has been delegated the authority to administer the Plan shall be referred to throughout this Plan as the “Committee.” Except as otherwise explicitly set forth in the Plan, the Committee shall have the authority, in its discretion, to determine all matters relating to Awards under the Plan, including the selection of the individuals to be granted Awards, the time or times of grant, the type of Awards, the number of shares of Common Stock subject to an Award, vesting conditions, and any and all other terms, conditions, restrictions and limitations, if any, of an Award.

(b) **Committee’s Authority and Discretion with Respect to the Plan**. The Committee shall have full authority and discretion (i) to administer, interpret, and construe the Plan and the terms of any Award issued under it, (ii) to establish, amend, and rescind any rules and regulations relating to the Plan, (iii) to determine, interpret, and construe the terms and provisions of any Award agreement made pursuant to the Plan, and (iv) to make all other determinations that may be necessary or advisable for the administration of the Plan and any Awards made under the Plan. In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to the Certificate of Incorporation and Bylaws of the Company, as amended from time to time, and applicable law. Subject to (A) the limitations with respect to Incentive Stock Options under Code Section 422 and the Plan and (B) Section 3(c), the Committee may, in its absolute discretion (1) accelerate the date on which any Award becomes vested, exercisable, or issuable, but only in connection with the termination of the Participant’s Service with the Company or upon a Change in Control; (2) extend the date on which any Award ceases to be exercisable or on which it terminates or expires; (3) waive, make less restrictive, or eliminate any restriction on or condition imposed with respect to any Award; and (4) amend the Plan as set forth in Section 19. In addition, the Committee may, in its absolute discretion, grant Awards to Participants on the condition that such Participants surrender to the Company for cancellation such other awards under the Plan or another plan of the Company (including, without limitation, Awards with higher Exercise Prices, but subject to Section 3(c)) as the Committee specifies. Notwithstanding Section 5, Awards granted on the condition of surrender of outstanding Awards shall not count against the limits set forth in Section 5 until such time as such Awards are surrendered. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent the Committee deems necessary or desirable to further the Plan purposes. All decisions made by the Committee in connection with the interpretation and administration of the Plan or with respect to any Awards made under the Plan and related orders and resolutions shall be final, conclusive, and binding on all persons. Notwithstanding the foregoing, if an Award is not a Section 409A Award, the Committee shall not change the Award in any manner that would make the Award a Section 409A Award without the express written approval of the Participant.

(c) **No Repricing Without Stockholder Approval**. Notwithstanding any other provision of the Plan to the contrary, no Options or SARs may be repriced without the approval of the stockholders of the Company. Stockholder approval shall be evidenced by the affirmative vote of the holders of the majority of the shares of the Company's capital stock present in person or by proxy and voting at the meeting. For purposes of the Plan, "repricing" shall include (i) amendments or adjustments to Options or SARs that reduce the Exercise Price of such Options or SARs, (ii) situations in which new Options or SARs are issued to a Participant in place of cancelled Options or SARs with a higher Exercise Price, and (iii) any other amendment, adjustment, cancellation or replacement grant or other means of repricing an outstanding Option or SAR, including a buyout for a payment of cash or cash equivalents.

(d) **Delegation to Officers**. Following the authorization of a pool of cash or shares of Common Stock to be available for Awards, the Committee may delegate to one or more subcommittees consisting of one or more officers of the Company any or all of its power and duties under the Plan pursuant to such conditions or limitations as the Committee may establish; *provided, however,* that the Committee shall not delegate to such officers its authority to (i) amend or modify the Plan pursuant to Section 19, (ii) act on matters affecting any Participant who is subject to the reporting requirements of Section 16(a) of the Exchange Act or the liability provisions of Section 16(b) of the Exchange Act, or otherwise take any action or fail to act in a manner that would cause any Award or other transaction under the Plan to cease to be exempt from Section 16(b) of the Exchange Act, or (iii) determine the extent to which Awards will conform to the requirements of Code Section 162(m). The Committee may authorize any one or more of its members or any officer of the Company to execute and deliver documents on behalf of the Committee.

(e) **Other Plans**. The Committee also shall have authority to grant Awards as an alternative to, as a replacement of, or as the form of payment for grants or rights earned or due under the Plan or other compensation plans or arrangements of the Company, including Substitute Awards granted with respect to an equity compensation plan of any entity acquired by the Company. Notwithstanding the foregoing, if the grant or right to be substituted is not a Section 409A Award, the Committee shall not grant a Substitute Award that would be a Section 409A Award without the express written consent of the Participant. Furthermore, if the grant or right to be substituted is a Section 409A Award, the Committee shall not grant a Substitute Award if the grant would cause the Section 409A Award or the Substitute Award to not be in compliance with Section 409A.

(f) **Limitation of Liability**. No member of the Committee or any person to whom the Committee delegates authority pursuant to Section 3(b) or 3(d) shall be liable for any action, omission or determination relating to the Plan, and the Company shall indemnify and hold harmless each member of the Committee and each other person to whom any duty or power relating to the administration or interpretation of the Plan has been delegated from and against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the Plan unless, in either case, such action, omission or determination was taken or made by such Committee member or other person in bad faith and without reasonable belief that it was in the best interests of the Company.

4. **Eligibility**. The persons who shall be eligible to receive Awards pursuant to the Plan shall be (a) those Employees who are largely responsible for the management, growth, and protection of the business of the Company (including officers of the Company, whether or not they are directors of the Company), and (b) any Consultant, as the Committee, in its absolute discretion, shall select from time to time; *provided, however,* that Incentive Stock Options may only be granted to Employees. An Award may be granted to a proposed Employee or Consultant prior to the date the proposed Employee or Consultant first performs services for the Company, provided that the grant of such Awards shall not become effective prior to the date the proposed Employee or Consultant first performs such services. Subject to the foregoing, the Committee, in its discretion, may grant any Award permitted under the provisions of the Plan to any eligible person and may grant more than one Award to any eligible person. Notwithstanding anything to the contrary herein, only Employees and Consultants of Allied Waste Industries, Inc. and its Subsidiaries may be eligible to receive Awards under this Plan on or after the Effective Time.

5. **Shares Subject to the Plan**.

(a) **Number and Source**. The shares offered under the Plan shall be shares of Common Stock and may be unissued shares or shares now held or subsequently acquired by the Company as treasury shares, as the Committee from time to time may determine. Subject to adjustment as provided in Section 20, the aggregate number of shares of Common Stock for which Awards, including Options that are intended to be Incentive Stock Options, may be granted during the term of the Plan shall not exceed an absolute maximum of 15,699,107 shares of Common Stock (as adjusted in accordance with the Exchange Ratio in the Merger Agreement) (the "Share Limit").

(b) **Determination of Shares Remaining Available Under the Share Limit**. Any shares of Common Stock that are subject to Awards of Options or SARs shall be counted against the Share Limit as one share for every one share granted, regardless of the number of shares of Common Stock actually issued upon the exercise of an Option or SAR. Any shares of Common Stock that are subject to Awards other than Options or SARs (including Performance Awards denominated in dollars but settled in shares of Common Stock) shall be counted against the Share Limit as one and one-half shares for every one share granted or issued.

(i) Any shares subject to an Award granted under the Plan that are not delivered because the Award expires unexercised or is forfeited, terminated, canceled, or exchanged for Awards that do not involve Common Stock, or any shares of Common Stock that are not delivered because the Award is settled in cash, shall not be deemed to have been delivered for purposes of determining the Share Limit. Instead, such shares shall immediately be added back to the Share Limit and shall be available for future Awards; *provided* that (A) any shares of Common Stock that are subject to Awards of Options or SARs shall be added back as one share for every one share granted; and (B) any shares of Common Stock that are subject to Awards other than Options or SARs (including Performance Awards denominated in dollars but settled in shares of Common Stock) shall be added back as one and one-half shares for every one share granted.

(ii) The grant of a Cash Award shall not reduce or be counted against the Share Limit. The payment of cash dividends and Dividend Equivalents paid in cash in

conjunction with outstanding Awards shall not reduce or be counted against the Share Limit. Shares of Common Stock delivered under the Plan as a Substitute Award or in settlement of a Substitute Award shall not reduce or be counted against the Share Limit to the extent that the rules and regulations of any stock exchange or other trading market on which the Common Stock is listed or traded provide an exemption from stockholder approval for assumption, substitution, conversion, adjustment, or replacement of outstanding awards in connection with mergers, acquisitions, or other corporate combinations.

(iii) The Committee may from time to time adopt and observe such rules and procedures concerning the counting of shares against the Share Limit or any sublimit as it may deem appropriate, including rules more restrictive than those set forth above to the extent necessary to satisfy the requirements of any national stock exchange or other trading market on which the Common Stock is listed or traded or any applicable regulatory requirement.

6. **Terms of Awards**.

(a) **Types of Awards**. Awards granted under the Plan may include, but are not limited to, the types of Awards described in Sections 7 through 14. Such Awards may be granted either alone, in addition to, or in tandem with any other types of Award granted under the Plan.

(b) **Limit on Number of Awards**. Notwithstanding any other provision of this Plan to the contrary, the following limitations shall apply to the following types of Awards made hereunder, other than Substitute Awards:

(i) The aggregate number of shares of Common Stock that may be covered by Awards granted to any one individual in any year shall not exceed the following:

(A) 675,000 shares (as adjusted in accordance with the Exchange Ratio in the Merger Agreement) in the case of Options and SARs; and

(B) 337,500 shares (as adjusted in accordance with the Exchange Ratio in the Merger Agreement) in the case of Restricted Stock and RSUs (including Restricted Stock and RSUs granted subject to the terms and conditions contained in Section 10), Performance Awards denominated in shares of Common Stock, and Stock Bonuses.

(ii) The aggregate dollar value of Awards that may be paid to any one individual in any year shall not exceed the following:

(A) $5,000,000 in the case of Cash Awards; and

(B) $10,000,000 in the case of Performance Awards denominated in dollars.

(c) **Vesting**. Except for Options, SARs, or Performance Awards issued as Substitute Awards, each Option, SAR, or Performance Award shall be subject to a minimum vesting period of not less than one year from the Grant Date of such Option, SAR, or Performance Award. Except as provided in the following sentence, Awards other than Options,

SARs, or Performance Awards shall be subject to a minimum vesting period of not less than three years from the Grant Date for such Awards, *provided* that such Awards may vest ratably over the vesting period determined by the Committee at the time of grant. Notwithstanding the foregoing, (i) Awards granted in lieu of or in exchange for cash compensation or other outstanding Awards that are fully vested or otherwise earned by the Participant shall be subject to such vesting period, if any, as the Committee determines on the Grant Date of such new Awards, and (ii) up to 5% of Awards other than Options, SARs, or Performance Awards granted during any 12-month period may have a vesting period of not less than one year from the Grant Date. For purposes of the preceding clause (ii), the percentage of Awards other than Options, SARs, or Performance Awards that may have a vesting period shorter than three years from the Grant Date shall be calculated by dividing (A) the aggregate number of shares of Common Stock covered by such Awards with a vesting date shorter than three years from the Grant Date that are granted during the applicable 12-month period by (B) the aggregate number of shares of Common Stock covered by all such Awards that are granted during the applicable 12-month period.

