SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

OR

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

FOR THE TRANSITION PERIOD FROM __________ TO __________

Commission file number: 1-14267

REPUBLIC SERVICES, INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE (State of Incorporation)	65-0716904 (I.R.S. Employer Identification No.)
REPUBLIC SERVICES, INC. 110 S.E. 6TH STREET, 28TH FLOOR FORT LAUDERDALE, FLORIDA (Address of Principal Executive Offices)	33301 (Zip Code)

Registrant's telephone number, including area code: (954) 769-2400

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of 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. [X]

As of February 16, 2001, the registrant had outstanding 171,024,397 shares of Common Stock. At such date, the aggregate market value of the shares of the Common Stock held by non-affiliates of the registrant was approximately $2,732,795,954.

DOCUMENTS INCORPORATED BY REFERENCE

Part III Portions of the Registrant's Proxy Statement relative to the 2001 Annual Meeting of Stockholders.
Part IV Portions of previously filed reports and registration statements.

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PART I

ITEM 1. BUSINESS

COMPANY OVERVIEW

We are a leading 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 139 collection companies in 22 states. We also own or operate 79 transfer stations, 53 solid waste landfills and 21 recycling facilities.

We had revenue of $2,103.3 million and $1,869.3 million and operating income of $434.0 million and $390.6 million for the years ended December 31, 2000 and 1999, respectively. The $234.0 million, or 12.5%, increase in revenue and the $43.4 million, or 11.1%, increase in operating income from 1999 to 2000 are primarily attributable to our successful execution of our operating and growth strategies described below.

Our presence in high growth markets throughout the Sunbelt, including Florida, Georgia, Nevada, Southern California 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 our company to experience growth at rates that are generally higher than the industry's overall growth rate.

We believe that we are well-positioned to continue to increase our revenue and operating income in order to enhance stockholder value by implementing our financial, operating and growth strategies as described below.

INDUSTRY OVERVIEW

Based on analyst reports and industry trade publications, we believe that the United States non-hazardous solid waste services industry generated revenue of approximately $40.0 billion in 1999, of which approximately 50% was generated by publicly-owned waste companies, and 50% was generated by privately-held waste companies and municipal and other local governmental authorities. Only three companies generated the substantial majority of the publicly-owned companies' total revenue in 1999. However, according to industry data, the domestic non-hazardous waste industry remains highly fragmented as privately-held companies and municipal and local governmental authorities generated total annual revenue of approximately $20.0 billion.

We believe that in recent years there has been a great deal of consolidation in the solid waste collection industry, which has historically been characterized by numerous small companies. We believe that this trend will continue, but at a slower pace than that experienced the last several years, as a result of the following factors:

Subtitle D Regulation. Subtitle D of the Resource Conservation and Recovery Act of 1976, as currently in effect, and similar state regulations have significantly increased the amount of capital, technical expertise, operating costs and financial assurance obligations required to own and operate a landfill and other solid waste facilities. Many of the smaller participants in our industry have found these costs difficult, if not impossible, to bear. Large publicly-owned companies, like our company, have greater access to capital, and a lower cost of capital, to finance such increased capital expenditures and costs relative to many of the privately-owned companies in the industry. Additionally, the required permits for landfill development, expansion or construction have become more difficult to acquire. Consequently, many smaller, independent operators have decided to either close their operations or sell them to larger operators with greater access to capital.

Integration of Solid Waste Businesses. By being able to control the waste stream in a market through the collection, transfer and disposal process, integrated solid waste companies gain a further competitive advantage over non-integrated operators. The ability of the integrated companies to both collect and dispose of solid waste, coupled with access to significant capital resources necessary for

acquisitions, has created an environment in which large publicly-owned integrated companies can operate more cost effectively and competitively than non-integrated operators.

Municipal Privatization. The trend toward consolidation in the solid waste services industry is further supported by the increasing tendency of a number of municipalities to privatize their waste disposal operations. Privatization of municipal waste operations is often an attractive alternative to funding the changes required by Subtitle D.

These developments, as well as the fact that there are a limited number of viable exit strategies for many of the owners and principals of numerous privately-held companies in the industry, have contributed to the overall consolidation trend in the solid waste industry.

FINANCIAL STRATEGY

A key component of our financial strategy is our ability to generate free cash flow. We define free cash flow as net income, plus depreciation, depletion and amortization, less capital expenditures, plus or minus net changes in assets and liabilities. Certain analysts that follow the waste industry add deferred income taxes to our free cash flow, as defined. We believe that free cash flow is the best measure of our financial performance. Consequently, we have developed incentive programs and monthly field operating reviews that help focus our entire company on the importance of growing free cash flow.

We manage our free cash flow primarily by ensuring that capital expenditures are appropriate in light of our internal and acquisition growth and by closely managing our assets and liabilities, the most critical of which are accounts receivable and accounts payable.

We have used and will continue to use our free cash flow to fund internal growth and acquire other solid waste businesses. However, if we are unable to identify opportunities that satisfy our growth strategy, we intend to use our free cash flow for other purposes including repurchasing shares of our common stock and repaying our debt.

Another key component of our financial strategy includes maintaining an investment grade rating on our senior debt. This has allowed us, and will continue to allow us, to access the capital markets at competitive rates.

For certain risks related to our financial strategy, see "Risk Factors."

OPERATING STRATEGY

We seek to leverage existing assets and revenue growth to increase operating margins and enhance stockholder value. Our operating strategy to accomplish this goal is to:

(1) utilize the extensive industry knowledge and experience of our executive management,

(2) utilize a decentralized management structure in overseeing day-to-day operations,

(3) integrate waste operations,

(4) improve operating margins through economies of scale, cost efficiencies and asset utilization, and achieve high levels of customer satisfaction.

For certain risks related to our operating strategy, see "Risk Factors."

- EXPERIENCED EXECUTIVE MANAGEMENT TEAM. We believe that we have one of the most experienced executive management teams in the solid waste industry.

H. Wayne Huizenga, who has served as our Chairman since our initial public offering in July 1998, has over 26 years of experience in the solid waste industry. After several years of owning and operating private waste hauling companies in Florida, he co-founded Waste Management, Inc. in 1971. From 1971 to 1984, he served in various executive capacities with Waste Management, including President and Chief Operating Officer. By then, Waste Management had become the world's largest integrated solid

waste services company. From 1987 to 1994, Mr. Huizenga served as Chairman and Chief Executive Officer of Blockbuster Entertainment Corporation, leading its growth from 19 stores to the world's largest video rental company. In August 1995, he became Chairman and Chief Executive Officer of AutoNation, Inc., our former parent company, which is the largest domestic automotive retailer.

Harris W. Hudson, who has served as our Vice Chairman since our initial public offering, has over 36 years of experience in the solid waste industry. Mr. Hudson worked closely with Mr. Huizenga, from 1964 until 1982, at Waste Management and at the private waste hauling firms they operated prior to the formation of Waste Management. In 1982, Mr. Hudson retired as Vice President of Waste Management of Florida, Inc., a subsidiary of Waste Management. In 1983, Mr. Hudson founded Hudson Management Corporation, a solid waste collection company in Florida, and served as its Chairman and Chief Executive Officer until it merged with AutoNation in August 1995. By that time, Hudson Management had grown to over $50.0 million in annual revenue, becoming one of Florida's largest privately-held solid waste collection companies based on revenue. From August 1995 until our initial public offering, Mr. Hudson served in various capacities with AutoNation, including as Chairman of its Solid Waste Group.

James E. O'Connor, who has served as our Chief Executive Officer since December 1998, also worked at Waste Management 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 over 26 years of experience in the solid waste industry.

The other corporate officers with responsibility for our operational affairs have an average of over 18 years of management experience in the solid waste industry. Our five Regional Vice Presidents have an average of 20 years of experience in the industry, and our 20 Area Presidents have an average of 21 years of experience in the industry.

- 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. The Regional Vice Presidents and Area Presidents have extensive authority, responsibility and autonomy for operations within their respective geographic markets. Compensation for management within regions and areas is primarily based on the improvement in operating income produced and the cash flow 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 local knowledge, community relations and name recognition, we react rapidly 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. By controlling waste streams from the point of collection through disposal, we seek to achieve a high rate of waste integration. 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 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 which 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 constructing 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 the three months ended December 31, 2000, approximately 52% of the total volume of waste that we collected was disposed of at landfills we own or operate compared to approximately 48% during the three months ended December 31, 1999. Because we do not have landfill facilities for all markets in which we provide collection services, we believe that through landfill and

transfer station acquisitions and 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 and development of landfills and transfer stations, we are able to reduce our disposal costs.

- ECONOMIES OF SCALE, COST EFFICIENCIES AND ASSET UTILIZATION. To improve operating margins, our management focuses on achieving economies of scale and cost efficiencies. The consolidation of acquired businesses into existing operations reduces costs by decreasing capital and expenses used for routing, personnel, equipment and vehicle maintenance, inventories and back-office administration. Generally, we are consolidating our administrative centers to reduce our general and administrative costs. We have reduced our selling, general and administrative expenses from 14.2% of revenue in 1996 to 9.2% of revenue in 2000. In addition, our size allows our company to negotiate volume discounts for certain purchases, including waste disposal rates at landfills operated by third parties. Furthermore, we have taken steps to increase utilization of our assets. For example, to reduce the number of collection vehicles, drivers are paid incentive wages based upon the number of customers they service on each route. In addition, routes are frequently analyzed and re-routed to ensure that the highest number of customers are efficiently serviced over the fewest possible miles. By using assets more efficiently, operating expenses are lowered significantly.

- HIGH LEVELS OF CUSTOMER SATISFACTION. Our goal of maintaining high levels of customer satisfaction complements our operating strategy. Our personalized sales process is oriented towards maintaining relationships and ensuring that service is being properly provided.

GROWTH STRATEGY

Our strategy focuses on increasing revenue, gaining market share and enhancing stockholder value through internal growth and acquisitions. For certain risks related to our growth strategy, see "Risk Factors."

- 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.

  Long-Term Contracts. We seek to obtain long-term contracts for collecting solid waste in high-growth markets. 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. For example, we have secured exclusive, long-term franchise agreements in high-growth markets in Los Angeles and Orange Counties, California, Las Vegas, Nevada, Arlington, Texas and many areas of Florida. We believe that this positions our company 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 growth 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 our company to capitalize on our leading positions in many of the markets in which we operate. We currently have approximately 460 sales and marketing employees in the field, who are incentivized by a commission structure to generate high levels of 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.

- ACQUISITION GROWTH. As a result of the highly fragmented nature of the solid waste industry, we have been able to grow significantly through acquisitions. Our acquisition growth strategy focuses on the approximately $20.0 billion of revenue generated by privately-held solid waste companies and municipal and local governmental authorities in 1999. We believe that our ability to acquire many of the 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, which occurs for many of the same reasons that privately-held companies sell their solid waste businesses. In addition, we will continue to evaluate opportunities to acquire operations and facilities that may be divested by other publicly-owned waste companies. In sum, our acquisition growth strategy focuses on:

- acquiring businesses that position our company for growth in existing and new markets,

- acquiring well-managed companies and, when appropriate, retaining local management,

- acquiring operations and facilities from municipalities that are privatizing and publicly-owned companies that are divesting of assets.

For certain risks involved with our acquisition growth strategy, see "Risk Factors -- We may be unable to execute our acquisition growth strategy," "-- We may be unable to manage our growth effectively," and "-- Businesses we acquire may have undisclosed liabilities."