(d) **Individual Award Agreements**. Options shall and other Awards may be evidenced by agreements between the Company and the Participant in such form and content as the Committee from time to time approves, which agreements shall substantially comply with and be subject to the terms of the Plan. Such individual agreements (i) may contain such provisions or conditions as the Committee deems necessary or appropriate to effectuate the sense and purpose of the Plan and (ii) may be amended from time to time in accordance with the terms thereof.

(e) **Payment; Deferral**. Awards granted under the Plan may be settled through exercise, as set forth in Section 15, cash payments, the delivery of Common Stock (valued at Fair Market Value), through the granting of replacement Awards, or through combinations thereof as the Committee shall determine. The Committee may permit or require the deferral of any Award payment, subject to the terms of the applicable Deferred Compensation Plan and to such rules and procedures as the Committee may establish, which may include provisions for the payment or crediting of interest or Dividend Equivalents, including converting such credits to deferred Awards, but only in a manner that is either exempt from or that satisfies the requirements of Section 409A. Any Award settlement, including payment deferrals, may be subject to such conditions, restrictions, and contingencies as the Committee shall determine. A Participant's deferral election must be made in accordance with the terms of the Deferred Compensation Plan. When the deferral occurs, the deferred Award(s) will be transferred into or credited to a deferred compensation account established under the Deferred Compensation Plan and will be subject to the terms of the Deferred Compensation Plan. Any and all deferrals made pursuant to this provision, to the extent subject to Section 409A, must be made in a manner that satisfies the requirements of Section 409A.

(f) **Buyout of Awards**. The Committee may at any time (i) offer to buy out an outstanding Award for a payment of cash or cash equivalents, or (ii) authorize a Participant to elect to cash out an outstanding Award, in either case at such time and based upon such terms and conditions (but subject to Section 3(c)) as the Committee shall establish.

7. **Options**. The Committee may grant Options designated as Incentive Stock Options or as Non-Qualified Stock Options. In the absence of any such designation, however, such Option shall be treated as a Non-Qualified Stock Option. A Participant and the Committee can agree at any time to convert an Incentive Stock Option to a Non-Qualified Stock Option.

(a) **Limitations on Grants of Incentive Stock Options**. No Option that is intended to be an Incentive Stock Option shall be invalid for failure to qualify as an Incentive Stock Option under Code Section 422, but shall be treated as a Non-Qualified Stock Option. Options that are granted to a particular individual and that are intended to be Incentive Stock Options shall be treated as Non-Qualified Stock Options to the extent that the aggregate Fair Market Value of the Common Stock issuable upon exercise of such Options plus all other Incentive Stock Options held by such individual (whether granted under the Plan or any other plans of the Company) that become exercisable for the first time during any calendar year exceeds $100,000 (or such corresponding amount as may be set by the Code). Such Fair Market Value shall be determined as of the Grant Date of each such Incentive Stock Option.

(b) **Exercise Price of Options**. The Exercise Price of a particular Option shall be determined by the Committee on the Grant Date; *provided, however,* that the Exercise Price shall not be less than 100% of the Fair Market Value of the Common Stock on the Grant Date (110% of the Fair Market Value if Incentive Stock Options are granted to a stockholder who owns or is deemed to own stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company on the Grant Date).

(c) **Term of Options**. The Committee shall set the term of each Option, *provided, however,* that except as set forth in Section 18(b), no Option shall be exercisable more than 10 years after the Grant Date (five years in the case of an Incentive Stock Option granted to a stockholder who owns or is deemed to own stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company on the Grant Date); and *provided, further,* that each Option shall be subject to earlier termination, expiration or cancellation as provided in the Plan or in the Option agreement.

(d) **Conversion of Options**. At the Effective Time, each outstanding Option that is outstanding immediately prior to the Effective Time shall be converted into an Option with respect to a number of shares of Common Stock based upon the Exchange Ratio with an adjusted exercise price based upon the Exchange Ratio, in accordance with and subject to the provisions contained in the Merger Agreement.

8. **Restricted Stock and Restricted Stock Units**. The Committee may grant Awards consisting of shares of Restricted Stock or denominated in Restricted Stock Units in such amounts and for such consideration as the Committee may determine in its discretion. Such Awards may be subject to (a) forfeiture of such shares or RSUs upon termination of Service during the applicable restriction period, (b) restrictions on transferability (which may be in addition to or in lieu of those specified in Section 16), (c) limitations on the right to vote such shares, (d) limitations on the right to receive dividends with respect to such shares, (e) attainment of certain Performance Goals, such as those described in Section 10, and (f) such other conditions, limitations, and restrictions as determined by the Committee, in its discretion, and as

set forth in the instrument evidencing the Award. Certificates representing shares of Restricted Stock or shares of Common Stock issued upon vesting of RSUs shall bear an appropriate legend and may be held subject to escrow and such other conditions as determined by the Committee until such time as all applicable restrictions lapse.

At the Effective Time, each share of Restricted Stock, each RSU and each deferred RSU that is outstanding immediately prior to the Effective Time shall be converted into a restricted share, restricted stock unit or a deferred restricted stock unit with respect to a number of shares of Common Stock based upon the Exchange Ratio in accordance with and subject to the provisions contained in the Merger Agreement.

9. **Stock Appreciation Rights**. The Committee may grant SARs pursuant to the Plan, either in tandem with another Award granted under the Plan or independent of any other Award grant. Each grant of SARs shall be evidenced by an agreement in such form as the Committee shall from time to time approve. The Committee may establish a maximum appreciation value payable for SARs and such other terms and conditions for such SARs as the Committee may determine in its discretion. The Exercise Price of a SAR shall not be less than 100% of the Fair Market Value of the Common Stock on the Grant Date. The holder of a SAR granted in tandem with an Option may elect to exercise either the Option or the SAR, but not both. Except as set forth in Section 18(b), the exercise period for a SAR shall extend no more than 10 years after the Grant Date. In addition, each grant of SARs shall comply with and be subject to the following terms and conditions:

(a) **Vesting Date and Conditions to Vesting**. Upon the grant of SARs, the Committee may (i) establish a Vesting Date or Vesting Dates and expiration dates with respect to such rights, (ii) divide such rights into classes and assign a different Vesting Date for each class, and (iii) impose such restrictions or conditions, not inconsistent with the provisions herein, with respect to the vesting of such rights as the Committee, in its absolute discretion, deems appropriate. By way of example and not by way of limitation, the Committee may require, as a condition to the vesting of any class or classes of SARs, that the Participant or the Company achieve certain performance criteria, such criteria to be specified by the Committee on the Grant Date of such rights. Provided that all conditions to the vesting of SARs are satisfied, and except as provided in Section 18, upon the occurrence of the Vesting Date with respect to such SARs, such rights shall vest and the Participant shall be entitled to exercise such rights prior to their termination or expiration.

(b) **Benefit Upon Exercise of Stock Appreciation Rights**. Upon the exercise of a vested SAR, the Participant shall be entitled to receive one or more of the following benefits, as determined by the Committee on the Grant Date of such SAR and set forth in the agreement evidencing the SAR:

(i) Within 90 days of the Exercise Date for the SAR, the Company shall pay to the Participant an amount in cash in a lump sum equal to the difference between (A) the Fair Market Value of one share of Common Stock of the Company on the Exercise Date, over (B) the Exercise Price of the SAR.

(ii) At the discretion of the Committee, the agreement evidencing the SAR may give the Participant the right to elect to receive, in lieu of cash as set forth in Section 9(b)(i), shares of the Company's Common Stock having a Fair Market Value as of the Exercise Date equal to the difference between (A) the Fair Market Value of one share of Common Stock of the Company on the Exercise Date, over (B) the Exercise Price of the SAR.

10. **Performance Awards**. The Committee may grant Performance Awards pursuant to the Plan. Each grant of Performance Awards shall be evidenced by an agreement in such form as the Committee shall from time to time approve. Each grant of Performance Awards shall comply with and be subject to the following terms and conditions:

(a) **Performance Period and Amount of Performance Award**. With respect to each grant of a Performance Award, the Committee shall establish a performance period over which the performance of the Company and/or of the applicable Participant shall be measured, provided that no performance period shall be shorter than one year. In determining the amount of the Performance Award to be granted to a particular Participant, the Committee may take into account such factors as the Participant's responsibility level and growth potential, the amount of other Awards granted to or received by such Participant, and such other considerations as the Committee deems appropriate; *provided, however*, the maximum value that can be granted as a Performance Award to any one individual during any calendar year shall be limited to the amount set forth in Section 6(b).

(b) **Non-Qualified Performance Awards and Qualified Performance Awards**. Non-Qualified Performance Awards, which are not intended to qualify as qualified performance-based compensation under Code Section 162(m), shall be based on achievement of such goals and be subject to such terms, conditions, and restrictions as the Committee or its delegate shall determine. Qualified Performance Awards, which are intended to qualify as qualified performance-based compensation under Code Section 162(m), shall be paid, vested or otherwise deliverable solely on account of the attainment of one or more pre-established, objective Performance Goals established by the Committee as set forth in Section 10(c).

(c) **Performance Goals**. A Qualified Performance Award shall be paid solely on the attainment of certain pre-established, objective performance goals (within the meaning of Code Section 162(m)). Such Performance Goals shall be based on any one or any combination of the following business criteria, as determined by the Committee: total or net revenue; revenue growth; EBIT; EBITDA; operating income; net operating income after tax; pre-tax or after-tax income; cash flow; cash flow per share; net earnings; earnings per share; profit growth; return on equity; return on capital employed; return on assets; economic value added (or an equivalent metric); share price performance; other earnings criteria or profit-related return ratios; successful acquisitions of other companies or assets; successful dispositions of Subsidiaries, divisions or departments of the Company or any of its Subsidiaries; successful financing efforts; total stockholder return; market share; improvement in or attainment of expense levels; improvement in or attainment of working capital levels; or debt reduction. Such Performance Goals may be (i) stated in absolute terms, (ii) based on one or more business criteria that apply to the Participant, one or more Subsidiaries, business units or divisions of the Company, or the Company as a whole, (iii) relative to other companies or specified indices, (iv) achieved during a period of time, or (v) as otherwise determined by the Committee. Unless

otherwise stated, a Performance Goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). In measuring a Performance Goal, the Committee may exclude certain extraordinary, unusual or non-recurring items, *provided* that such exclusions are stated by the Committee at the time the Performance Goals are determined. In interpreting Plan provisions applicable to Qualified Performance Awards, it is the intent of the Plan to conform with the standards of Code Section 162(m) and Treasury Regulation Section 1.162-27(e) with respect to grants to those Participants whose compensation is, or is likely to be, subject to Code Section 162(m), and the Committee in establishing such goals and interpreting the Plan shall be guided by such provisions. The Committee shall establish, in writing, the applicable Performance Goal(s) and the specific targets related to such goal(s) prior to the earlier to occur of (A) 90 days after the commencement of the period of service to which the Performance Goal relates and (B) the lapse of 25% of the period of service (as scheduled in good faith at the time the goal is established), and in any event while the outcome is substantially uncertain within the meaning of Code Section 162(m), subject to adjustment by the Committee as it deems appropriate to reflect significant unforeseen events or changes. A Performance Goal is objective if a third party having knowledge of the relevant facts could determine whether the goal is met.

(d) **Payment**. Upon the expiration of the performance period relating to a Performance Award granted to a Participant, such Participant shall be entitled to receive payment of an amount not exceeding the maximum value of the Performance Award, based on the achievement of the Performance Goals for such performance period, as determined by the Committee. The Committee may, within its sole discretion, pay a Performance Award under any one or more of the Performance Goals established by the Committee with respect to such Performance Award. The Committee shall certify in writing prior to the payment of a Performance Award that the applicable Performance Goals and any other material terms of the grant have been satisfied. Subject to Sections 5 and 6(b), payment of a Performance Award may be made in cash, shares of Common Stock, other Awards, other property, or a combination thereof, as determined by the Committee. Payment shall be made in a lump sum or in installments as prescribed by the Committee; provided, however, that if the terms of the Performance Award (including payment terms) make the Performance Award subject to Code Section 409A, the Performance Award will be a Section 409A Award and shall be established in such a manner as to comply with the applicable requirements of Code Section 409A.

11. **Dividends and Dividend Equivalents**. The Committee may grant, as a separate Award or at the time of granting any other Award granted under the Plan (other than Options or SARs), Awards that entitle the Participant to receive dividends or Dividend Equivalents with respect to all or a portion of the number of shares of Common Stock subject to such Award, in each case subject to such terms as the Committee may establish in its discretion and as set forth in the instrument evidencing the Award. Dividends or Dividend Equivalents may accrue interest and the instrument evidencing the Award will specify whether dividends or Dividend Equivalents will be (a) paid currently, (b) paid at a later, specified date (such as if, and when, and to the extent such related Award, if any, is paid), (c) deferrable by the Participant under and subject to the terms of the applicable Deferred Compensation Plan, (d) subject to the same vesting as the Award to which the dividends or Dividend Equivalents relate, if applicable, and/or (e) deemed to have been reinvested in shares of Common Stock or otherwise reinvested. Where

Dividend Equivalents are deferred or subject to vesting, the Committee may permit, or require, the conversion of Dividend Equivalents into RSUs. RSUs arising from such a conversion of Dividend Equivalents at the election of the Participant shall not count against the Share Limit, while RSUs arising from a conversion of Dividend Equivalents that is required by the Committee will count against the Share Limit. If the terms of the grant of dividends or Dividend Equivalents makes the grant subject to Code Section 409A (even if the underlying Award is not subject to Code Section 409A), the grant will be a Section 409A Award and shall be established in such a manner as to comply with the applicable requirements of Code Section 409A.

12. **Stock Bonuses**. The Committee may, in its absolute discretion, grant Stock Bonuses in such amounts as it shall determine from time to time. Subject to Section 6(c), a Stock Bonus shall be paid at such time and subject to such terms, conditions, and limitations as the Committee shall determine on the Grant Date of such Stock Bonus. Certificates for shares of Common Stock granted as a Stock Bonus shall be issued in the name of the Participant to whom such grant was made and delivered to such Participant as soon as practicable after the date on which such Stock Bonus is required to be paid.

13. **Cash Awards**. The Committee may, in its absolute discretion, grant Cash Awards in such amounts as it shall determine from time to time. A Cash Award may be granted (a) as a separate Award, (b) in connection with the grant, issuance, vesting, exercise, or payment of another Award under the Plan or at any time thereafter, or (c) on or after the date on which the Participant is required to recognize income for federal income tax purposes in connection with the grant, issuance, vesting, exercise, or payment of another Award under the Plan. Cash Awards shall be subject to such terms, conditions, and limitations as the Committee shall determine on the Grant Date of such Cash Award. Cash Awards intended to qualify as performance-based compensation under Code Section 162(m) shall be subject to the same terms and conditions as in the case of the Qualified Performance Awards described in Section 10.

14. **Other Stock-Based Awards**. The Committee may grant such other Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of Common Stock as may be deemed by the Committee to be consistent with the purposes of the Plan. Such other Awards may include, without limitation, (a) shares of Common Stock awarded purely as a bonus and not subject to any restrictions or conditions, (b) convertible or exchangeable debt or equity securities, (c) other rights convertible or exchangeable into shares of Common Stock, and (d) Awards valued by reference to the value of shares of Common Stock or the value of securities of or the performance of specified Subsidiaries of the Company.

15. **Award Exercise**.

(a) **Precondition to Stock Issuance**. Awards shall be exercisable in accordance with such terms and conditions and during such periods as may be established by the Committee. No shares of Common Stock shall be delivered pursuant to the exercise of any Award, in whole or in part, until the Company receives payment in full of the Exercise Price, if any, as provided in Section 15(c). No Participant or any legal representative, legatee or distributee shall be or be deemed to be a holder of any shares of Common Stock subject to such Award unless and until such Award is exercised, the full Exercise Price is paid, and such shares are issued.

(b) **No Vesting or Exercise of Fractional Amounts**. With respect to any Award that vests in a manner that would result in fractional shares of Common Stock being issued, any fractional share that would be one-half of one share or greater shall be rounded up to a full share, and any fractional share that would be less than one-half of one share shall not be vested or issued unless and until the last increment of such Award becomes vested. No Award may at any time be exercised with respect to a fractional share. Instead the Company shall pay to the holder of such Award cash in an amount equal to the Fair Market Value of such fractional share on the Exercise Date.

(c) **Form of Payment**. A Participant may exercise an Award using as the form of payment such means as the Committee may, from time to time, approve, whether in the agreement evidencing the Award or otherwise.

(d) **Form and Time of Exercises**. Except as otherwise (i) set forth in the Plan, (ii) determined by the Committee, or (iii) set forth in the agreement or other documents evidencing the Award, each exercise required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification or revocation thereof, shall be in writing delivered to the Company at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, and any other agreement, as the Committee shall require.

16. **Transferability**. Awards may be assigned or transferred only as permitted pursuant to this Section 16. No Award may be assigned or transferred for value.

(a) **Restrictions on Transfer**. Except as specifically allowed by the Committee, any Incentive Stock Option granted under the Plan shall, during the Participant's lifetime, be exercisable only by such Participant and shall not be assignable or transferable by such Participant other than by will or the laws of descent and distribution or pursuant to a Qualified Domestic Relations Order. Except as specifically allowed by the Committee, any Non-Qualified Stock Option and any other Award granted under the Plan and any of the rights and privileges conferred thereby shall not be assignable or transferable by the Participant other than (i) pursuant to Section 16(b), or (ii) by will or the laws of descent and distribution or pursuant to a Qualified Domestic Relations Order, and such Award shall be exercisable during the Participant's lifetime only by the Participant.

(b) **Permitted Transfers**. Awards other than Incentive Stock Options may be assigned to (i) a child, stepchild, grandchild, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (ii) any person sharing the Participant's household (other than a tenant or employee), (iii) a trust in which the Participant or the persons described in (i) or (ii) hold more than 50% of the beneficial interest, or (iv) a private foundation in which the Participant or the persons described in (i) or (ii) own more than 50% of the voting interests. A transfer to any entity in which more than 50% of the voting interests are owned by the Participant or the persons described in (i) or (ii) in exchange for an interest in that entity shall not constitute a transfer for value.

(c) **Transfers Upon Death**. Upon the death of a Participant, outstanding Awards granted to such Participant may be exercised only by the executors or administrators of the Participant's estate or by any person or persons who shall have acquired such right to exercise by will or by the laws of descent and distribution or by assignment or transfer from the Participant as contemplated by Section 16(b) above. No transfer by will or the laws of descent and distribution, or as contemplated by Section 16(b) above, of any Award, or the right to exercise any Award, shall be effective to bind the Company unless the Committee shall have been furnished with (i) written notice thereof and with a copy of the will, assignment, or transfer document and/or such evidence as the Committee may deem necessary to establish the validity of the transfer and (ii) an agreement by the transferee to comply with all the terms and conditions of the Award that are or would have been applicable to the Participant and to be bound by the acknowledgments made by the Participant in connection with the grant of the Award.

17. **Withholding Taxes; Other Deductions**. All distributions under the Plan are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any Awards, cash, shares of Common Stock, or other benefits under the Plan upon satisfaction of the applicable withholding obligations. The Company shall have the right to deduct from any grant, issuance, vesting, exercise, or payment of an Award under the Plan (a) an amount of cash or shares of Common Stock having a value sufficient to cover withholding as required by law for any federal, state or local taxes, and (b) any other amounts due from the Participant to the Company or to any Parent or Subsidiary of the Company, or to take such other action as may be necessary to satisfy any such withholding or other obligations, including withholding from any other cash amounts due or to become due from the Company to such Participant an amount equal to such taxes or obligations. The Committee, in its discretion, also may permit the Participant to deliver to the Company, at the time of grant, issuance, vesting, exercise, or payment of an Award, one or more shares of Common Stock owned by such Participant and having an aggregate Fair Market Value (as of the date of such grant, issuance, vesting, exercise, or payment, as the case may be) up to or equal to (but not in excess of) the amount of the taxes incurred in connection with such grant, issuance, vesting, exercise, or payment, as the case may be.

18. **Termination of Services**.