Acquire Businesses Positioning the Company for Growth. In making acquisitions, we principally target high quality businesses that will allow our company to be, or provide our company favorable prospects of becoming, a leading provider of integrated solid waste services in markets with favorable demographic growth. Generally, we have acquired, and will continue to seek, solid waste collection, transfer and disposal companies that:

- have strong operating margins,

- are in growth markets,

- are among the largest or have a significant presence in their local markets, and

- have long-term contracts or franchises with municipalities and other customers.

Once we have a base of operations in a particular market, we focus on acquiring trucks and routes of smaller businesses that also operate in that market and surrounding markets, which are typically referred to as "tuck-in" acquisitions. We seek to consolidate the operations of such tuck-in businesses into our existing operations in that market. In addition, we 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. By doing so, we are able 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.

Acquire Well-Managed Companies. We also seek to acquire businesses that have experienced management teams that are willing to join the management of our company. We generally retain the local management of the larger acquired companies in order to capitalize on their local market knowledge, community relations and name recognition, and to instill their entrepreneurial drive at all levels of our operations. By furnishing the local management of such acquired companies with our financial and marketing resources and technical expertise, we believe that the acquired companies are better able to secure additional municipal franchises and other contracts. We believe that this will enable our company to grow internally acquired businesses at faster rates than the industry average.

Privatize Municipal Operations and Acquire Divested Operations. We also seek to acquire solid waste collection operations, transfer stations and landfills that municipalities and other governmental authorities are privatizing. Many municipalities are seeking to outsource or sell these types of solid waste operations, as they lack the capital, technical expertise and/or operational resources necessary to comply with increasingly stringent regulatory standards and/or to compete effectively with private-sector companies. In addition, we have acquired, and will continue to seek to acquire, operations and facilities that may be divested by other publicly-owned waste companies.

OPERATIONS

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

Collection Services. We provide solid waste collection services to commercial, industrial, municipal and residential customers in 22 states through 139 collection companies. In 2000, 76% of our revenue was derived from collection services consisting of approximately 27% from services provided to municipal and residential customers, 39% from services provided to commercial customers and 34% from services provided to industrial 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 our company 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 as long as 34 years. Residential solid waste collection services may also be performed on a subscription basis, in which individual households contract directly with our company. 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 small waste containers or large waste containers commonly known as "roll-off" containers. 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 such considerations 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 rent waste roll-off containers to construction sites and also provide waste collection services to industrial and construction facilities on a contractual basis with terms generally ranging from a single pickup to one year or longer. We collect the containers or compacted waste and transport the waste either to a landfill or a transfer station for disposal.

We own or operate 79 transfer stations. We deposit waste at these stations, as do other private haulers and municipal haulers, for compaction and transfer to trailers for transport to landfills, incinerators, recycling facilities or other disposal sites.

Also, we currently provide recycling services in certain markets primarily to comply with local laws or obligations under 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.

Disposal Services. As of December 31, 2000, we owned or operated 53 landfills, which had approximately 7,200 permitted acres and total available permitted disposal capacity of approximately 1.7 billion in-place cubic yards. The in-place capacity of our landfills is subject to change based on engineering factors, requirements of regulatory authorities and the ability to expand sites successfully. Some of our landfills accept non-hazardous special waste, including utility ash, asbestos and contaminated soils. See "-- Properties."

Most of our existing 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 expansion at a given landfill based on estimated future waste volumes and prices,

remaining capacity and likelihood of obtaining an expansion. We believe that each of our landfills has adequate permitted capacity. To satisfy future disposal demand, we are currently seeking to expand permitted capacity at certain of our landfills, although no assurances can be made that all future expansions will be permitted as designed.

Other Services. We have 21 materials recovery facilities and other recycling operations, which are generally required to fulfill our obligations under long-term municipal contracts for residential collection services. These facilities primarily 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. Wherever possible, our strategy is to reduce our exposure to fluctuations in recyclable commodity prices by utilizing third party facilities, thereby minimizing our recycling investment.

We provide remediation and other heavy construction services primarily through our subsidiary located in Missouri. During early 1998 this subsidiary was awarded a contract by the Army Corps of Engineers to dredge a portion of the Blue River. Revenue from this contract, which was completed in December 1999, was approximately $52.0 million.

We also have composting operations at which yard waste is composted, packaged and sold as mulch.

SALES AND MARKETING

We seek to provide quality services that will enable our company to maintain high levels of customer satisfaction. We derive our business from a broad customer base which we believe will enable our company 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 460 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, in 2000 we initiated a national accounts program in response to our customers' needs. We will continue to develop this program in 2001. 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. Rather, we rely on the goodwill associated with the acquired companies' local tradenames as used in each geographic market in which we operate.

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 in any of the last three years.

COMPETITION

We operate in a highly competitive industry, which is changing as a result of rapid consolidation. 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 and Allied Waste Industries, several regional publicly- and privately-owned solid waste companies, and thousands of small privately-owned companies in their respective markets. Some of our competitors have significantly larger operations, and may have significantly greater financial resources, than we do. 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 revenues 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. This may have an impact on our future profitability.

In each market in which we own or operate a landfill, we compete for landfill business on the basis of disposal costs, geographical location and quality of operations. Our ability to obtain landfill business may be limited by the fact that some major collection companies also own or operate landfills to which they send their waste. There also has been an increasing trend at the state and local levels to mandate waste reduction at the source and to prohibit the disposal of certain types of wastes, such as yard wastes, at landfills. This may result in the volume of waste going to landfills being reduced in certain areas, which may affect our ability to operate our landfills at their full capacity and/or affect the prices that we can charge for landfill disposal services. In addition, most of the states in which we operate landfills have adopted plans or requirements that set goals for specified percentages of certain solid waste items to be recycled.

REGULATION

Our facilities and operations are subject to a variety of federal, state and local requirements which regulate health, safety, the environment, zoning and land use. Operating and other permits are generally required for landfills, certain waste collection vehicles, fuel storage tanks and other facilities that we own or operate, and these permits are subject to revocation, modification and renewal. Federal, state and local regulations vary, but generally govern wastewater or stormwater discharges, air emissions, the treatment, storage, transportation and disposal of hazardous and non-hazardous wastes and the remediation of contamination associated with the release of hazardous substances. These regulations provide governmental authorities with strict powers of enforcement, which include the ability to obtain injunctions and/or impose fines or penalties in the case of violations, including criminal penalties. The U.S. Environmental Protection Agency and various other federal, state and local environmental, health and safety agencies and authorities, including the Occupational Safety and Health Administration of the U.S. Department of Labor, 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 which 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 a reserve which we believe, based on currently available information, will be adequate to cover any potential regulatory costs. However, we cannot assure you that actual costs will not exceed our reserve.

Federal Regulation. The following summarizes the primary environmental and safety-related federal statutes of the United States affecting our facilities and operations:

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

Subtitle D of the RCRA establishes a framework for regulating the disposal of municipal solid wastes. Regulations under Subtitle D currently include minimum comprehensive solid waste management criteria and guidelines, including location restrictions, facility design and operating criteria, 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 a permit program designed to implement Subtitle D regulations to the EPA by April 9, 1993. These state permit programs

may include landfill requirements which are more stringent than those of Subtitle D. All of the states in which we operate have implemented permit programs pursuant to the RCRA and Subtitle D.

All of our planned landfill expansions or 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 new regulations. Compliance with the 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. 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. This Act may impose strict, joint and several liability for the costs of cleanup and for damages to natural resources upon current owners and operators of the site, parties who were owners or operators of the site at the time the hazardous substances were disposed of, parties who transported the hazardous substance to the site and parties who arranged for disposal at the site. Under the authority of this Act 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 this Act is not dependent upon the existence or disposal of "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, this Act 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 upon the intentional disposal of hazardous wastes. 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 our landfills have never knowingly received hazardous wastes as such, it is possible that one or more hazardous substances may have been deposited or "released" at our landfills or at other properties which we 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 and financial condition. For a further discussion, see "-- Liability Insurance and Bonding."

(3) The Federal Water Pollution Control Act of 1972. This Act regulates the discharge of pollutants from a variety of sources, including solid waste disposal sites, into streams, rivers and other waters. 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 this Act require a permit for certain construction activities, 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 this 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. The Clean Air Act imposes limitations on emissions from various sources, including landfills. In March 1996, the EPA enacted rules that require large municipal solid waste landfills to install landfill gas monitoring systems. These regulations apply to landfills that have been

operating since November 1987, and 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 must have the required gas collection and control system is dependent upon the adoption of state regulations and the date the EPA approves the state program. Many state regulatory agencies currently require monitoring systems for the collection and control of landfill gas. We do not expect that compliance with any new state regulations will have a material effect on us.

(5) The Occupational Safety and Health Act of 1970. This act authorizes the Occupational Safety and Health Administration 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 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 liability for such matters. States also have adopted regulations governing the design, operation, maintenance and closure of landfills and transfer stations. 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 waste reduction and recycling programs. For example, several states have enacted laws that require counties or municipalities to adopt comprehensive plans to reduce, through waste planning, composting, recycling or other programs, the volume of solid waste deposited in landfills. Additionally, laws and regulations restricting the disposal of certain wastes, including yard waste, newspapers, beverage containers, unshredded tires, lead-acid batteries and household appliances in solid waste landfills 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 under consideration by Congress and the EPA.

In order to construct, expand and operate a landfill, one or more construction or operating permits, as well as zoning approvals, must be obtained. These are difficult and time-consuming to obtain, are often opposed by neighboring landowners and citizens' groups, may be subject to periodic renewal and, are subject to modification and revocation by the issuing agency. In connection with our acquisition of existing landfills, it may be and on occasion has been necessary for our company 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 our underground storage tanks currently meet federal regulations. If underground storage tanks we own or operate leak, and the leakage migrates onto the property of others, we could be liable for response costs and other 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 business or financial condition.

Finally, with regard to our solid waste transportation operations, we are subject to the jurisdiction of the Interstate Commerce Commission and are regulated by the Federal Highway Administration, Office of Motor Carriers and by regulatory agencies in each state. Various states have enacted, or are considering enacting, laws and regulations that would restrict the interstate transportation and processing of solid waste. In 1978, the United States Supreme Court held similar laws and regulations unconstitutional; however, states have attempted to distinguish proposed laws and regulations from the laws and regulations involved in that ruling. In 1994, the Supreme Court ruled that state and local flow control laws and ordinances, which attempt to restrict waste from leaving its place of generation, were an impermissible burden on interstate commerce, and therefore, were unconstitutional. In response to these Supreme Court rulings, Congress has considered passing legislation authorizing states and local governments to restrict the free movement of solid waste in interstate commerce. If federal legislation authorizing state and local governments to restrict the free movement of solid waste in interstate commerce is enacted, such legislation could adversely affect our operations.

We have established a reserve for environmental and landfill costs, which includes landfill site 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 the RCRA and adjust our rates used to expense closure and post-closure costs accordingly. Based on current information and regulatory requirements, we believe that our reserves for such environmental and landfill expenditures are adequate. However, environmental laws may change, and there can be no assurance that our reserves will be adequate to cover requirements under existing or new environmental regulations, future changes or interpretations of existing regulations or the identification of adverse environmental conditions previously unknown to us. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Landfill and Environmental Matters" and "Risk Factors -- Compliance with environmental regulation may impede our growth."

LIABILITY INSURANCE AND BONDING

The nature of our business exposes our company 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 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 the limits of such environmental liability insurance would be adequate in the event of a major loss, nor can we assure you that we would continue to carry 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, worker's 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 financial condition or results of operations.

Our insurance programs for worker's 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. Accruals are based on claims filed and estimates of claims incurred but not reported.