(a) **Definition of "Service"**. For purposes of the Plan, unless otherwise (i) determined by the Committee, (ii) set forth in the agreement or other documents evidencing the Award, or (iii) set forth in an employment agreement or any other written agreement with or policy of the Company, a Participant will be deemed to be in "Service" to the Company so long as such individual renders continuous services on a periodic basis to the Company (or to any Parent or Subsidiary of the Company) in the capacity of an Employee, Consultant, director, or other advisor. In the discretion of the Committee, a Participant will be considered to be rendering continuous services to the Company even if the type of services change, e.g., from Employee to Consultant. A Participant will be considered to be an Employee for so long as such individual remains in the employ of the Company or any Parent or Subsidiary of the Company. Except as otherwise (A) determined by the Committee, (B) set forth in the agreement or other documents evidencing the Award, or (C) set forth in an employment agreement or any other written agreement with or policy of the Company, a Participant's Service with the Company shall be deemed terminated if the Participant's leave of absence (including military or other bona

fide leave of absence) extends for more than 90 days and the Participant's continued Service with the Company is not guaranteed by contract or statute; *provided* that whether an authorized leave of absence, or absence in military or government service, shall constitute termination of Service shall be determined by the Committee in its absolute discretion.

(b) **Termination of Awards Upon Termination of Service**. Except as otherwise (i) determined by the Committee, (ii) set forth in the agreement or other documents evidencing the Award, or (iii) set forth in an employment agreement or any other written agreement with or policy of the Company:

(i) **Termination of Service Other than for Cause, Disability, Death, or Retirement**. If the Participant's Service with the Company is terminated for any reason other than Cause, or other than as the result of the Participant's Disability, death, or Retirement, then (A) Options granted to such Participant, to the extent that they were exercisable at the time of such termination, shall remain exercisable until the expiration of the longer of (1) 90 days after such termination, or (2) 30 days following the end of any blackout period to which the Participant may be subject, on which date they shall expire, *provided, however*, that no Option shall be exercisable after the expiration of its term; (B) Options granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination; (C) a portion of any unvested shares of Restricted Stock, RSUs, SARs, Dividend Equivalents, Stock Bonuses, Cash Awards, or other stock-based Awards, to the extent not otherwise forfeited or canceled on or prior to such termination, shall vest on the date of such termination in such amount (which may be equal to zero) as determined by the Committee (1) pursuant to a formula, (2) based on the achievement of any conditions imposed by the Committee on the Grant Date of such Awards, or (3) otherwise in the Committee's discretion; and (D) all other unvested shares of Restricted Stock, RSUs, SARs, Dividend Equivalents, Stock Bonuses, Cash Awards, or other stock-based Awards shall be forfeited as of the commencement of business on the date of the Participant's termination of Service.

(ii) **Termination of Service for Cause**. Except as set forth in Section 18(b)(v), in the event of the termination of a Participant's Service for Cause, all outstanding Awards granted to such Participant shall immediately expire and be forfeited as of the commencement of business on the date of such termination.

(iii) **Termination of Service Upon Disability or Death**. If the Participant's Service with the Company is terminated as the result of the Participant's Disability or death, (A) all of the unvested Options and SARs granted to such Participant shall become fully and immediately exercisable, (B) all Incentive Stock Options granted to such Participant shall remain exercisable until the expiration of one year after such termination or, if earlier, until the expiration of their term(s), on which date they shall expire, (C) all Non-Qualified Stock Options, and SARs granted to such Participant shall remain exercisable until the expiration of one year after such termination, on which date they shall expire, and (D) all other Awards granted to such Participant shall immediately be forfeited as of the commencement of business on the date of such termination.

(iv) **Termination of Service Upon Retirement**. To the extent provided in the agreement evidencing a Participant's Award, if the Participant's Service with the Company is terminated as a result of the Participant's Retirement, the Participant's Award will terminate in the manner set forth in the agreement governing the Award. If the agreement governing the Award does not address Retirement, this Section 18(b)(iv) shall not apply to the Award and, with respect to such Award, Section 18(b)(i) shall be applied without regard to the term "Retirement" contained therein.

(v) **Termination of Performance Awards Upon Termination of Service**. With respect to Performance Awards, if the Participant's Service is terminated for any reason prior to the expiration of the applicable performance period then such Performance Awards shall immediately be forfeited as of the commencement of business on the date of such termination, except (i) as may be determined by the Committee in its sole and absolute discretion, or (ii) as may be otherwise provided in the agreement evidencing such Performance Award.

(c) **Limitations with Respect to Incentive Stock Options**. Notwithstanding any other provision of this Plan to the contrary, the period in which any Options that are intended to be Incentive Stock Options may remain exercisable following the termination of a Participant's employment with the Company shall not exceed the maximum period of time that such Options may remain exercisable pursuant to Code Section 422.

(d) **Definitions**. For purposes of this Section 18, the term "year" means 365 calendar days beginning with the calendar day on which the relevant event occurs.

19. **Plan Amendment and Termination; Bifurcation of the Plan**. The Committee may amend, change, make additions to, or suspend or terminate the Plan as it may, from time to time, deem necessary or appropriate and in the best interests of the Company; *provided* that the Committee may not, without the consent of the affected Participant, take any action that disqualifies any Incentive Stock Option previously granted under the Plan for treatment as an Incentive Stock Option or that adversely affects or impairs the rights of any Award outstanding under the Plan; and *provided further* that, to the extent that stockholder approval of an amendment to the Plan is required by applicable law or the requirements of any securities exchange or trading market on which the Common Stock is listed or traded, such amendment shall not be effective prior to approval by the Company's stockholders. Notwithstanding any provision of this Plan to the contrary, the Committee, in its sole discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan to Participants who are subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other Participants. Also, notwithstanding the foregoing, no amendment or termination of the Plan shall, with respect to any Section 409A Award, be done in a manner that would violate the requirements of Code Section 409A.

20. **Adjustment of Awards Upon the Occurrence of Certain Events**.

(a) **Adjustment of Shares Available**. If there is any increase or decrease in the number of issued shares of Common Stock resulting from the payment of any stock dividend or from any stock split, reverse stock split, split-up, combination or exchange of shares, merger,

consolidation, spin-off, reorganization, or recapitalization of shares or any like capital adjustment, the Committee shall (i) have authority, in its absolute discretion, to proportionately adjust the aggregate number and type of shares available for Awards under the Plan, and (ii) proportionally adjust (A) the maximum number and type of shares or other securities that may be subject to Awards to any individual under the Plan, (B) the number and type of shares or other securities covered by each outstanding Award, and (C) the Exercise Price per share (but not the total price) for Awards outstanding under the Plan, in each case in order to prevent the enlargement or dilution of rights of the Participants under such Awards. Notwithstanding the foregoing, any adjustment to shares subject to a Section 409A Award must be done in accordance with the requirements of Code Section 409A. In addition, if an adjustment would result in an Award, which is not a Section 409A Award, becoming a Section 409A Award, then the Committee shall not make the adjustment without the express written consent of the Participant.

(b) **Change in Control**. Except as otherwise (i) determined by the Committee, (ii) set forth in the agreement or other documents evidencing the Award, or (iii) set forth in an employment agreement or any other written agreement between a Participant and the Company or any policy of the Company, upon the occurrence of a Change in Control, (A) all unvested Options and SARs granted to each Participant shall become vested and fully and immediately exercisable and shall remain exercisable until their expiration, termination, or cancellation, (B) all shares of Restricted Stock, RSUs, Dividend Equivalents, Stock Bonuses, Cash Awards, and other stock-based Awards granted pursuant to the terms of the Plan that have not yet vested shall immediately vest, (C) the Committee (as constituted immediately prior to such Change in Control) shall determine, in its sole discretion, whether Performance Awards, for which the requisite Performance Goals have not been satisfied or for which the performance period has not expired, shall immediately be paid or whether such Performance Awards shall remain outstanding according to their respective terms, and (D) the Acquiror shall either assume the Company's rights and obligations under all outstanding Awards or substitute for outstanding Awards substantially equivalent Awards for the Acquiror's stock. The vesting and/or exercise of any Award that is permissible solely by reason of this Section 20(b) shall be conditioned upon the consummation of the Change in Control.

(c) **Adjustments to Outstanding Restricted Stock, RSUs, and SARs**. If a Participant receives any securities or other property (including dividends paid in cash) with respect to a share of Restricted Stock, RSU, or SAR that has not vested as of the date of the payment of any stock dividend or any stock split, reverse stock split, split-up, combination or exchange of shares, merger, consolidation, spin-off, reorganization, or recapitalization of shares or any like capital adjustment, then such securities or other property will not vest until such share of Restricted Stock, RSU, or SAR vests and shall be held by the Company as if such securities or other property were non-vested shares of Restricted Stock, RSUs, or SARs.

(d) **Adjustment Upon Certain Mergers, etc**. Subject to any required action by the stockholders of the Company, if the Company is the surviving corporation in any merger or consolidation (except a merger or consolidation as a result of which the holders of shares of Common Stock receive securities of another corporation), each Award outstanding on the date of such merger or consolidation shall entitle the Participant to acquire upon exercise, if applicable,

the securities that a holder of the number of shares of Common Stock subject to such Award would have received in such merger or consolidation.

(e) **Adjustment Upon Certain Other Transactions**. In the event of a dissolution or liquidation of the Company, a sale of all or substantially all of the Company's assets, a merger or consolidation involving the Company in which the Company is not the surviving corporation or a merger or consolidation involving the Company in which the Company is the surviving corporation but the holders of shares of Common Stock receive securities of another entity and/or other property, including cash, the Committee shall, in its absolute discretion, have the power to (i) cancel, effective immediately prior to the occurrence of such event, each Award outstanding immediately prior to such event (whether or not then exercisable) and, in full consideration of such cancellation, pay to the Participant to whom such Award was granted an amount in cash, for each share of Common Stock subject to such Award, equal to the excess of (A) the value, as determined by the Committee in its absolute discretion, of the property (including cash) received by the holder of a share of Common Stock as a result of such event over (B) the Exercise Price, if any, of such Award; or (ii) provide for the exchange of each Award outstanding immediately prior to such event (whether or not then exercisable) for an option on some or all of the property for which such Award is exchanged and, incident thereto, make an equitable adjustment as determined by the Committee in its absolute discretion in the Exercise Price of the Award, or the number of shares or amount of property subject to the Award or, if appropriate, provide for a cash payment to the Participant to whom such Award was granted in full or partial consideration for the exchange of the Award. Notwithstanding the foregoing, any adjustments pursuant to this paragraph shall not be done if the adjustment is to a Section 409A Award and the adjustment is not permitted under Code Section 409A or if the adjustment is to an Award not subject to Code Section 409A and would cause the Award to become a Section 409A Award, unless otherwise expressly agreed to in writing by the Participant.

(f) **No Other Rights**. Except as expressly provided in the Plan, or in any agreement governing the Award, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger or consolidation of the Company or any other entity. Except as expressly provided in the Plan, or in any agreement governing the Award, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to an Award or the Exercise Price of any Award.