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

EMPLOYEES

As of December 31, 2000, we employed approximately 12,700 full-time employees, approximately 2,800 of whom were covered by collective bargaining agreements. Our management believes that we have good relations with our employees.

CORPORATE HISTORY

We were incorporated as a Delaware corporation in 1996 by our former parent company, AutoNation. In 1995, H. Wayne Huizenga, Harris W. Hudson and their associates made an investment in AutoNation, then

known as Republic Waste Industries, Inc., and AutoNation subsequently acquired businesses in several industries, including automotive dealerships and car rental businesses in addition to over 100 non-hazardous solid waste companies. In 1998, AutoNation separated its non-hazardous solid waste services division from its other businesses by forming our company and we completed an initial public offering of shares of our common stock. In 1999, AutoNation sold substantially all of its remaining interest in our company in a secondary public offering.

RISK FACTORS

THIS ANNUAL REPORT ON FORM 10-K INCLUDES "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, INCLUDING, IN PARTICULAR, CERTAIN STATEMENTS ABOUT OUR PLANS, STRATEGIES AND PROSPECTS. ALTHOUGH WE BELIEVE THAT OUR PLANS, INTENTIONS AND EXPECTATIONS REFLECTED IN OR SUGGESTED BY SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE, WE CANNOT ASSURE YOU THAT SUCH PLANS, INTENTIONS OR EXPECTATIONS WILL BE ACHIEVED. IMPORTANT FACTORS THAT COULD CAUSE OUR ACTUAL RESULTS TO DIFFER MATERIALLY FROM OUR FORWARD-LOOKING STATEMENTS INCLUDE THOSE SET FORTH IN THIS RISK FACTORS SECTION. ALL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO US OR ANY PERSONS ACTING ON OUR BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH BELOW. UNLESS THE CONTEXT REQUIRES OTHERWISE, ALL REFERENCES TO THE "COMPANY," "WE," "US" OR "OUR" INCLUDE REPUBLIC SERVICES, INC. AND ITS SUBSIDIARIES.

IF ANY OF THE FOLLOWING RISKS, OR OTHER RISKS NOT PRESENTLY KNOWN TO US OR THAT WE CURRENTLY BELIEVE TO NOT BE SIGNIFICANT, DEVELOP INTO ACTUAL EVENTS, THEN OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS OR PROSPECTS COULD BE MATERIALLY ADVERSELY AFFECTED.

WE OPERATE IN A HIGHLY COMPETITIVE INDUSTRY AND MAY BE UNABLE TO COMPETE EFFECTIVELY.

We operate in a highly competitive business environment. Some of our competitors have significantly larger operations and may have significantly greater financial resources than we do. In addition, the solid waste industry is constantly changing as a result of rapid consolidation which may create additional competitive pressures in our business environment.

We also compete with municipalities that maintain their own waste collection or disposal operations. These municipalities may have a financial advantage over us as a result of the availability of tax revenue and tax-exempt financing.

We compete for collection accounts primarily on the basis of price and the quality of services. From time to time our competitors may reduce the price of their services in an effort to expand their market share or to win a competitively bid municipal contract.

In each market in which we own or operate a landfill, we compete for solid waste volume on the basis of disposal or "tipping" fees, geographical location and quality of operations. Our ability to obtain solid waste volume for our landfills may 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.

ECONOMIC CONDITIONS MAY ADVERSELY AFFECT OUR BUSINESS AND OPERATIONS.

During 2000, approximately 23% of our revenue was derived from our industrial collection operation of which approximately 50% related to the construction and demolition industries. Approximately 30% of our revenue was from commercial collection customers. In addition, our transfer and disposal facilities, which comprised approximately 17% of our total revenue, accept waste from industrial and commercial customers. A period of economic downturn or a decline in the construction industry could adversely affect volumes and pricing in our collection, transfer and disposal operations.

AN INCREASE IN THE PRICE OF FUEL MAY ADVERSELY AFFECT OUR BUSINESS.

Our operations are dependent upon fuel, which we purchase in the open market on a daily basis. During 2000, we experienced an increase in the cost of fuel. A portion of this increase was passed on to our customers. However, because of the competitive nature of the waste industry, if fuel costs continue to escalate, there can be no assurances that we will be able to pass on future fuel price increases to our customers. Accordingly, a significant increase in fuel costs could adversely affect our business.

A DECREASE IN THE NUMBER OF AVAILABLE WORKERS MAY ADVERSELY AFFECT OUR BUSINESS.

The waste business is labor intensive. During 2000, the nation experienced record lows in unemployment. This tight labor market resulted in higher labor costs for our company as we competed for a dwindling number of available workers. While we do not anticipate a significant reduction in available workers, our labor costs could be higher as we attempt to attract and retain experienced employees in a tight labor market.

WE MAY BE UNABLE TO EXECUTE OUR FINANCIAL STRATEGY.

Our ability to execute our financial strategy depends in part on our ability to maintain an investment grade rating on our senior debt. The investment grade rating process is contingent upon a number of factors, many of which are beyond our control.

Our financial strategy is also dependent upon our ability to generate sufficient free cash flow to acquire other solid waste businesses, repurchase shares of our common stock and/or repay our debt. We cannot assure you that we will generate sufficient free cash flow to execute our financial strategy or that we will be able to repurchase our common stock at prices that are accretive to earnings per share.

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 the operations of acquired companies, including the consolidation of systems, procedures, personnel and facilities, the relocation of staff, and the achievement of anticipated cost savings, economies of scale and other business efficiencies, presents significant challenges to our management, particularly if several acquisitions occur at the same time. In short, 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 which are acquired and fully or timely realize the expected cost savings, economies of scale or business efficiencies, or

- any acquisitions will be profitable or accretive to our earnings.

Additional factors may negatively impact our acquisition growth strategy. Our acquisition strategy requires spending significant amounts of capital. If we are unable to obtain additional needed financing on acceptable terms, we may need to reduce the scope of our acquisition growth strategy, which could have a material adverse effect on our growth prospects. The intense competition among our competitors pursuing the same acquisition candidates may increase purchase prices for solid waste businesses and increase our capital requirements and/or prevent us from acquiring certain acquisition candidates. If any of the aforementioned factors force us to alter our growth strategy, our financial condition, results of operations and growth prospects could be adversely affected.

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 will need to add administrative and other personnel, and make additional investments in operations and systems. We cannot assure you 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.

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, as a successor owner we may be responsible for such undisclosed liabilities. We typically try to minimize our exposure to such liabilities by obtaining indemnification from each seller 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, we cannot assure you 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.

WE DEPEND ON KEY PERSONNEL.

Our future success depends on the continued contributions of several key employees and officers. We do not maintain key man life insurance policies on any of our 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.

COMPLIANCE WITH ENVIRONMENTAL REGULATION MAY IMPEDE OUR GROWTH.

We may need to spend considerable time, effort and capital to keep our facilities in compliance with federal, state and local requirements regulating health, safety, environment, zoning and land use. In addition, some of our waste operations that cross state boundaries could be adversely affected if the federal government, or the state or locality in which these waste operations are located, imposes discriminatory fees on, or otherwise limits or prohibits, the transportation or disposal of solid waste. If environmental laws become more stringent, our environmental capital expenditures and costs for environmental compliance may increase in the future. In addition, due to the possibility of unanticipated events or regulatory developments, the amounts and timing of future environmental expenditures could vary substantially from those we currently anticipate. Because of the nature of our operations, we have in the past, currently are, and may in the future be named as a potentially responsible party in connection with the investigation or remediation of environmental conditions. We cannot assure you that the resolution of any such investigations will not have a material adverse effect on our financial condition, results of operations or cash flows. A significant judgment or fine against our company, or our loss of significant permits or licenses, could have a material adverse effect on our financial condition, results of operations or prospects.

REGULATORY APPROVAL TO DEVELOP OR EXPAND OUR LANDFILLS AND TRANSFER STATIONS MAY BE DELAYED OR DENIED.

Our plans include developing new landfills and transfer stations, as well as expanding the disposal and transfer capacities of certain of our landfills and transfer stations, respectively. Various parties, including citizens' groups and local politicians, sometimes challenge these projects. 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 approval would prohibit us from establishing new facilities and expanding existing facilities.

OUR FINANCIAL STATEMENTS ARE BASED UPON ESTIMATES AND ASSUMPTIONS THAT MAY DIFFER FROM ACTUAL RESULTS.

Our financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions made by us. Actual results could differ from these amounts. Significant items subject to such estimates and assumptions include the carrying value of long-lived assets, the depletion and amortization of landfill development costs, accruals for closure and post-

closure costs, valuation allowances for accounts receivable, liabilities for potential litigation, claims and assessments, and liabilities for environmental remediation, deferred taxes and self-insurance.

We currently accrue for landfill closure and post-closure costs based on consumption of landfill airspace. As of December 31, 2000, assuming that all available landfill capacity is used, we expect to expense approximately $534.6 million of landfill closure and post-closure costs over the remaining lives of these facilities. We cannot assure you that our reserves for landfill and environmental costs will be adequate to cover the requirements of existing environmental regulations, future changes or interpretations of existing regulations or the identification of adverse environmental conditions previously unknown to us.

SEASONAL CHANGES MAY ADVERSELY AFFECT OUR BUSINESS AND OPERATIONS.

Our operations may be adversely affected by periods of inclement weather which could delay the collection and disposal of waste, reduce the volume of waste generated or delay the construction or expansion of our landfill sites and other facilities.

WE MAY BE UNABLE TO EXTEND THE MATURITY OF OUR REVOLVING SHORT-TERM CREDIT FACILITY.

We have a revolving short-term credit facility in the principal amount of $500.0 million which expires in July 2001. We anticipate extending the maturity of this credit facility until July 2002. However, we cannot assure you that we will receive such extension and, if so, whether such extension will be on terms as favorable to us as those currently contained in the credit facility.

THE RESOLUTION OF CURRENT AND FUTURE LEGAL PROCEEDINGS MAY ADVERSELY AFFECT OUR COMPANY.

Our company currently is and will continue to be involved in various administrative and legal proceedings in the ordinary course of business. No assurance can be given with respect to the outcome of these proceedings or the effect such outcomes may have on us, or that our insurance coverages or reserves with respect thereto are adequate. A significant judgment against us could have a material adverse effect on our financial position, results of operations or cash flows. See "Legal Proceedings".

THE OUTCOME OF AN AUDIT BY THE INTERNAL REVENUE SERVICE MAY ADVERSELY AFFECT OUR COMPANY.

Through the date of our initial public offering in July 1998, we filed consolidated federal income tax returns with AutoNation. The Internal Revenue Service is auditing AutoNation's consolidated tax returns for fiscal years 1995 and 1996. In accordance with the tax sharing agreement we have with AutoNation, we may be liable for certain assessments imposed by the Internal Revenue Service resulting from this audit. No assurance can be given with respect to the outcome of this audit or the effect it may have on us, or that our reserves with respect thereto are adequate. A significant assessment against us could have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Ft. Lauderdale, Florida in premises leased from a third party. As of December 31, 2000, we operated approximately 5,100 collection vehicles. Certain of our property and equipment are subject to operating leases or liens securing payment of portions of our indebtedness. We also lease certain of our offices and equipment. We believe that our facilities are sufficient for our current needs.