21. **Approval by Stockholders; Effective Date and Term of Plan**. The Plan was originally adopted by the Board of Directors of Allied Waste Industries, Inc. on March 8, 1991, and has subsequently been amended and restated on several occasions. The Plan was most recently approved by the stockholders of the Company on May 25, 2006. The Plan was most recently amended and restated by the Board on _____, 2008. The terms and conditions of the Plan as of the Effective Date (as the Plan may be subsequently amended) shall control all Awards granted under the Plan prior to or after the Effective Date, *provided* that, without the consent of the affected Participant, the terms and conditions of the Plan shall not be interpreted in a manner that disqualifies any Incentive Stock Option granted under the Plan prior

to the Effective Date for treatment as an Incentive Stock Option or that adversely affects or impairs the rights of any Award outstanding under the Plan prior to the Effective Date, and the Plan shall remain in full force and effect through May 25, 2016, unless sooner terminated by the Committee. After the Plan is terminated, no future Awards may be granted under the Plan, but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and the Plan's terms and conditions.

22. **General Restrictions**. Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act), and the applicable requirements of any securities exchange or other trading market on which the Common Stock is listed or traded. To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Common Stock, the issuance may be effected on a non-certificated basis to the extent not prohibited by applicable law or the applicable rules of any stock exchange or other trading market on which the Common Stock is listed or traded.

23. **Compliance With Applicable Law.**

(a) **Exchange Act Section 16**. Notwithstanding any provision of this Plan to the contrary, only the entire Board or a Committee composed of two or more Non-Employee Directors may make determinations regarding grants of Awards to persons subject to Section 16 under the Exchange Act.

(b) **Code Section 162(m)**. The Committee shall have the authority and discretion to determine the extent to which Awards will conform to the requirements of Code Section 162(m) and to take such action, establish such procedures, and impose such restrictions as the Committee determines to be necessary or appropriate to conform to such requirements. To the extent any provisions of the Plan or action by the Committee or Board fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee or Board.

(c) **Code Section 409A**. To the extent an Award granted under this Plan is subject to Code Section 409A because it both falls within the scope of Code Section 409A and does not satisfy an applicable exemption from Code Section 409A ("Section 409A Award"), the Section 409A Award is intended to comply with the requirements of Code Section 409A and any related regulations or other guidance promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service. Therefore, the Committee shall not make any changes or adjustments to the Section 409A Award that is not in accordance with the requirements of Code Section 409A without the express written consent of the Participant. Also, if an Award granted under the Plan is not a Section 409A Award, notwithstanding any other provision in this Plan, the Committee shall take no action that causes the Award to become a Section 409A Award without the express written consent of the Participant.

24. **No Rights as a Stockholder**. No person shall have any rights as a stockholder of the Company with respect to any shares of Common Stock covered by or relating to any Award

granted pursuant to this Plan until the date of the issuance of a stock certificate with respect to such shares or the date of issuance of shares on a non-certificated basis pursuant to policies adopted by the Company from time to time.

25. **No Special Employment Rights; No Right to Awards**. Nothing contained in the Plan or any Award shall confer upon any Participant any right with respect to the continuation of his or her Service by the Company or interfere in any way with the right of the Company, subject to the terms of any separate employment or consulting agreement to the contrary, at any time to terminate such Service or to increase or decrease the compensation of the Participant from the rate in existence on the Grant Date of an Award. No person shall have any claim or right to receive any Award under this Plan. The grant of an Award to a Participant at any time shall neither require the Committee to grant an Award to such Participant or any other Participant or other person at any other time nor preclude the Committee from making subsequent grants to such Participant or any other Participant or other person.

26. **Expenses and Receipts.** The expenses of the Plan shall be paid by the Company. Any proceeds received by the Company in connection with any Award will be used for general corporate purposes.

27. **Failure to Comply**. In addition to the remedies of the Company elsewhere provided for herein, failure by a Participant to comply with any of the terms and conditions of the Plan or the agreement executed by such Participant evidencing an Award, unless such failure is remedied by such Participant within 10 days after having been notified of such failure by the Committee, shall be grounds for the cancellation and forfeiture of such Award, in whole or in part as the Committee, in its absolute discretion, may determine.

28. **Plan Not Exclusive**. This Plan is not intended to be the exclusive means by which the Company may issue options, warrants, or other rights to acquire shares of Common Stock.

29. **Governing Law**. The Plan shall be governed by, and all questions arising hereunder shall be determined in accordance with, the laws of the State of Arizona, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction.

30. **Limitation of Implied Rights**. Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever including, without limitation, any specific funds, assets, or other property that the Company, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Common Stock or other amounts, if any, payable under the Plan, unsecured by any assets of the Company, and nothing contained in the Plan shall constitute an obligation to pay any benefits to any person.

31. **Unfunded Plan**. This Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants under this Plan, any such accounts shall be used merely as a bookkeeping convenience, including bookkeeping accounts established by a third party administrator retained by the Company to administer the Plan. The Company shall not be

required to segregate any assets for purposes of this Plan or Awards hereunder, nor shall the Company, the Board or the Committee be deemed to be a trustee of any benefit to be granted under this Plan. Any liability or obligation of the Company to any Participant with respect to an Award under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Award agreement, and no such liability or obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

32. **Successors**. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

33. **Substitution of Awards**. Subject to Sections 3, 19, and 20, at the discretion of the Committee, a Participant may be offered an election to substitute an Award for another Award or Awards of the same or different type. The Grant Date for any Award granted pursuant to the substitution provisions of this Section 33 will have the Grant Date of the original Award.

Dated: _____, 2008.

REPUBLIC SERVICES, INC.,
a Delaware corporation

By: _____
Title: _____

Allied Waste Industries, Inc.
Supplemental Executive Retirement Plan

Schedule A

(Amended and Restated Effective April 11, 2007)

Participant	Participation Date
Peter S. Hathaway	January 1, 2004
Donald W. Slager	January 1, 2004
James G. Van Weelden	June 1, 2004
John S. Quinn	January 1, 2005
John J. Zillmer	May 27, 2005
Edward A. Evans	September 19, 2005
Timothy R. Donovan	April 11, 2007
Retired Effective 12/31/2004	
Thomas W. Ryan	August 1, 2003
Retired Effective 8/31/2006	
Steven M. Helm	January 1, 2004

EXHIBIT 18.1

PREFERABILITY LETTER

March 2, 2009

Board of Directors
Republic Services, Inc.
18500 North Allied Way
Phoenix, Arizona 85054

Note 2, *Summary of Significant Accounting Policies* and Note 8, *Landfill and Environmental Costs* of Notes to Consolidated Financial Statements of Republic Services, Inc. included in its Form 10-K for the three-years ended December 31, 2008 describes a change in the method of accounting for estimating the amount of airspace associated with individual capping events to conform the Company's historic method of estimation to the method of estimation of the entity acquired in December 2008. There are no authoritative criteria for determining a preferable airspace estimation method based on the particular circumstances; however, we conclude that such change in the method of accounting is to an acceptable alternative method which, based on your business judgment to make this change and for the stated reasons, is preferable in your circumstances.

Very truly yours,

/s/ Ernst & Young LLP

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
623 Landfill, Inc.	Corporation
A-Best Disposal, Inc.	Corporation
Abilene Landfill TX, LP	Limited Partnership
Ace Disposal Services, Inc.	Corporation
Action Disposal, Inc.	Corporation
Ada County Development Company, Inc.	Corporation
ADAJ Corporation	Corporation
Adrian Landfill, Inc.	Corporation
ADS of Illinois, Inc.	Corporation
ADS, Inc.	Corporation
Agricultural Acquisitions, LLC	Limited Liability Company
Agri-Tech, Inc. of Oregon	Corporation
Alabama Recycling Services, Inc.	Corporation
Albany-Lebanon Sanitation, Inc.	Corporation
Allied Acquisition Pennsylvania, Inc.	Corporation
Allied Acquisition Two, Inc.	Corporation
Allied Enviroengineering, Inc.	Corporation
Allied Gas Recovery Systems, L.L.C.	Limited Liability Company
Allied Green Power, Inc.	Corporation
Allied Nova Scotia, Inc.	Corporation
Allied Receivables Funding Incorporated	Corporation
Allied Services, LLC	Limited Liability Company
Allied Transfer Systems of New Jersey, LLC	Limited Liability Company
Allied Waste Alabama, Inc.	Corporation
Allied Waste Company, Inc.	Corporation
Allied Waste Environmental Management Group, LLC	Limited Liability Company
Allied Waste Hauling of Georgia, Inc.	Corporation
Allied Waste Holdings (Canada) Ltd.	Corporation
Allied Waste Industries (Arizona), Inc.	Corporation
Allied Waste Industries (New Mexico), Inc.	Corporation
Allied Waste Industries (Southwest), Inc.	Corporation
Allied Waste Industries of Georgia, Inc.	Corporation
Allied Waste Industries of Illinois, Inc.	Corporation
Allied Waste Industries of Northwest Indiana, Inc.	Corporation
Allied Waste Industries of Tennessee, Inc.	Corporation
Allied Waste Industries, Inc.	Corporation
Allied Waste Landfill Holdings, Inc.	Corporation
Allied Waste Niagara Falls Landfill, LLC	Limited Liability Company
Allied Waste North America, Inc.	Corporation
Allied Waste of California, Inc.	Corporation
Allied Waste of Long Island, Inc.	Corporation
Allied Waste of New Jersey, Inc.	Corporation
Allied Waste of New Jersey-New York, LLC	Limited Liability Company
Allied Waste of Ponce, Inc.	International
Allied Waste of Puerto Rico, Inc.	International
Allied Waste Recycling Services of New Hampshire, LLC	Limited Liability Company
Allied Waste Rural Sanitation, Inc.	Corporation
Allied Waste Services of Colorado, Inc.	Corporation