The following table provides certain information regarding the 53 landfills owned or operated by us as of December 31, 2000:

LANDFILL NAME	LOCATION	TOTAL ACREAGE	PERMITTED ACREAGE	UNUSED PERMITTED ACREAGE
Apex	Clark County, Nevada	2,285	1,233	1,096
Brent Run	Montrose, Michigan	370	106	67
Broadhurst Landfill(1)	Jesup, Georgia	900	105	45
C&T Regional	Linn, Texas	200	79	17
CWI Florida	Winter Haven, Florida	80	58	14
Carleton Farms	Detroit, Michigan	495	388	253
Charter Waste	Abilene, Texas	396	300	278
Cedar Trail	Bartow, Florida	392	53	10
Chiquita Canyon	Valencia, California	592	257	81
Cleveland Container/JMN	Shelby, North Carolina	179	77	--
Countywide	East Sparta, Ohio	816	88	10
Dozit Landfill	Morganfield, Kentucky	231	47	28
East Carolina Landfill	Aulander, North Carolina	729	113	51
Elk Run	Onaway, Michigan	99	40	33
Epperson Landfill	Williamstown, Kentucky	861	100	58
Foothills Landfill(1)	Lenior, North Carolina	231	78	63
Forest Lawn	Three Oaks, Michigan	387	126	12
Front Range	Denver, Colorado	602	195	152
Green Ridge	Scottdale, Pennsylvania	580	87	44
Honeygo Run	Perry Hall, Maryland	68	39	25
Kestrel Hawk	Racine, Wisconsin	218	125	27
Laughlin(1)	Laughlin, Nevada	40	40	--
Mallard Ridge	Delavan, Wisconsin	659	42	2
Modern	York, Pennsylvania	716	230	45
National Serv-All	Fort Wayne, Indiana	375	204	32
Nine Mile Road	St. Augustine, Florida	414	28	--
North County	Houston, Texas	100	31	17
Northwest Tennessee	Union City, Tennessee	600	120	88
Oak Grove	Winder, Georgia	324	60	19
Ohio County Balefill(1)	Beaver Dam, Kentucky	908	178	133
Pepperhill	North Charleston, South Carolina	37	22	7
Pine Grove	Amanda, Ohio	734	112	83
Pine Ridge	Griffin, Georgia	850	177	63
Presidio(1)	Presidio, Texas	10	10	6
Republic/Alpine(1)	Alpine, Texas	80	74	67
Republic/CSC	Avalon, Texas	467	190	127
Republic/Maloy	Campbell, Texas	388	195	130
San Angelo(1)	San Angelo, Texas	257	232	111
Savannah Regional	Savannah, Georgia	123	56	42
Seabreeze Landfill	Clute, Texas	846	195	75
Seagull	Avalon, California	6	3	--
Southern Illinois Regional	DeSoto, Illinois	298	113	19
Swiftcreek Landfill	Macon, Georgia	836	81	28
Tay-Ban	Birch Run, Michigan	90	25	6
Tri-K Landfill	Stanford, Kentucky	572	64	40
United Refuse	Fort Wayne, Indiana	305	77	15
Upper Piedmont Environmental	Roxboro, North Carolina	614	70	46
Uwharrie Landfill(1)	Mt. Gilead, North Carolina	644	118	8
Vasco Road	Livermore, California	435	246	89
Valleyview	Louisville, Kentucky	894	109	61
Victory Environmental	Terre Haute, Indiana	461	260	77
Wabash Valley	Wabash, Indiana	284	69	13
Whitefeather	Pinconning, Michigan	105	70	45
Total		24,183	7,195	3,858

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(1) Operated but not owned by us.

ITEM 3. LEGAL PROCEEDINGS

We are and will continue to be involved in various administrative and legal proceedings in the ordinary course of business. We can give you no assurance regarding the outcome of these proceedings or the effect their outcomes may have, or that our insurance coverages or reserves are adequate. A significant judgment against our company, the loss of significant permits or licenses, or the imposition of a significant fine could have a material adverse effect on our financial position, results of operations or prospects.

In September 1999, several lawsuits were filed by certain shareholders against us and certain of our officers and directors in the United States District Court for the Southern District of Florida. The plaintiffs in these lawsuits claim, on behalf of a purported class of purchasers of our common stock between January 28, 1999 and August 28, 1999, that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of l934 by, among other things, allegedly making materially false and misleading statements regarding our growth and the assets we acquired from Waste Management. In December 1999, the Court consolidated these lawsuits and the consolidated action has been named In Re: Republic Services, Inc. Securities Litigation. The plaintiffs filed a consolidated complaint in February 2000 and the defendants filed a motion to dismiss the consolidated complaint in April 2000. In February 2001, the Court granted the defendants' motion to dismiss the consolidated complaint. In that order, the Court granted plaintiffs leave to file an amended complaint by March 7, 2001. We believe the allegations contained in the consolidated complaint are without merit and we will vigorously defend this and any related actions. However, an unfavorable resolution of this lawsuit could have a material adverse effect on our financial position, results of operations or cash flows in one or more future periods.

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

No matters were submitted to our stockholders during the fourth quarter of 2000.

PART II

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

MARKET INFORMATION, HOLDERS AND DIVIDENDS

Our common stock began trading on the New York Stock Exchange on July 1, 1998.

The following table sets forth the range of the high and low sales prices of our common stock for the periods indicated:

	HIGH	LOW
2000		
First Quarter	$14 5/8	$ 9 5/8
Second Quarter	16 3/4	10 11/16
Third Quarter	17 1/2	12 3/4
Fourth Quarter	17 1/4	10 3/4
1999		
First Quarter	$22 3/16	$14 3/8
Second Quarter	25 1/2	15 3/4
Third Quarter	25 3/8	10 1/16
Fourth Quarter	14 7/16	8 7/8

On February 16, 2001 the last reported sales price of our common stock was $15.99.

There were approximately 97 record holders of our common stock at February 16, 2001.

We do not intend to pay cash dividends on our common stock for the foreseeable future because we intend to retain all earnings for use in the operation and expansion of our business. However, if we are unable to expand our business by acquiring businesses that satisfy our acquisition growth strategy, we may use a portion of our future earnings to repurchase our common stock.

During 2000, our board of directors authorized the repurchase of up to $150.0 million of our common stock. As of December 31, 2000, we paid $50.9 million to repurchase approximately 3.6 million shares of our stock.

ITEM 6. SELECTED FINANCIAL DATA (IN MILLIONS, EXCEPT PER SHARE DATA)

The following Selected Financial Data should be read in conjunction with our Consolidated Financial Statements and notes thereto as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K. The selected statements of operations data and the other operating data for the years 1997 and 1996 and the selected balance sheet data at December 31, 1998, 1997 and 1996 were derived from our Consolidated Financial Statements, which have been audited by Arthur Andersen LLP, independent certified public accountants. Certain amounts in the historical Consolidated Financial Statements have been reclassified to conform to the 2000 presentation. See Notes 1, 3 and 7 of the Notes to our Consolidated Financial Statements for a discussion of basis of presentation, business combinations and stockholders' equity and their effect on comparability of year-to-year data.

	YEARS ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
STATEMENT OF OPERATIONS DATA:					
Revenue	$ 2,103.3	$1,869.3	$1,375.0	$1,127.7	$ 953.3
Expenses:					
Cost of operations	1,271.3	1,131.9	848.6	723.0	628.3
Depreciation, amortization and depletion	197.4	163.2	106.3	86.1	75.3
Selling, general and administrative	193.9	176.7	135.8	117.3	135.3
Restructuring and other charges	6.7	6.9	--	--	8.8
Operating income	434.0	390.6	284.3	201.3	105.6
Interest expense	(81.6)	(64.2)	(44.7)	(25.9)	(29.7)
Interest income	1.7	3.5	1.5	4.9	11.7
Other income (expense), net	2.3	(3.4)	(.9)	1.8	2.2
Income from continuing operations before income taxes	356.4	326.5	240.2	182.1	89.8
Provision for income taxes	135.4	125.7	86.5	65.9	38.0
Net income	$ 221.0	$ 200.8	$ 153.7	$ 116.2	$ 51.8
Basic and diluted earnings per share(a)	$ 1.26	$ 1.14	$ 1.13	$ 1.21	$ .54
Weighted average common and common equivalent shares outstanding(a)	175.0	175.7	135.6	95.7	95.7
Pro forma basic and diluted earnings per share(b)	$ 1.29				

	YEARS ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
OTHER OPERATING DATA:					
EBITDA(c)	$ 631.4	$ 553.8	$ 390.6	$ 287.4	$ 180.9
EBITDA margin(d)	30.0%	29.6%	28.4%	25.5%	19.0%
Capital expenditures	$ 208.0	$ 294.5	$ 203.6	$ 178.3	$ 146.9
Cash flows from operating activities	461.8	323.8	271.1	279.4	143.5
Cash flows from investing activities	(465.0)	(1,053.7)	(607.4)	(168.1)	(175.7)
Cash flows from financing activities	(7.9)	186.4	892.9	(135.5)	20.3

	DECEMBER 31,				
	2000	1999	1998	1997	1996
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 2.0	$ 13.1	$ 556.6	$ --	$ 24.2
Total assets	3,561.5	3,288.3	2,812.1	1,348.0	1,090.3
Amounts due to AutoNation(e)	--	--	--	266.1	254.9
Total debt	1,256.7	1,209.3	1,057.1	75.1	142.7
Total stockholders' equity	1,674.9	1,502.7	1,299.1	750.8	494.5

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(a) Prior to our initial public offering on July 1, 1998, we had 100 shares of common stock outstanding, all of which were owned by AutoNation. Historical share and per share data have been retroactively adjusted for the recapitalization of our 100 shares of common stock into 95.7 million shares of common stock in July 1998.

(b) Pro forma basic and dilutive earnings per share exclude a $6.7 million pre-tax charge related primarily to the early closure of a landfill in south Texas.

(c) EBITDA represents operating income plus depreciation, amortization and depletion. While EBITDA data should not be construed as a substitute for operating income, net income or cash flows from operations in analyzing our operating performance, financial position and cash flows, we have included EBITDA data, which is not a measure of financial performance under generally accepted accounting principles, because we believe that this data is commonly used by certain investors to evaluate a company's performance in the solid waste industry. Due to the fact that not all companies calculate non-GAAP measures in the same manner, the EBITDA presentation herein may not be comparable to similarly titled measures reported by other companies.

(d) EBITDA margin represents EBITDA divided by revenue.

(e) In July 1998, we repaid all amounts due to AutoNation as of June 30, 1998 through the issuance of common stock and through all proceeds of our initial public offering.

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

You should read the following discussion in conjunction with our Consolidated Financial Statements and their Notes contained in this Annual Report on Form 10-K. All references to historical share and per share data of our common stock have been retroactively adjusted for the recapitalization of the 100 shares of our common stock into approximately 95.7 million shares of common stock in July 1998.

OUR BUSINESS

We are a leading provider of non-hazardous solid waste collection and disposal services in the United States. We provide solid waste collection services for commercial, industrial, municipal and residential customers through 139 collection companies in 22 states. We also own or operate 79 transfer stations, 53 solid waste landfills and 21 recycling facilities.

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

The following table reflects our total revenue by source for the year ended December 31, 2000, and 1999 (in millions):

	2000		1999	
Collection:				
Residential	$ 428.8	20.4%	$ 373.2	20.0%
Commercial	627.9	29.9	548.4	29.3
Industrial	486.4	23.1	432.8	23.1
Other	55.1	2.6	50.0	2.7
Total collection	1,598.2	76.0	1,404.4	75.1
Transfer and disposal	591.5		471.8	
Less: Intercompany	(238.5)		(160.2)	
Transfer and disposal, net	353.0	16.8	311.6	16.7
Other	152.1	7.2	153.3	8.2
Total revenue	$2,103.3	100.0%	$1,869.3	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 operations 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 in any of the last three years.