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
Allied Waste Services of Massachusetts, LLC	Limited Liability Company
Allied Waste Services of North America, LLC	Limited Liability Company
Allied Waste Services of Page, Inc.	Corporation
Allied Waste Services of Stillwater, Inc.	Corporation
Allied Waste Sycamore Landfill, LLC	Limited Liability Company
Allied Waste Systems Holdings, Inc.	Corporation
Allied Waste Systems of Arizona, LLC	Limited Liability Company
Allied Waste Systems of Colorado, LLC	Limited Liability Company
Allied Waste Systems of Indiana, LLC	Limited Liability Company
Allied Waste Systems of Michigan, LLC	Limited Liability Company
Allied Waste Systems of Montana, LLC	Limited Liability Company
Allied Waste Systems of New Jersey, LLC	Limited Liability Company
Allied Waste Systems of North Carolina, LLC	Limited Liability Company
Allied Waste Systems of Pennsylvania, LLC	Limited Liability Company
Allied Waste Systems, Inc.	Corporation
Allied Waste Transfer Services of Arizona, LLC	Limited Liability Company
Allied Waste Transfer Services of California, LLC	Limited Liability Company
Allied Waste Transfer Services of Florida, LLC	Limited Liability Company
Allied Waste Transfer Services of Iowa, LLC	Limited Liability Company
Allied Waste Transfer Services of Lima, LLC	Limited Liability Company
Allied Waste Transfer Services of New York, LLC	Limited Liability Company
Allied Waste Transfer Services of North Carolina, LLC	Limited Liability Company
Allied Waste Transfer Services of Oregon, LLC	Limited Liability Company
Allied Waste Transfer Services of Rhode Island, LLC	Limited Liability Company
Allied Waste Transfer Services of Utah, Inc.	Corporation
Allied Waste Transportation, Inc.	Corporation
American Disposal Services of Illinois, Inc.	Corporation
American Disposal Services of Kansas, Inc.	Corporation
American Disposal Services of Missouri, Inc.	Corporation
American Disposal Services of New Jersey, Inc.	Corporation
American Disposal Services of West Virginia, Inc.	Corporation
American Disposal Services, Inc.	Corporation
American Disposal Transfer Services of Illinois, Inc.	Corporation
American Materials Recycling Corp.	Corporation
American Sanitation, Inc.	Corporation
American Transfer Company, Inc.	Corporation
Anderson Regional Landfill, LLC	Limited Liability Company
Anderson Solid Waste, Inc.	Corporation
Anson County Landfill NC, LLC	Limited Liability Company
Apache Junction Landfill Corporation	Corporation
Arbor Hills Holdings L.L.C.	Minority Interest
Arc Disposal Company, Inc.	Corporation
Area Disposal, Inc.	Corporation
Ariana, LLC	Limited Liability Company
Astro Waste Services, Inc.	Corporation
Atlantic Waste Holding Company, Inc.	Corporation
Atlas Transport, Inc.	Corporation
Attwoods of North America, Inc.	Corporation

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
Autauga County Landfill, LLC	Limited Liability Company
Automated Modular Systems, Inc.	Corporation
Autoshred, Inc.	Corporation
AWIN Leasing Company, Inc.	Corporation
AWIN Leasing II, LLC	Limited Liability Company
AWIN Management, Inc.	Corporation
Barker Brothers Waste Incorporated	Corporation
Barker Brothers, Inc.	Corporation
Bay Collection Services, Inc.	Corporation
Bay Environmental Management, Inc.	Corporation
Bay Landfills, Inc.	Corporation
Bay Leasing Company, Inc.	Corporation
BBCO, Inc.	Corporation
Belleville Landfill, Inc.	Corporation
Benson Valley Landfill General Partnership	General Partnership
Benton County Development Company	General Partnership
Berkeley Sanitary Service, Inc.	Corporation
Berrien County Landfill, Inc.	Corporation
BFGSI Series 1997-A Trust	Minority Interest
BFGSI, L.L.C.	Limited Liability Company
BFI Argentina, S.A.	International
BFI Atlantic, Inc.	Corporation
BFI Energy Systems of Albany, Inc.	Corporation
BFI Energy Systems of Boston, Inc.	Corporation
BFI Energy Systems of Delaware County, Inc.	Corporation
BFI Energy Systems of Essex County, Inc.	Corporation
BFI Energy Systems of Hempstead, Inc.	Corporation
BFI Energy Systems of Niagara II, Inc.	Corporation
BFI Energy Systems of Niagara, Inc.	Corporation
BFI Energy Systems of Plymouth, Inc.	Corporation
BFI Energy Systems of SEMASS, Inc.	Corporation
BFI Energy Systems of Southeastern Connecticut, Inc.	Corporation
BFI Energy Systems of Southeastern Connecticut, Limited Partnership	Limited Partnership
BFI International, Inc.	Corporation
BFI REF-FUEL, INC.	Corporation
BFI Services Group, Inc.	Corporation
BFI Trans River (GP), Inc.	Corporation
BFI Trans River (LP), Inc.	Corporation
BFI Transfer Systems of Alabama, LLC	Limited Liability Company
BFI Transfer Systems of DC, LLC	Limited Liability Company
BFI Transfer Systems of Georgia, LLC	Limited Liability Company
BFI Transfer Systems of Maryland, LLC	Limited Liability Company
BFI Transfer Systems of Massachusetts, LLC	Limited Liability Company
BFI Transfer Systems of Mississippi, LLC	Limited Liability Company
BFI Transfer Systems of New Jersey, Inc.	Corporation
BFI Transfer Systems of Pennsylvania, LLC	Limited Liability Company
BFI Transfer Systems of Texas, LP	Limited Partnership
BFI Transfer Systems of Virginia, LLC	Limited Liability Company

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
BFI Waste Services of Indiana, LP	Limited Partnership
BFI Waste Services of Pennsylvania, LLC	Limited Liability Company
BFI Waste Services of Tennessee, LLC	Limited Liability Company
BFI Waste Services of Texas, LP	Limited Partnership
BFI Waste Services, LLC	Limited Liability Company
BFI Waste Systems of Alabama, LLC	Limited Liability Company
BFI Waste Systems of Arkansas, LLC	Limited Liability Company
BFI Waste Systems of Georgia, LLC	Limited Liability Company
BFI Waste Systems of Indiana, LP	Limited Partnership
BFI Waste Systems of Kentucky, LLC	Limited Liability Company
BFI Waste Systems of Louisiana, LLC	Limited Liability Company
BFI Waste Systems of Massachusetts, LLC	Limited Liability Company
BFI Waste Systems of Mississippi, LLC	Limited Liability Company
BFI Waste Systems of Missouri, LLC	Limited Liability Company
BFI Waste Systems of New Jersey, Inc.	Corporation
BFI Waste Systems of North America, LLC	Limited Liability Company
BFI Waste Systems of North Carolina, LLC	Limited Liability Company
BFI Waste Systems of Oklahoma, LLC	Limited Liability Company
BFI Waste Systems of South Carolina, LLC	Limited Liability Company
BFI Waste Systems of Tennessee, LLC	Limited Liability Company
BFI Waste Systems of Virginia, LLC	Limited Liability Company
Bio-Med of Oregon, Inc.	Corporation
BLT Enterprises of Oxnard, Inc.	Corporation
Blue Ridge Landfill General Partnership	General Partnership
Blue Ridge Landfill TX, LP	Limited Partnership
Bom Ambiente Insurance Company	International
Bond County Landfill, Inc.	Corporation
Borrego Landfill, Inc.	Corporation
Borrow Pit Corp.	Corporation
Brenham Total Roll-Offs, LP	Limited Partnership
Brickyard Disposal & Recycling, Inc.	Corporation
Bridgeton Landfill, LLC	Limited Liability Company
Bridgeton Transfer Station, LLC	Limited Liability Company
Browning-Ferris Financial Services, Inc.	Corporation
Browning-Ferris Industries Argentina, S.A.	International
Browning-Ferris Industries Asia Pacific, Inc.	Corporation
Browning-Ferris Industries Chemical Services, Inc.	Corporation
Browning-Ferris Industries de Mexico, S.A. de C.V.	International
Browning-Ferris Industries Europe, Inc.	Corporation
Browning-Ferris Industries of California, Inc.	Corporation
Browning-Ferris Industries of Florida, Inc.	Corporation
Browning-Ferris Industries of Illinois, Inc.	Corporation
Browning-Ferris Industries of New Jersey, Inc.	Corporation
Browning-Ferris Industries of New York, Inc.	Corporation
Browning-Ferris Industries of Ohio, Inc.	Corporation
Browning-Ferris Industries of Tennessee, Inc.	Corporation
Browning-Ferris Industries, Inc.	Corporation
Browning-Ferris Industries, LLC	Limited Liability Company

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
Browning-Ferris Services, Inc.	Corporation
Browning-Ferris, Inc.	Corporation
Brunswick Waste Management Facility, LLC	Limited Liability Company
Bunting Trash Service, Inc.	Corporation
Butler County Landfill, LLC	Limited Liability Company
C & C Expanded Sanitary Landfill, LLC	Limited Liability Company
Cactus Waste Systems, LLC	Limited Liability Company
Calvert Trash Service Incorporated	Corporation
Calvert Trash Systems, Incorporated	Corporation
Camelot Landfill TX, LP	Limited Partnership
Capital Waste & Recycling, Inc.	Corporation
Capitol Recycling and Disposal, Inc.	Corporation
Carbon Limestone Landfill, LLC	Limited Liability Company
CC Landfill, Inc.	Corporation
CECOS International, Inc.	Corporation
Cefe Landfill TX, LP	Limited Partnership
Celina Landfill, Inc.	Corporation
Central Arizona Transfer, Inc.	Corporation
Central Sanitary Landfill, Inc.	Corporation
Central Virginia Properties, LLC	Limited Liability Company
Chambers Development of North Carolina, Inc.	Corporation
Champlin Refuse, Inc.	Minority Interest
Charter Evaporation Resource Recovery Systems	Corporation
Cherokee Run Landfill, Inc.	Corporation
Chilton Landfill, LLC	Limited Liability Company
Citizens Disposal, Inc.	Corporation
City-Star Services, Inc.	Corporation
Clarkston Disposal, Inc.	Corporation
Clinton County Landfill Partnership	General Partnership
Cocopah Landfill, Inc.	Corporation
Commercial Reassurance Limited	International
Compactor Rental Systems of Delaware, Inc.	Corporation
Congress Development Co.	Minority Interest
Consolidated Disposal Service, LLC	Limited Liability Company
Consolidated Processing, Inc.	Corporation
Continental Waste Industries — Gary, Inc.	Corporation
Continental Waste Industries, L.L.C.	Limited Liability Company
Copper Mountain Landfill, Inc.	Corporation
Corvallis Disposal Co.	Corporation
County Disposal (Ohio), Inc.	Corporation
County Disposal, Inc.	Corporation
County Environmental Landfill, LLC	Limited Liability Company
County Land Development Landfill, LLC	Limited Liability Company
County Landfill, Inc.	Corporation
County Line Landfill Partnership	General Partnership
Courtney Ridge Landfill, LLC	Limited Liability Company
Covington Waste, Inc.	Corporation
Crescent Acres Landfill, LLC	Limited Liability Company