The cost of our collection operations is primarily variable and includes disposal, labor, fuel and equipment maintenance costs. We try to be more efficient by controlling the movement of waste streams from the point of collection through disposal. During the three months ended December 31, 2000, approximately 52% of the total volume of waste we collected was disposed of at landfills we own or operate compared to approximately 48% during the three months ended December 31, 1999.

Our landfill cost of operations includes daily operating expenses, costs of capital for cell development, accruals for closure and post-closure costs, and the legal and administrative costs of ongoing environmental compliance. 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. In life cycle

accounting, certain direct costs are capitalized and charged to expense based upon the consumption of cubic yards of available airspace. These costs include all costs to:

- acquire,

- construct,

- close and

- maintain a site during the post closure period.

Cost and airspace estimates are developed annually by independent engineers together with our engineers. These estimates are used by our operating and accounting personnel to annually adjust our rates used to expense capitalized costs and accrue closure and post-closure costs. Changes in these estimates primarily relate to changes in available airspace, inflation rates and applicable regulations. Changes in available airspace include changes due to the addition of airspace lying in expansion areas deemed likely to be permitted.

BUSINESS COMBINATIONS

We make decisions to acquire or invest in businesses based on financial and strategic considerations. We have included businesses that we acquired and which have been accounted for under the purchase method of accounting in our consolidated financial statements from the date of acquisition.

In July 1999, we entered into a definitive agreement with Allied to acquire certain solid waste assets for approximately $230.0 million in cash. In October 1999, regulatory approval relating to the acquisition of certain of the assets was denied. The agreement was subsequently amended for us to acquire one landfill operation, five transfer stations and a subset of small container hauling assets for a reduced price. By September 30, 2000, we had completed the purchase of these assets for approximately $105.5 million in cash, $85.8 million of which were acquired during 2000. In addition, we entered into a definitive agreement with Allied for the simultaneous purchase and sale of certain other solid waste assets. By September 30, 2000, we and Allied had completed the purchase and sale of these assets. Net proceeds from the cash portion of the exchange of assets were $28.6 million. All of these transactions have been accounted for under the purchase method of accounting.

In September 1998, we signed an agreement with Waste Management to acquire assets and to enter into disposal agreements at various Waste Management facilities. By June 1999, we had completed the purchase of the assets for approximately $479.6 million in cash plus properties, $292.7 million of which were acquired during the six months ended June 30, 1999. The assets purchased included 16 landfills, 11 transfer stations and 136 commercial collection routes across the United States, and were accounted for under the purchase method of accounting.

In addition to the acquisitions from Allied and Waste Management, we also acquired various other solid waste businesses during the years ended December 31, 2000 and 1999, which were accounted for under the purchase method of accounting. The aggregate purchase price we paid in these transactions was $102.5 and $430.8 million in cash, respectively.

Cost in excess of fair value of net assets acquired for 2000 acquisitions totaled approximately $253.4 million. As of December 31, 2000 we had intangible assets, net of accumulated amortization, of $1,435.0 million, which consist primarily of the cost in excess of fair value of net assets acquired. We amortize cost in excess of the fair value of net assets acquired over forty years on a straight-line basis. As of December 31, 2000, the amortization expense associated with these intangible assets on an annualized basis is approximately $37.5 million. We believe the forty-year life assigned to the cost in excess of the fair value of net assets acquired is reasonable as the businesses we acquired are generally well-established companies which have been in existence for many years and have stable, long-term customer relationships.

During 2000, $30.9 million of the total purchase price paid for acquisitions was allocated to landfill airspace. As of December 31, 2000, we had $865.5 million of landfill development costs which includes

purchase price allocated to landfill airspace as well as other capitalized landfill costs. Purchase price is allocated to airspace based upon the discounted expected future cash flows of the landfill relative to the other assets within the acquired group and is adjusted for other non-depletable landfill assets and liabilities acquired (primarily closure and post-closure liabilities). Landfill purchase price is amortized using the units-of-consumption method over total available airspace which includes likely to be permitted airspace where appropriate.

Cost in excess of fair value of net assets acquired for 1999 acquisitions totaled approximately $419.3 million. As of December 31, 1999, we had intangible assets, net of accumulated amortization, of $1,297.3 million, which consist primarily of the cost in excess of fair value of net assets acquired. In addition, during 1999, $328.8 million of the total purchase price paid for acquisitions was allocated to landfill airspace.

During the year ended December 31, 1998, AutoNation acquired various solid waste businesses which it contributed to our company. The aggregate purchase price AutoNation paid in transactions accounted for under the purchase method of accounting was $128.3 million, consisting of cash and approximately 3.4 million shares of AutoNation common stock. Subsequent to our initial public offering, we acquired various solid waste businesses. The aggregate purchase price we paid in transactions accounted for under the purchase method of accounting was $450.5 million consisting of cash and certain properties. Cost in excess of fair value of net assets acquired for 1998 acquisitions totaled approximately $577.2 million. In addition, during 1998, $81.0 million of the total purchase price paid for acquisitions was allocated to landfill airspace.

See Note 3, Business Combinations, of the Notes to our Consolidated Financial Statements, for further discussion of business combinations.

BACKGROUND

In May 1998, AutoNation announced its intention to separate our company, which at the time was a wholly-owned subsidiary of AutoNation, from AutoNation, and for our company to complete an initial public offering of common stock. As a result, we entered into certain agreements with AutoNation providing for the separation and governing various interim and ongoing relationships between our company and AutoNation.

As part of the separation, and prior to our initial public offering of common stock, we declared and paid a $2.0 billion dividend in April 1998 to AutoNation with a series of promissory notes. In addition, we owed AutoNation approximately $139.5 million and owed Republic Resources Company, at that time a subsidiary of ours, approximately $165.4 million, net of an approximate $90.5 million that Resources owed to our company. On June 30, 1998, we repaid $565.4 million of the promissory notes that we owed to AutoNation with cash, assets we received from Resources and with the receivable that Resources owed to our company. In addition, we distributed all of our shares of common stock of Resources to AutoNation. We repaid the approximately $139.5 million we owed to AutoNation and the approximately $255.9 million we owed to Resources by issuing approximately 16.5 million shares of our common stock to AutoNation, and we repaid the remaining balance of the promissory notes due to AutoNation with all of the net proceeds from our issuance and sale of approximately 63.2 million shares of common stock in our initial public offering completed in July 1998, which totalled approximately $1.4 billion.

Following our initial public offering and the repayment of amounts due to AutoNation, AutoNation owned approximately 63.9% of the outstanding shares of our common stock. Following the recapitalization of our common stock, repayment of amounts due to AutoNation and our initial public offering, we had the following shares of common stock outstanding (in millions):

Recapitalization of our common stock	95.7
Repayment of amounts due to AutoNation	16.5
Initial public offering of common stock	63.2
	175.4

In March 1999, AutoNation exercised registration rights that it had with our company in order to be able to sell its entire interest in our company, consisting of approximately 112.2 million shares of common stock,

and, in May 1999, AutoNation sold substantially all of these shares of common stock in a secondary public offering. We received no proceeds in the secondary public offering.

Prior to our initial public offering, our employees received options under AutoNation's stock option plans. In March 1999, options to purchase approximately 8.0 million shares of AutoNation common stock were cancelled and were replaced, on a one-for-one basis, with options to purchase shares of our common stock under our 1998 Stock Incentive Plan. These replacement options retained the vesting and exercise rights of the original options, subject to exercise limitations for individuals who signed stock option repricing agreements with AutoNation. The individual replacement options were priced so that the unrealized gain or loss on each of the AutoNation options was generally maintained under the replacement options. The compensation expense related to our granting of replacement options with exercise prices below the quoted market price of the common stock at the date of grant was approximately $2.0 million, which we recorded in the first quarter of 1999 as a one-time charge to earnings.

AutoNation provided our company with the services of a number of its executives and employees. In consideration for these services, AutoNation allocated to our company a portion of its general and administrative costs related to these services. Prior to the separation of the two companies, this allocation had historically been based on the proportion of our invested capital as a percentage of the consolidated invested capital of AutoNation and its subsidiaries, including our company. In June 1998, we entered into a services agreement with AutoNation under which AutoNation agreed to continue to provide various general and administrative services to our company in exchange for a monthly fee of $1.25 million. Effective January 1, 1999, we negotiated a reduction in this fee to $0.9 million per month. The services agreement expired on June 30, 1999. Our management believes that the amounts allocated to our company and/or charged under the services agreement were no less favorable to our company than costs we would have incurred to obtain such services on our own or from unaffiliated third parties.

We recorded other charges of $6.9 million for the year ended December 31, 1999. These costs relate to our separation from AutoNation. They consist of $2.0 million of compensation expense related to the granting of certain replacement employee stock options at exercise prices below the quoted market price of our common stock at the date of grant. See Note 8, Stock Options, of the Notes to our Consolidated Financial Statements for further information. They also consist of $4.9 million of other additional charges directly related to our separation.

The 1998 and 1999 historical consolidated financial information included in this Annual Report on Form 10-K does not necessarily reflect what our financial position and results of operations would have been had we been operated as a separate, stand-alone entity during those periods.

PRO FORMA CONSOLIDATED RESULTS OF OPERATIONS

Our pro forma net income was $225.1 million, or $1.29 per share, for the year ended December 31, 2000. Our pro forma operating results exclude a $6.7 million pre-tax charge related primarily to the early closure of a landfill in south Texas.

See Note 1, Basis of Presentation, of the Notes to our Consolidated Financial Statements, for further discussion of pro forma operating results.

CONSOLIDATED RESULTS OF OPERATIONS

Years Ended December 31, 2000, 1999 and 1998

Our net income was $221.0 million for the year ended December 31, 2000, as compared to $200.8 million in 1999 and $153.7 million in 1998. Our operating results for the year ended December 31, 2000 include other charges further described below.

The following table summarizes our costs and expenses in millions of dollars and as a percentage of our revenue for 1998 through 2000:

	2000	%	1999	%	1998	%
Revenue	$2,103.3	100.0%	$1,869.3	100.0%	$1,375.0	100.0%
Cost of operations	1,271.3	60.5	1,131.9	60.5	848.6	61.7
Depreciation, amortization and depletion of property and equipment	157.0	7.5	130.3	7.0	88.4	6.4
Amortization of intangible assets	40.4	1.9	32.9	1.7	17.9	1.3
Selling, general and administrative expenses	193.9	9.2	176.7	9.5	135.8	9.9
Other charges	6.7	.3	6.9	.4	--	--
Operating income	$ 434.0	20.6%	$ 390.6	20.9%	$ 284.3	20.7%

Revenue. Revenue was $2,103.3 million, $1,869.3 million and $1,375.0 million for the years ended December 31, 2000, 1999 and 1998, respectively. Revenue increased by $234.0 million, or 12.5%, from 1999 to 2000. Revenue increased by $494.3 million, or 36.0%, from 1998 to 1999. The following table reflects the components of our revenue growth for the years ended December 31, 2000 and 1999:

	2000	1999
Price	2.5%	2.3%
Volume	3.5	5.8
Total internal growth	6.0	8.1
Acquisitions	6.5	27.9
Total revenue growth	12.5%	36.0%

Volume growth for the twelve months ended December 31, 2000 was impacted by non-core operations, primarily our remediation company located in Missouri. Volume growth was 5.0% excluding the effect of these operations. We believe that a period of economic downturn or decline in the construction industry could impact price and volume growth in 2001.

Cost of Operations. Cost of operations was $1,271.3 million, $1,131.9 million and $848.6, or, as a percentage of revenue, 60.5%, 60.5% and 61.7%, for the years ended December 31, 2000, 1999 and 1998, respectively. The increases in aggregate dollars are a result of the expansion of our operations through acquisitions and internal growth. The decreases in cost of operations as a percentage of revenue from 1998 to 1999 are primarily a result of our improved operating efficiencies and an increase in higher margin landfill operations primarily due to acquisitions. Cost of operations as a percentage of revenue remained constant from 1999 to 2000 because improved operating efficiencies and an increase in higher margin landfill operations primarily due to acquisitions were offset by higher fuel and labor costs. We expect higher fuel and labor costs to continue to impact cost of operations during fiscal 2001.

Depreciation, Amortization and Depletion of Property and Equipment. Depreciation, amortization and depletion expenses for property and equipment were $157.0 million, $130.3 million and $88.4 million, or, as a percentage of revenue, 7.5%, 7.0%, and 6.4%, for the years ended December 31, 2000, 1999 and 1998, respectively. The increases in aggregate dollars and as percentages of revenue for all periods presented are primarily due to acquisitions and capital expenditures.

Amortization of Intangible Assets. Expenses for amortization of intangible assets were $40.4 million, $32.9 million and $17.9 million, or, as a percentage of revenue, 1.9%, 1.7%, and 1.3%, for the years ended December 31, 2000, 1999 and 1998, respectively. The increase in aggregate dollars and as a percentage of revenue is primarily due to an increase in the aggregate dollar amount of acquisitions accounted for using the purchase method of accounting.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $193.9 million, $176.7 million, $135.8 million, or, as a percentage of revenue, 9.2%, 9.5% and 9.9%, for the years ended December 31, 2000, 1999 and 1998, respectively. The increases in aggregate dollars are a result of the

expansion of our operations through acquisitions and internal growth. The decreases in selling, general and administrative expenses as percentages of revenue in each of the years are primarily due to applying our existing overhead structure over an expanding revenue base. Included in selling, general and administrative expenses are allocations of AutoNation's corporate general and administrative costs of $7.5 million for the year ended December 31, 1998, and fees paid to AutoNation under the services agreement of $5.3 million and $7.5 million for the years ended December 31, 1999 and 1998, respectively. See Note 11, Related Party Transactions, of the Notes to our Consolidated Financial Statements for further information. We expect selling, general and administrative expenses to increase during fiscal 2001 as we invest in information systems and training.

Other Charges. Other charges were $6.7 million for the year ended December 31, 2000. These charges relate primarily to the early closure of a landfill in south Texas.

We recorded other charges of $6.9 million for the year ended December 31, 1999. These costs relate to our separation from AutoNation. They include $2.0 million of compensation expense related to the granting of certain replacement employee stock options at exercise prices below the quoted market price of our common stock at the date of grant. See Note 8, Stock Options, of the Notes to our Consolidated Financial Statements for further information. They also include $4.9 million of other additional charges directly related to our separation.

Operating Income. Operating income was $434.0 million, $390.6 million and $284.3 million, or, as a percentage of revenue, 20.6%, 20.9% and 20.7%, for the years ended December 31, 2000, 1999 and 1998, respectively.

Interest Expense. We incurred interest expense on our revolving credit facility, our unsecured notes, tax-exempt bonds, amounts due to AutoNation and debt we assumed in acquisitions. Interest expense was $81.6 million, $64.2 million and $44.7 million for the years ended December 31, 2000, 1999 and 1998, respectively, and includes interest expense on amounts due to AutoNation of $37.3 million for the year ended December 31, 1998. We repaid in full the amounts due to AutoNation in July 1998 by issuing our common stock and from the net proceeds of our initial public offering. The increase in interest expense from 1998 to 2000 is primarily due to an increase in average debt balances. The increase is also due to a general market increase in interest rates since the third quarter of 1999.

Capitalized interest was $2.9 million, $5.6 million and $.8 million for the years ended December 31, 2000, 1999 and 1998, respectively.

Interest and Other Income (Expense), Net. Interest and other income, net of other expense, was $4.0 million, $.1 million and $.6 million for the years ended December 31, 2000, 1999 and 1998, respectively. The variances during the periods are primarily due to fluctuations in cash balances on hand and related interest income and net gains on the disposition of assets during 2000. The amount recorded for the year ended December 31, 1999 includes a $2.9 million loss on the sale of our only international operation, a collection and disposal business in Costa Rica.

Income Taxes. Our provision for income taxes was $135.4 million, $125.7 million and $86.5 million for the years ended December 31, 2000, 1999 and 1998, respectively. The effective income tax rate was 38.0%, 38.5%, and 36.0% for the years ended December 31, 2000, 1999 and 1998, respectively.

As of our initial public offering in July 1998, we are no longer included in AutoNation's federal tax returns.

LANDFILL AND ENVIRONMENTAL MATTERS

Available Airspace

The following tables reflect landfill airspace activity for landfills owned or operated by us for the years ended December 31, 1999 and 2000:

	BALANCE AS OF DECEMBER 31, 1998	NEW EXPANSIONS UNDERTAKEN	LANDFILLS ACQUIRED, NET OF DIVESTITURES	PERMITS GRANTED	AIRSPACE CONSUMED	CHANGES IN ENGINEERING ESTIMATES	BALANCE AS OF DECEMBER 31, 1999
Permitted airspace:							
Cubic yards (in millions)....	1,145.5	--	148.0	34.6	(27.1)	3.1	1,304.1
Number of sites..............	48		7				55
Expansion airspace:							
Cubic yards (in millions)....	84.6	184.6	135.1	(34.6)	--	--	369.7
Number of sites..............	7	11	4	(2)			20
Total available airspace:							
Cubic yards (in millions)....	1,230.1	184.6	283.1	--	(27.1)	3.1	1,673.8
Number of sites..............	48		7				55

	BALANCE AS OF DECEMBER 31, 1999	NEW EXPANSIONS UNDERTAKEN	LANDFILLS ACQUIRED, NET OF DIVESTITURES	PERMITS GRANTED	AIRSPACE CONSUMED	CHANGES IN ENGINEERING ESTIMATES	BALANCE AS OF DECEMBER 31, 2000
Permitted airspace:							
Cubic yards (in millions)	1,304.1	--	8.8	74.6	(32.5)	.1	1,355.1
Number of sites..............	55		(2)				53
Expansion airspace:							
Cubic yards (in millions)....	369.7	31.4	(27.1)	(74.6)	--	--	299.4
Number of sites..............	20	2	(1)	(4)	--	--	17
Total available airspace:							
Cubic yards (in millions)....	1,673.8	31.4	(18.3)	--	(32.5)	.1	1,654.5
Number of sites..............	55		(2)				53

During 2000, we actively pursued obtaining landfill permits which resulted in adding over twice as much permitted airspace during the year than was consumed.

As of December 31, 2000, we owned or operated 53 solid waste landfills with total available disposal capacity estimated to be 1.7 billion in-place cubic yards. Total available disposal capacity represents the sum of estimated permitted airspace plus an estimate of airspace deemed by us to be likely to be permitted. These estimates are developed annually by independent engineers together with our engineers utilizing information provided by annual aerial surveys. As of December 31, 2000, total available disposal capacity is estimated to be 1.4 billion in-place cubic yards of permitted airspace plus .3 billion in-place cubic yards of expansion airspace which has been determined by us as likely to be permitted. Before airspace included in an expansion area is determined as likely to be permitted and, therefore, included in our calculation of total available disposal capacity, it must meet our expansion criteria. See Note 4, Landfill and Accrued Environmental Costs, of the Notes to our Consolidated Financial Statements for further information.

As of December 31, 2000, 17 of our landfills meet the criteria for including expansion airspace in their total available disposal capacity. At projected annual volumes, these 17 landfills have an estimated remaining average site life of 32 years, including the expansion airspace. The average estimated remaining life of all of our landfills is 37 years.

As of December 31, 2000, six of our landfills that meet the criteria for including expansion airspace had obtained approval from local authorities and are proceeding into the state permitting process. Also, as of December 31, 2000, three of our 17 landfills that meet the criteria for including expansion airspace had submitted permit applications to state authorities. The remaining eight landfills that meet the criteria for including expansion airspace are in the process of obtaining approval from local authorities and have not identified any fatal flaws or impediments associated with the expansions at either the local or state level.

We have never been denied an expansion permit for a landfill that included likely to be permitted airspace in its total available disposal capacity, although no assurances can be made that all future expansions will be permitted as designed.

Closure and Post-Closure Costs

During the year ended December 31, 2000, we consumed approximately 32.5 million cubic yards of airspace. During this same period, charges to expense for closure and post-closure were $23.4 million, or $.72 per cubic yard. As of December 31, 2000, accrued closure and post-closure costs were $167.6 million. The current portion of these costs of $16.8 million is reflected in our Consolidated Balance Sheet in other current liabilities. The long-term portion of these costs of $150.8 million is reflected in our Consolidated Balance Sheet in accrued environmental and landfill costs. As of December 31, 2000, assuming that all available landfill capacity is used, we expect to expense approximately $534.6 million of additional closure and post-closure costs over the remaining lives of our facilities.

Our estimates for closure and post-closure do not take into account discounts for the present value of total estimated costs. If total estimated costs were discounted to present value, they would be lower.

Investment in Landfills

The following tables reflect changes in our investment in landfills for the years ended December 31, 1999 and 2000 and the future expected investment as of December 31, 2000 (in millions):

	BALANCE AS OF DECEMBER 31, 1998	CAPITAL ADDITIONS	LANDFILLS ACQUIRED, NET OF DIVESTITURES	TRANSFERS AND ADJUSTMENTS	ADDITIONS CHARGED TO EXPENSE	BALANCE AS OF DECEMBER 31, 1999
Non-depletable landfill land	$ 55.3	$ 1.9	$ 8.7	$(19.5)	$ --	$ 46.4
Landfill development costs	452.3	25.8	306.5	43.0	--	827.6
Construction in progress -- landfill	--	32.9	--	11.4	--	44.3
Accumulated depletion and amortization	(90.3)	--.....	.5	(1.0)	(44.3)	(135.1)
Net investment in landfill land and development costs	$417.3	$60.6	$315.7	$ 33.9	$(44.3)	$783.2

Non-depletable landfill land....................
Landfill development costs...................
Construction in progress -- landfill............
Accumulated depletion and amortization...........
Net investment in landfill land and development costs..................

	BALANCE AS OF DECEMBER 31, 1999	CAPITAL ADDITIONS	LANDFILLS ACQUIRED, NET OF DIVESTITURES	TRANSFERS AND ADJUSTMENTS	IMPAIRED ASSET WRITE-DOWN	ADDITIONS CHARGED TO EXPENSE	BALANCE AS OF DECEMBER 31, 2000
Non-depletable landfill land	$ 46.4	$ .5	$ 1.1	$ (.8)	$ --	$ --	$ 47.2
Landfill development costs	827.6	7.6	(16.0)	58.0	(11.7)	--	865.5
Construction in progress -- landfill	44.3	62.1	(.1)	(59.7)	--	--	46.6
Accumulated depletion and amortization	(135.1)	--	10.5	.2	6.8	(61.9)	(179.5)
Net investment in landfill land and development costs	$783.2	$70.2	$ (4.5)	$ (2.3)	$ (4.9)	$(61.9)	$ 779.8

	EXPECTED FUTURE INVESTMENT	TOTAL EXPECTED INVESTMENT

Non-depletable landfill land	$ --	$ 47.2
Landfill development costs	973.8	1,839.3
Construction in progress -- landfill	--	46.6
Accumulated depletion and amortization	--	(179.5)
Net investment in landfill land and development costs	$ 973.8	$1,753.6

As of December 31, 1999, we owned or operated 55 solid waste landfills with total available disposal capacity estimated to be 1.7 billion in-place cubic yards. Our net investment in these landfills, excluding non-depletable land, was $736.8 million, or approximately $.44 per cubic yard.