Entity Name	Entity Type
Crockett Sanitary Service, Inc.	Corporation
Crow Landfill TX, L.P.	Limited Partnership
Cumberland County Development Company, LLC	Limited Liability Company
CWI of Florida, Inc.	Corporation
CWI of Illinois, Inc.	Corporation
CWI of Missouri, Inc.	Corporation
D & L Disposal L.L.C.	Limited Liability Company
Dallas Disposal Co.	Corporation
Delta Container Corporation	Corporation
Delta Dade Recycling Corp.	Corporation
Delta Paper Stock, Co.	Corporation
Delta Resources Corp.	Corporation
Delta Site Development Corp.	Corporation
Delta Waste Corp.	Corporation
Dempsey Waste Systems II, Inc.	Corporation
Denver RL North, Inc.	Corporation
Desarrollo del Rancho La Gloria TX, LP	Limited Partnership
Dinverno, Inc.	Corporation
DTC Management, Inc.	Corporation
E & P Investment Corporation	Corporation
E Leasing Company, LLC	Limited Liability Company
Eagle Industries Leasing, Inc.	Corporation
East Chicago Compost Facility, Inc.	Corporation
ECDC Environmental of Humboldt County, Inc.	Corporation
ECDC Environmental, L.C.	Limited Liability Company
ECDC Holdings, Inc.	Corporation
EcoSort, L.L.C.	Minority Interest
El Centro Landfill, L.P.	Limited Partnership
Elder Creek Transfer & Recovery, Inc.	Corporation
Ellis County Landfill TX, LP	Limited Partnership
Ellis Scott Landfill MO, LLC	Limited Liability Company
Envirocycle, Inc.	Corporation
Environmental Development Corp.	Corporation
Environmental Development Corp.	International
Environmental Reclamation Company	Corporation
Environtech, Inc.	Corporation
Envotech-Illinois L.L.C.	Limited Liability Company
Evergreen National Indemnity Company	Minority Interest
Evergreen Scavenger Service, Inc.	Corporation
Evergreen Scavenger Service, L.L.C.	Limited Liability Company
F. P. McNamara Rubbish Removal, Inc.	Corporation
Flint Hill Road, LLC	Limited Liability Company
FLL, Inc.	Corporation
Foothill Sanitary Landfill, Inc.	Minority Interest
Forest View Landfill, LLC	Limited Liability Company
Fort Worth Landfill TX, LP	Limited Partnership
Forward, Inc.	Corporation
Fred Barbara Trucking Co., Inc.	Corporation

Entity Name	Entity Type
Frontier Waste Services (Colorado), LLC	Limited Liability Company
Frontier Waste Services (Utah), LLC	Limited Liability Company
Frontier Waste Services of Louisiana L.L.C.	Limited Liability Company
Frontier Waste Services, L.P.	Limited Partnership
G. Van Dyken Disposal Inc.	Corporation
Galveston County Landfill TX, LP	Limited Partnership
Gateway Landfill, LLC	Limited Liability Company
GEK, Inc.	Corporation
General Refuse Rolloff Corp.	Corporation
General Refuse Service of Ohio, LLC	Limited Liability Company
Georgia Recycling Services, Inc.	Corporation
Giles Road Landfill TX, LP	Limited Partnership
Global Indemnity Assurance Company	Corporation
Golden Bear Transfer Services, Inc.	Corporation
Golden Triangle Landfill TX, LP	Limited Partnership
Golden Waste Disposal, Inc.	Corporation
Grants Pass Sanitation, Inc.	Corporation
Great Lakes Disposal Service, Inc.	Corporation
Great Plains Landfill OK, LLC	Limited Liability Company
Green Valley Landfill General Partnership	General Partnership
Greenridge Reclamation, LLC	Limited Liability Company
Greenridge Waste Services, LLC	Limited Liability Company
Greenwood Landfill TX, LP	Limited Partnership
Gulf West Landfill TX, LP	Limited Partnership
Gulfcoast Waste Service, Inc.	Corporation
H Leasing Company, LLC	Limited Liability Company
Hancock County Development Company, LLC	Limited Liability Company
Harland’s Sanitary Landfill, Inc.	Corporation
Harrison County Landfill, LLC	Limited Liability Company
HMD Waste, L.L.C.	Limited Liability Company
Honeygo Run Reclamation Center, Inc.	Corporation
Hyder Waste Container, Inc.	Corporation
Illiana Disposal Partnership	General Partnership
Illinois Landfill, Inc.	Corporation
Illinois Recycling Services, Inc.	Corporation
Illinois Valley Recycling, Inc.	Corporation
Imperial Landfill, Inc.	Corporation
Independent Trucking Company	Corporation
Ingrum Waste Disposal, Inc.	Corporation
International Disposal Corp. of California	Corporation
Island Waste Services Ltd.	Corporation
Itasca Landfill TX, LP	Limited Partnership
Jackson County Landfill, LLC	Limited Liability Company
Jasper County Development Company Partnership	General Partnership
Jefferson City Landfill, LLC	Limited Liability Company
Jefferson Parish Development Company, LLC	Limited Liability Company
Jetter Disposal, Inc.	Corporation
K & K Trash Removal, Inc.	Corporation

Entity Name	Entity Type
Kandel Enterprises, LLC	Limited Liability Company
Kankakee Quarry, Inc.	Corporation
Keller Canyon Landfill Company	Corporation
Keller Drop Box, Inc.	Corporation
Kent-Meridian Disposal Company	Minority Interest
Kerrville Landfill TX, LP	Limited Partnership
Key Waste Indiana Partnership	General Partnership
La Cañada Disposal Company, Inc.	Corporation
Lake County C & D Development Partnership	General Partnership
Lake Norman Landfill, Inc.	Corporation
LandComp Corporation	Corporation
Lathrop Sunrise Sanitation Corporation	Corporation
Lee County Landfill SC, LLC	Limited Liability Company
Lee County Landfill, Inc.	Corporation
Lemons Landfill, LLC	Limited Liability Company
Lewisville Landfill TX, LP	Limited Partnership
Liberty Waste Holdings, Inc.	Corporation
Liberty Waste Services Limited, L.L.C.	Limited Liability Company
Liberty Waste Services of Illinois, L.L.C.	Limited Liability Company
Liberty Waste Services of McCook, L.L.C.	Limited Liability Company
Little Creek Landing, LLC	Limited Liability Company
Local Sanitation of Rowan County, L.L.C.	Limited Liability Company
Loop Recycling, Inc.	Corporation
Loop Transfer, Incorporated	Corporation
Lorain County Landfill, LLC	Limited Liability Company
Louis Pinto & Son, Inc., Sanitation Contractors	Corporation
Lucas County Land Development, Inc.	Corporation
Lucas County Landfill, LLC	Limited Liability Company
Madison County Development, LLC	Limited Liability Company
Manumit of Florida, Inc.	Corporation
Marion Resource Recovery Facility, LLC	Minority Interest
Mars Road TX, LP	Limited Partnership
McCarty Road Landfill TX, LP	Limited Partnership
McCusker Recycling, Inc.	Corporation
McInnis Waste Systems, Inc.	Corporation
Menands Environmental Solutions, LLC	Limited Liability Company
Mesa Disposal, Inc.	Corporation
Mesquite Landfill TX, LP	Limited Partnership
Mexia Landfill TX, LP	Limited Partnership
M-G Disposal Services, L.L.C.	Limited Liability Company
Midway Development Company, Inc.	Corporation
Minneapolis Refuse, Incorporated	Minority Interest
Mississippi Waste Paper Company	Corporation
Missouri City Landfill, LLC	Limited Liability Company
Modern-Mallard Energy, LLC	Limited Liability Company
Morehead Landfill General Partnership	General Partnership
Mountain Home Disposal, Inc.	Corporation
N Leasing Company, LLC	Limited Liability Company

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
NationsWaste Catawba Regional Landfill, Inc.	Corporation
NationsWaste, Inc.	Corporation
Ncorp, Inc.	Corporation
New Morgan Landfill Company, Inc.	Corporation
New York Waste Services, LLC	Limited Liability Company
Newco Waste Systems of New Jersey, Inc.	Corporation
Newton County Landfill Partnership	General Partnership
Noble Road Landfill, Inc.	Corporation
Northeast Landfill, LLC	Limited Liability Company
Northlake Transfer, Inc.	Corporation
Northwest Tennessee Disposal Corp.	Corporation
Oakland Heights Development, Inc.	Corporation
Obscurity Land Development, LLC	Limited Liability Company
Oceanside Waste & Recycling Services	General Partnership
Ohio Republic Contracts, II, Inc.	Corporation
Ohio Republic Contracts, Inc.	Corporation
Oklahoma City Landfill, L.L.C.	Limited Liability Company
Oscar’s Collection System of Fremont, Inc.	Corporation
Otay Landfill, Inc.	Corporation
Ottawa County Landfill, Inc.	Corporation
Packerton Land Company, L.L.C.	Limited Liability Company
Palomar Transfer Station, Inc.	Corporation
Panama Road Landfill, TX, L.P.	Limited Partnership
Peltier Real Estate Company	Corporation
Peninsula Waste Systems, LLC	Limited Liability Company
Perdomo & Sons, Inc.	Corporation
Perdomo/BLT Enterprises, LLC	Limited Liability Company
Pinal County Landfill Corp.	Corporation
Pine Bend Holdings L.L.C.	Minority Interest
Pine Hill Farms Landfill TX, LP	Limited Partnership
Pinecrest Landfill OK, LLC	Limited Liability Company
Pittsburg County Landfill, Inc.	Corporation
Pleasant Oaks Landfill TX, LP	Limited Partnership
Polk County Landfill, LLC	Limited Liability Company
Port Clinton Landfill, Inc.	Corporation
Portable Storage Co.	Corporation
Potrero Hills Landfill, Inc.	Corporation
Preble County Landfill, Inc.	Corporation
Price & Sons Recycling Company	Corporation
Prichard Landfill Corporation	Corporation
Prince George’s County Landfill, LLC	Limited Liability Company
R.C. Miller Enterprises, Inc.	Corporation
R.C. Miller Refuse Service, Inc.	Corporation
Rabanco Companies	General Partnership
Rabanco Recycling, Inc.	Corporation
Rabanco, Ltd.	Corporation
Ramona Landfill, Inc.	Corporation
RCS, Inc.	Corporation

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
Ref-Fuel Canada Ltd.	International
Regional Disposal Company	Joint Venture
Reliable Disposal, Inc.	Corporation
Republic Dumpco, Inc.	Corporation
Republic Environmental Technologies, Inc.	Corporation
Republic Ohio Contracts, LLC	Limited Liability Company
Republic Services Aviation, Inc.	Corporation
Republic Services Employee Relief Fund	Not For Profit Corporation
Republic Services Financial LP, Inc.	Corporation
Republic Services Financial, Limited Partnership	Limited Partnership
Republic Services Group, LLC	Limited Liability Company
Republic Services Holding Company, Inc.	Corporation
Republic Services of Arizona Hauling, LLC	Limited Liability Company
Republic Services of Buffalo, LLC	Limited Liability Company
Republic Services of California Holding Company, Inc.	Corporation
Republic Services of California I, LLC	Limited Liability Company
Republic Services of California II, LLC	Limited Liability Company
Republic Services of Canada, Inc.	International
Republic Services of Colorado Hauling, LLC	Limited Liability Company
Republic Services of Colorado I, LLC	Limited Liability Company
Republic Services of Florida GP, Inc.	Corporation
Republic Services of Florida LP, Inc.	Corporation
Republic Services of Florida, Limited Partnership	Limited Partnership
Republic Services of Georgia GP, LLC	Limited Liability Company
Republic Services of Georgia LP, LLC	Limited Liability Company
Republic Services of Georgia, Limited Partnership	Limited Partnership
Republic Services of Indiana LP, Inc.	Corporation
Republic Services of Indiana Transportation, LLC	Limited Liability Company
Republic Services of Indiana, Limited Partnership	Limited Partnership
Republic Services of Kentucky, LLC	Limited Liability Company
Republic Services of Maryland, LLC	Limited Liability Company
Republic Services of Michigan Hauling, LLC	Limited Liability Company
Republic Services of Michigan Holding Company, Inc.	Corporation
Republic Services of Michigan I, LLC	Limited Liability Company
Republic Services of Michigan II, LLC	Limited Liability Company
Republic Services of Michigan III, LLC	Limited Liability Company
Republic Services of Michigan IV, LLC	Limited Liability Company
Republic Services of Michigan V, LLC	Limited Liability Company
Republic Services of New Jersey, LLC	Limited Liability Company
Republic Services of North Carolina, LLC	Limited Liability Company
Republic Services of Ohio Hauling, LLC	Limited Liability Company
Republic Services of Ohio I, LLC	Limited Liability Company
Republic Services of Ohio II, LLC	Limited Liability Company
Republic Services of Ohio III, LLC	Limited Liability Company
Republic Services of Ohio IV, LLC	Limited Liability Company
Republic Services of Pennsylvania, LLC	Limited Liability Company
Republic Services of South Carolina, LLC	Limited Liability Company
Republic Services of Southern California, LLC	Limited Liability Company

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
Republic Services of Tennessee, LLC	Limited Liability Company
Republic Services of Virginia, LLC	Limited Liability Company
Republic Services of Wisconsin GP, LLC	Limited Liability Company
Republic Services of Wisconsin LP, LLC	Limited Liability Company
Republic Services of Wisconsin, Limited Partnership	Limited Partnership
Republic Services Procurement, Inc.	Corporation
Republic Services Real Estate Holding, Inc.	Corporation
Republic Services Risk Management, Inc.	Corporation
Republic Services Vasco Road, LLC	Limited Liability Company
Republic Services, Inc.	Corporation
Republic Silver State Disposal, Inc.	Corporation
Republic Transportation Services of Canada, Inc.	International
Republic Waste Services of Southern California, LLC	Limited Liability Company
Republic Waste Services of Texas GP, Inc.	Corporation
Republic Waste Services of Texas LP, Inc.	Corporation
Republic Waste Services of Texas, Ltd.	Limited Partnership
Republic Waste, Limited Partnership	Limited Partnership
Resource Recovery, Inc.	Corporation
RI/Alameda Corp.	Corporation
Richmond Sanitary Service, Inc.	Corporation
Rio Grande Valley Landfill TX, LP	Limited Partnership
Risk Services, Inc.	Corporation
RITM, LLC	Limited Liability Company
Rock Road Industries, Inc.	Corporation
Roosevelt Associates	Minority Interest
Ross Bros. Waste & Recycling Co.	Corporation
Rossman Sanitary Service, Inc.	Corporation
Roxana Landfill, Inc.	Corporation
Royal Holdings, Inc.	Corporation
Royal Oaks Landfill TX, LP	Limited Partnership
RSG Cayman Group, Inc.	Corporation
Rubbish Control, LLC	Limited Liability Company
RWS Transport, L.P.	Limited Partnership
S & S Recycling, Inc.	Corporation
S Leasing Company, LLC	Limited Liability Company
Saguaro National Captive Insurance Company	Corporation
Saline County Landfill, Inc.	Corporation
San Diego Landfill Systems, LLC	Limited Liability Company
San Marcos NCRRF, Inc.	Corporation
Sand Valley Holdings, L.L.C.	Limited Liability Company
Sandy Hollow Landfill Corp.	Corporation
Sangamon Valley Landfill, Inc.	Corporation
Sanifill, Inc.	Corporation
Sanitary Disposal Service, Inc.	Corporation
Sauk Trail Development, Inc.	Corporation
Schofield Corporation of Orlando	Corporation
Show-Me Landfill, LLC	Limited Liability Company
Shred — All Recycling Systems, Inc.	Corporation

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
Solano Garbage Company	Corporation
Source Recycling, Inc.	Corporation
South Central Texas Land Co. TX, LP	Limited Partnership
South Trans, Inc.	Corporation
Southeast Landfill, LLC	Limited Liability Company
Southern Illinois Regional Landfill, Inc.	Corporation
Southwest Landfill TX, LP	Limited Partnership
Springfield Environmental General Partnership	General Partnership
St. Bernard Parish Development Company, LLC	Limited Liability Company
St. Joseph Landfill, LLC	Limited Liability Company
Standard Disposal Services, Inc.	Corporation
Standard Environmental Services, Inc.	Corporation
Standard Waste, Inc.	Corporation
Streator Area Landfill, Inc.	Corporation
Suburban Transfer, Inc.	Corporation
Suburban Warehouse, Inc.	Corporation
Summit Waste Systems, Inc.	Corporation
Sunrise Sanitation Service, Inc.	Corporation
Sunset Disposal Service, Inc.	Corporation
Sunset Disposal, Inc.	Corporation
Sycamore Landfill, Inc.	Corporation
Tate's Transfer Systems, Inc.	Corporation
Tay-Ban Corporation	Corporation
Taylor Ridge Landfill, Inc.	Corporation
Tennessee Union County Landfill, Inc.	Corporation
Tessman Road Landfill TX, LP	Limited Partnership
The Ecology Group, Inc.	Corporation
Thomas Disposal Service, Inc.	Corporation
Tippecanoe County Waste Services Partnership	General Partnership
Tom Luciano's Disposal Service, Inc.	Corporation
Total Roll-Offs, L.L.C.	Limited Liability Company
Total Solid Waste Recyclers, Inc.	Corporation
Tricil (N.Y.), Inc.	Corporation
Tri-County Refuse Service, Inc.	Corporation
Tri-State Recycling Services, Inc.	Corporation
Tri-State Refuse Corporation	Corporation
Turkey Creek Landfill TX, LP	Limited Partnership
United Disposal Service, Inc.	Corporation
Upper Rock Island County Landfill, Inc.	Corporation
Valley Landfills, Inc.	Corporation
VHG, Inc.	Corporation
Victoria Landfill TX, LP	Limited Partnership
Vining Disposal Service, Inc.	Corporation
Warner Hill Development Company	Corporation
Warrick County Development Company	General Partnership
Wasatch Regional Landfill, Inc.	Corporation
Waste Control Systems, Inc.	Corporation
Waste Services of New York, Inc.	Corporation

Republic Services, Inc.

Subsidiaries and Affiliates

Entity Name	Entity Type
Wastehaul, Inc.	Corporation
Wayne County Land Development, LLC	Limited Liability Company
Wayne County Landfill IL, Inc.	Corporation
Wayne Developers, LLC	Limited Liability Company
WDTR, Inc.	Corporation
Webster Parish Landfill, L.L.C.	Limited Liability Company
West Contra Costa Energy Recovery Company	Corporation
West Contra Costa Sanitary Landfill, Inc.	Corporation
West County Landfill, Inc.	Corporation
West County Resource Recovery, Inc.	Corporation
Whispering Pines Landfill TX, LP	Limited Partnership
Willamette Resources, Inc.	Corporation
Williams County Landfill Inc.	Corporation
Willow Ridge Landfill, LLC	Limited Liability Company
Wilshire Disposal Services, Inc.	Corporation
WJR Environmental, Inc.	Corporation
Woodlake Sanitary Service, Inc.	Corporation
Zakaroff Services	Corporation

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of Republic Services, Inc. of our reports dated March 2, 2009, with respect to the consolidated financial statements and schedule of Republic Services, Inc. and the effectiveness of internal control over financial reporting of Republic Services, Inc., included in the Annual Report (Form 10-K) for the year ended December 31, 2008:

Form S-8	No. 333-81801	Republic Services 401(k) Plan
Form S-8	No. 333-78125	1998 Stock Incentive Plan
Form S-8	No. 333-45542	Republic Services, Inc. Amended and Restated Employee Stock Purchase Plan
Form S-8	No. 333-104048	Republic Services, Inc. Amended and Restated 1998 Stock Incentive Plan
Form S-8	No. 333-150943	Republic Services, Inc. 2007 Stock Incentive Plan
Form S-8	No. 333-156070	Republic Services, Inc. 2006 Incentive Stock Plan (f/k/a Allied Waste Industries, Inc. 2006 Incentive Stock Plan) and Republic Services, Inc. 2005 Non-Employee Director Equity Compensation Plan (f/k/a Allied Waste Industries, Inc. 2005 Non-Employee Director Equity Compensation Plan)

/s/ ERNST & YOUNG LLP

Phoenix, Arizona
March 2, 2009

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James E. O'Connor, certify that:

1. I have reviewed this 2008 annual report on Form 10-K of Republic Services, 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 officers 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;

   (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 fiscal 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 officers 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 control 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.

REPUBLIC SERVICES, INC.

By: /s/ James E. O'Connor
James E. O'Connor
Chairman of the Board of Directors and
Chief Executive Officer

Date: March 2, 2009

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tod C. Holmes, certify that:

1. I have reviewed this 2008 annual report on Form 10-K of Republic Services, 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 officers 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;

   (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 fiscal 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 officers 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 control 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.

REPUBLIC SERVICES, INC.

By: /s/ TOD C. HOLMES
Tod C. Holmes
Executive Vice President and
Chief Financial Officer

Date: March 2, 2009

Exhibit 32.1

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 this Annual Report on Form 10-K of Republic Services, Inc. (the Company) for the annual period ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, James E. O'Connor, Chairman and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

REPUBLIC SERVICES, INC.

By: /s/ James E. O'Connor
James E. O'Connor
Chairman of the Board of Directors and
Chief Executive Officer

Date: March 2, 2009

Exhibit 32.2

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 this Annual Report on Form 10-K of Republic Services, Inc. (the Company) for the annual period ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Tod C. Holmes, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

REPUBLIC SERVICES, INC.

By: /s/ Tod C. Holmes
Tod C. Holmes
Executive Vice President and
Chief Financial Officer

Date: March 2, 2009