As of December 31, 2000, we owned or operated 53 solid waste landfills with total available disposal capacity estimated to be 1.7 billion in-place cubic yards. Our net investment in these landfills, excluding non-depletable land, was $732.6 million, or $.44 per cubic yard. During the year ended December 31, 2000, our depletion and amortization expense relating to landfills was $61.9 million, or $1.90 per cubic yard.

As of December 31, 2000, we expect to spend an estimated additional $1.0 billion on existing landfills, primarily related to cell construction and environmental structures, over their expected remaining lives. Our total expected gross investment, excluding non-depletable land, estimated to be $1.7 billion, or $1.06 per cubic

yard, is used in determining our depletion and amortization expense based upon airspace consumed using the units-of-consumption method. Our estimates for expected future investment in landfills do not take into account discounts for the present value of total estimated costs. For further information, see "Closure and Post-Closure Costs".

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. No material amounts were charged to expense during the years ended December 31, 2000, 1999 and 1998.

FINANCIAL CONDITION

At December 31, 2000, we had $2.0 million of cash and cash equivalents. We also had $84.3 million of restricted cash, which primarily relates to proceeds from tax-exempt bonds that will be used to fund capital expenditures.

As previously discussed, in July 1998, we completed our initial public offering of common stock, resulting in net proceeds of approximately $1.4 billion. In July 1998, we repaid all remaining amounts due to AutoNation with all of the net proceeds of our initial public offering and by issuing additional shares of our common stock.

Prior to our initial public offering, we obtained working capital and capital for our general corporate purposes, including acquisitions, from AutoNation. Since our initial public offering, AutoNation has not provided funds to finance our operations or acquisitions. In July 1998, we entered into a $1.0 billion unsecured revolving credit facility with a group of banks. $500.0 million of the credit facility had an original term of 364 days and the remaining $500.0 million expires in July 2003. We have extended the short-term portion of the credit facility for additional one year terms through July 2001. Borrowings under the credit facility bear interest at LIBOR-based rates. We use our own operating cash flow and proceeds from our credit facilities to finance our working capital, capital expenditures, acquisitions, share repurchases and other requirements. As of December 31, 2000, we had approximately $422.0 million of availability under the short-term portion of the credit facility.

In May 1999, we sold $600.0 million of unsecured notes in the public market. $225.0 million of these notes bear interest at 6 5/8% per annum and mature in 2004. The remaining $375.0 million bear interest at 7 1/8% per annum and mature in 2009. Interest on these notes is payable semi-annually in May and November. The $225.0 million and $375.0 million in notes were offered at a discount of $1.0 million and $.5 million, respectively. Proceeds from the notes were used to repay our revolving credit facility.

In December 1999, we entered into a $100.0 million operating lease facility established to finance the acquisition of operating equipment consisting primarily of revenue-producing vehicles. As of December 31, 2000, $89.4 million was outstanding under this facility, of which $59.2 million was added during the twelve months ended December 31, 2000.

At December 31, 2000, we had $99.5 million of tax-exempt bonds outstanding of which approximately $57.5 million was obtained during fiscal 2000. Borrowings under these bonds bear interest based on floating interest rates at the prevailing market ranging from 4.4% to 5.2% at December 31, 2000 and have maturities ranging from 2001 to 2030. As of December 31, 2000, we had $58.8 million of restricted cash related to proceeds from tax-exempt bonds. This restricted cash will be used to fund capital expenditures under the terms of the bonds.

We plan to extend the maturity of our revolving short-term credit facility prior to its expiration in July 2001 to July 2002. We believe that such an extension would provide us with sufficient financial resources to meet our anticipated capital requirements and obligations as they come due. We believe that we would be able to raise additional debt or equity financing, if necessary, to fund special corporate needs or to complete acquisitions. However, we cannot assure you that we would be able to obtain additional financing under favorable terms or to extend the existing short-term credit facility on the same terms.

SELECTED BALANCE SHEET ACCOUNTS

In 1999, we were the first in our industry to provide the users of our financial statements with additional disclosures regarding selected balance sheet accounts. These additional disclosures include schedules that show the activity in our available airspace, investment in landfills, property, plant and equipment, and selected balance sheet accounts. We believe that making these disclosures permits the readers of our financial statements to gain a better understanding of our company's cash flow generating capabilities.

The following tables reflect the activity in our allowance for doubtful accounts, accrued closure and post-closure, accrued self-insurance and amounts due to former owners during the years ended December 31, 1999 and 2000 (in millions):

	ALLOWANCE FOR DOUBTFUL ACCOUNTS	CLOSURE AND POST-CLOSURE	SELF-INSURANCE	AMOUNTS DUE TO FORMER OWNERS
Balance, December 31, 1998	$ 22.1	$ 73.4	$ 28.0	$ 26.7
Additions charged to expense	9.6	17.9	54.8	--
Additions due to acquisitions, net of divestitures	2.3	69.6	2.0	42.2
Usage	(19.8)	(8.6)	(46.4)	(21.9)
Balance, December 31, 1999	14.2	152.3	38.4	47.0
Current portion	14.2	23.7	21.7	47.0
Long-term portion	$ --	$128.6	$ 16.7	$ --

	ALLOWANCE FOR DOUBTFUL ACCOUNTS	CLOSURE AND POST-CLOSURE	SELF-INSURANCE	AMOUNTS DUE TO FORMER OWNERS
Balance, December 31, 1999	$ 14.2	$152.3	$ 38.4	$ 47.0
Additions charged to expense	11.8	23.4	89.6	--
Additions due to acquisitions, net of divestitures	2.1	9.1	--	7.0
Usage	(14.9)	(17.2)	(86.9)	(38.7)
Balance, December 31, 2000	13.2	167.6	41.1	15.3
Current portion	13.2	16.8	22.1	15.3
Long-term portion	$ --	$150.8	$ 19.0	$ --

Additions to accrued liabilities related to acquisitions are periodically reviewed during the year subsequent to the acquisition. During such reviews, accrued liabilities which are considered to be in excess of amounts required for a specific acquisition are reversed and charged against goodwill (cost in excess of fair value of net assets acquired) or landfill purchase price allocated to airspace, as appropriate.

As of December 31, 2000, accounts receivable were $241.3 million, net of allowance for doubtful accounts of $13.2 million, resulting in days sales outstanding of 41 days, or 30 days net of deferred revenue.

Property, Plant and Equipment

The following tables reflect the activity in our property, plant and equipment accounts for the years ended December 31, 1999 and 2000 (in millions):

	GROSS PROPERTY, PLANT AND EQUIPMENT					
	BALANCE AS OF DECEMBER 31, 1998	CAPITAL ADDITIONS	RETIREMENTS	ACQUISITIONS, NET OF DIVESTITURES	TRANSFERS AND ADJUSTMENTS	BALANCE AS OF DECEMBER 31, 1999
Other land	$ 79.6	$ 4.6	$ --	$ 2.0	$ (3.4)	$ 82.8
Non-depletable landfill land	55.3	1.9	--	8.7	(19.5)	46.4
Landfill development costs	452.3	25.8	--	306.5	43.0	827.6
Vehicles and equipment	806.4	138.9	(32.0)	48.5	(.5)	961.3
Buildings and improvements	152.0	8.0	(1.1)	14.9	13.7	187.5
Construction in progress -- landfill	--	32.9	--	--	11.4	44.3
Construction in progress -- other	23.5	46.2	--	(1.7)	(43.6)	24.4
Total	$1,569.1	$258.3	$(33.1)	$378.9	$ 1.1	$2,174.3

	ACCUMULATED DEPRECIATION, AMORTIZATION AND DEPLETION					
	BALANCE AS OF DECEMBER 31, 1998	ADDITIONS CHARGED TO EXPENSE	RETIREMENTS	DIVESTITURES	TRANSFERS AND ADJUSTMENTS	BALANCE AS OF DECEMBER 31, 1999
Landfill development costs	$ (90.3)	$ (44.3)	$ --	$0.5	$ (1.0)	$ (135.1)
Vehicles and equipment	(353.5)	(80.1)	27.5	3.0	3.2	(399.9)
Buildings and improvements	(29.2)	(5.9)	0.9	0.9	(0.5)	(33.8)
Total	$ (473.0)	$(130.3)	$ 28.4	$4.4	$ 1.7	$ (568.8)

	GROSS PROPERTY, PLANT AND EQUIPMENT						
	BALANCE AS OF DECEMBER 31, 1999	CAPITAL ADDITIONS	RETIREMENTS	ACQUISITIONS, NET OF DIVESTITURES	TRANSFERS AND ADJUSTMENTS	IMPAIRED ASSET WRITE-DOWN	BALANCE AS OF DECEMBER 31, 2000
Other land	$ 82.8	$ .5	$ (.5)	$ 7.2	$ 1.5	$ --	$ 91.5
Non-depletable landfill land	46.4	.5	--	1.1	(.8)	--	47.2
Landfill development costs	827.6	7.6	--	(16.0)	58.0	(11.7)	865.5
Vehicles and equipment	961.3	64.0	(41.2)	(2.5)	37.3	--	1,018.9
Buildings and improvements	187.5	10.7	(.8)	.2	29.7	(.2)	227.1
Construction in progress -- landfill	44.3	62.1	--	(.1)	(59.7)	--	46.6
Construction in progress -- other	24.4	62.6	--	(1.9)	(67.1)	--	18.0
Total	$2,174.3	$208.0	$(42.5)	$(12.0)	$ (1.1)	$(11.9)	$2,314.8

	ACCUMULATED DEPRECIATION, AMORTIZATION AND DEPLETION						
	BALANCE AS OF DECEMBER 31, 1999	ADDITIONS CHARGED TO EXPENSE	RETIREMENTS	DIVESTITURES	TRANSFERS AND ADJUSTMENTS	IMPAIRED ASSET WRITE-DOWN	BALANCE AS OF DECEMBER 31, 2000
Landfill development costs	$ (135.1)	$ (61.9)	$ --	$ 10.5	$ .2	$ 6.8	$ (179.5)
Vehicles and equipment	(399.9)	(88.1)	30.1	27.8	1.2	--	(428.9)
Buildings and improvements	(33.8)	(7.0)	.4	1.9	(.1)	--	(38.6)
Total	$ (568.8)	$(157.0)	$ 30.5	$ 40.2	$ 1.3	$ 6.8	$ (647.0)

The tables above exclude $59.2 million of operating equipment consisting

primarily of revenue producing vehicles which were added during the year ended December 31, 2000 and are subject to our operating lease facility.

LIQUIDITY AND CAPITAL RESOURCES

The major components of changes in cash flows for the years ended December 31, 2000, 1999 and 1998 are discussed below.

Cash Flows From Operating Activities. Cash flows provided by operating activities was $461.8 million, $323.8 million and $271.1 million for the years ended December 31, 2000, 1999 and 1998, respectively. The changes in cash provided by operating activities during the periods are due to expansion of our business.

Cash Flows Used In Investing Activities. Cash flows used in investing activities consist primarily of cash used for business acquisitions and capital additions. Cash used to acquire businesses, net of cash acquired, was $188.1 million, $777.9 million and $446.1 million during the years ended December 31, 2000, 1999 and 1998, respectively. Prior to our initial public offering, business acquisitions were funded by AutoNation. Capital additions were $208.0 million, $294.5 million and $203.6 million during the years ended December 31, 2000, 1999 and 1998, respectively.

We intend to finance capital expenditures and acquisitions through cash on hand, cash flows from operations, our $1.0 billion revolving credit facility, tax-exempt bonds and other financing. We expect to use primarily cash for future business acquisitions.

Cash Flows Provided By (Used In) Financing Activities. Cash flows provided by financing activities during the years ended December 31, 2000, 1999 and 1998 included commercial bank borrowings and repayments of debt in all three years, proceeds from our sale of common stock in our initial public offering and affiliate borrowings in 1998, proceeds from our sale of unsecured notes in 1999 and proceeds from issuances of tax-exempt bonds in 2000. In May 1999, we sold unsecured notes with a face value of $600.0 million at a discounted price of $598.5 million. Proceeds from the notes were used to repay our revolving credit facility.

In December 1999, we entered into a $100.0 million operating lease facility established to finance the acquisition of operating equipment consisting primarily of revenue-producing vehicles. At December 31, 2000, $89.4 million was outstanding under this facility.

During fiscal 2000, we announced that our board of directors authorized the repurchase of up to $150.0 million of our common stock. As of December 31, 2000, we paid $50.9 million to repurchase approximately 3.6 million shares of our stock. We intend to finance future stock repurchases through cash on hand, cash flow from operations, our $1.0 billion revolving credit facility and other financing.

We used proceeds from bank facilities, affiliate borrowings, unsecured notes and tax-exempt bonds to fund acquisitions and capital additions, and to repay debt. We used all of the proceeds from our initial public offering of common stock in 1998 to repay amounts due to AutoNation.

Our company has received an investment grade rating from the nation's largest credit rating agencies. As of December 31, 2000, our senior debt was rated Baa3 by Moody's, BBB by Standard & Poor's and BBB+ by Fitch.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The table below provides information about 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							
	2001	2002	2003	2004	2005	THEREAFTER	TOTAL	FAIR VALUE DECEMBER 31, 2000
VARIABLE RATE DEBT:								
Amount outstanding (in millions)	$ 55.2	$ 1.1	$466.2	$ .9	$ .9	$126.0	$650.3	$650.3
Average interest rates	7.4%	5.7%	7.1%	5.0%	5.0%	4.5%	6.6%	

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

SEASONALITY

Our operations can be adversely affected by periods of inclement weather which could delay the collection and disposal of waste, reduce the volume of waste generated or delay the construction or expansion of our landfill sites and other facilities.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133". SFAS 137 amends FASB Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," by deferring the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. SFAS 133 was further amended in June 2000 by the issuance of SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities -- An Amendment of FASB Statement No. 133". SFAS 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133, as amended, requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. We adopted SFAS 133 on January 1, 2001. As of January 1, 2001, we did not have any instruments that met the definition of a derivative under SFAS 133.

In February 2001, the Financial Accounting Standards Board issued a revised Exposure Draft entitled "Business Combinations and Intangibles Assets -- Accounting for Goodwill." This Exposure Draft, if adopted as proposed, would eliminate the amortization of goodwill against earnings. Instead, it would be written down against earnings only in the periods in which the recorded value of the goodwill is more than its fair value. The FASB is expected to issue a final statement on business combinations and intangible assets in June 2001. During 2000, our company amortized $36.5 million of goodwill against earnings. Accordingly, the adoption of this statement, if issued as proposed, would have a material impact on our consolidated results of operations.

In February 2000, the Financial Accounting Standards Board issued a revised Exposure Draft on "Accounting for Obligations Associated with the Retirement of Long-Lived Assets". This Exposure Draft, if adopted as proposed, would require our company to change the accounting methodology we currently use to record closure and post-closure liabilities related to our landfills. The more significant of these changes includes measuring all future obligations at fair value and discounting future obligations to reflect today's dollars. The final statement on this matter is expected to be effective for fiscal years beginning after June 15, 2001. The statement is also expected to require a cumulative effect approach to recognizing transition amounts for existing asset retirement obligations. We do expect the adoption of this standard, if issued as proposed, to have a material impact on our consolidated financial position and results of operations.

DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

Certain statements and information included herein, including projections of future cash flow, net income, earnings per share, the existence of our ability to achieve revenue growth, including pricing, volume and acquisition growth, in the future, constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995 which include, among other things, the discussions of our growth and operating strategies and expectations concerning market position, future operations, margins, revenue, profitability, liquidity and capital resources, as well as statements concerning the integration of the operations of acquired businesses and achievement of financial benefits and operational efficiencies in connection therewith. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of our company to be materially different from any future results, performance, or achievements expressed or implied, in or by such

forward-looking statements. Such factors include, among other things, whether our estimates and underlying assumptions concerning our selected balance sheet accounts, closure and post-closure costs, available airspace, and projected costs and expenses related to our landfills and property, plant and equipment, and labor and fuel rates, and inflationary trends turn out to be correct or appropriate, and various factors that will impact our actual business and financial performance such as competition in the solid waste industry; our dependence on acquisitions for growth; our ability to manage growth; compliance with and future changes in environmental regulations; our ability to obtain approval from regulatory agencies in connection with expansions at our landfills; the ability to obtain financing on acceptable terms to finance our operations and growth strategy and of our company to operate within the limitations imposed by financing arrangements; our ability to repurchase common stock at prices that are accretive to earnings per share; our dependence on key personnel; general economic conditions including but not limited to inflation and changes in fuel, labor and other variable costs that are generally not within our control; our dependence on large, long-term collection contracts; risk associated with undisclosed liabilities of acquired businesses; risks associated with pending legal proceedings; and other factors contained in this section and under the section entitled "BUSINESS -- Risk Factors." We assume no duty to update the forward-looking statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Republic Services, Inc.:

We have audited the accompanying consolidated balance sheets of Republic Services, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2000. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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 financial position of Republic Services, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to consolidated financial statements is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Fort Lauderdale, Florida,
January 29, 2001.

REPUBLIC SERVICES, INC.

CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE DATA)

	DECEMBER 31,	
	2000	1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2.0	$ 13.1
Restricted cash	84.3	10.3
Accounts receivable, less allowance for doubtful accounts of $13.2 and $14.2 at December 31, 2000 and 1999, respectively	241.3	250.9
Prepaid expenses and other current assets	78.2	57.7
Total Current Assets	405.8	332.0
PROPERTY AND EQUIPMENT, NET	1,667.8	1,605.5
INTANGIBLE ASSETS, NET	1,435.0	1,297.3
OTHER ASSETS	52.9	53.5
	$3,561.5	$3,288.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 103.4	$ 76.1
Accrued liabilities	89.9	88.3
Amounts due to former owners	15.3	47.0
Deferred revenue	67.6	64.1
Notes payable and current maturities of long-term debt	56.5	57.2
Other current liabilities	49.1	52.6
Total Current Liabilities	381.8	385.3
LONG-TERM DEBT, NET OF CURRENT MATURITIES	1,200.2	1,152.1
ACCRUED ENVIRONMENTAL AND LANDFILL COSTS	151.9	129.8
DEFERRED INCOME TAXES	126.6	94.4
OTHER LIABILITIES	26.1	24.0
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, par value $.01 per share; 50,000,000 shares authorized; none issued	--	--
Common stock, par value $.01 per share; 750,000,000 shares authorized; 175,658,285 and 172,014,285 issued and outstanding at December 31, 2000, respectively, and 175,481,842 issued and outstanding at December 31, 1999	1.8	1.8
Additional paid-in capital	1,208.4	1,206.3
Retained earnings	515.6	294.6
Treasury stock, at cost (3,644,000 shares)	(50.9)	--
Total Stockholders' Equity	1,674.9	1,502.7
	$3,561.5	$3,288.3

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT EARNINGS PER SHARE DATA)

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
REVENUE	$2,103.3	$1,869.3	$1,375.0
EXPENSES:			
Cost of operations	1,271.3	1,131.9	848.6
Depreciation, amortization and depletion	197.4	163.2	106.3
Selling, general and administrative	193.9	183.6	135.8
Other charges	6.7	--	--
OPERATING INCOME	434.0	390.6	284.3
INTEREST EXPENSE	(81.6)	(64.2)	(44.7)
INTEREST INCOME	1.7	3.5	1.5
OTHER INCOME (EXPENSE), NET	2.3	(3.4)	(.9)
INCOME BEFORE INCOME TAXES	356.4	326.5	240.2
PROVISION FOR INCOME TAXES	135.4	125.7	86.5
NET INCOME	$ 221.0	$ 200.8	$ 153.7
BASIC AND DILUTED EARNINGS PER SHARE	$ 1.26	$ 1.14	$ 1.13
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	175.0	175.7	135.6

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN MILLIONS)

	INVESTMENT BY AUTONATION	COMMON STOCK OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK
BALANCE AT DECEMBER 31, 1997	$ 749.8	95.7	$1.0	$ --	$ --	$ --
Net income	59.9	--	--	--	93.8	--
Business acquisitions contributed by AutoNation	128.3	--	--	--	--	--
Dividend to AutoNation	(2,000.0)	--	--	--	--	--
Dividend from former subsidiary	437.3	--	--	--	--	--
Transfer to additional paid-in capital	624.7	--	--	(624.7)	--	--
Issuance of common stock to AutoNation	--	16.5	.2	395.2	--	--
Sale of common stock	--	63.2	.6	1,433.0	--	--
BALANCE AT DECEMBER 31, 1998	--	175.4	1.8	1,203.5	93.8	--
Net income	--	--	--	--	200.8	--
Issuance of compensatory stock options	--	--	--	2.0	--	--
Issuance of common stock	--	.1	--	.8	--	--
BALANCE AT DECEMBER 31, 1999	--	175.5	1.8	1,206.3	294.6	--
Net income	--	--	--	--	221.0	--
Issuance of common stock	--	.1	--	2.1	--	--
Purchases of common stock for treasury	--	(3.6)	--	--	--	(50.9)
	$ --	172.0	$1.8	$1,208.4	$515.6	$(50.9)

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
CASH PROVIDED BY OPERATING ACTIVITIES:			
Net income	$ 221.0	$ 200.8	$ 153.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	95.1	86.0	63.9
Landfill depletion and amortization	61.9	44.3	24.5
Amortization of intangible assets	40.4	32.9	17.9
Deferred tax provision	29.8	41.9	19.2
Provision for doubtful accounts	11.8	9.6	5.1
Other non-cash charges	8.0	2.8	--
Changes in assets and liabilities, net of effects from business acquisitions:			
Accounts receivable	6.2	(56.0)	(46.9)
Prepaid expenses and other assets	(16.8)	(12.3)	(11.3)
Accounts payable and accrued liabilities	.3	(35.4)	(14.1)
Other liabilities	4.1	9.2	59.1
	461.8	323.8	271.1
CASH USED IN INVESTING ACTIVITIES:			
Purchases of property and equipment	(208.0)	(294.5)	(203.6)
Proceeds from sale of equipment	12.6	4.9	10.6
Cash used in business acquisitions, net of cash acquired	(188.1)	(777.9)	(446.1)
Cash proceeds from business dispositions	31.2	40.1	20.9
Amounts due to former owners	(38.7)	(21.9)	--
Restricted cash	(74.0)	(3.2)	11.8
Other	--	(1.2)	(1.0)
	(465.0)	(1,053.7)	(607.4)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:			
Net proceeds from (payments on) revolving credit facility	(33.0)	(428.0)	980.0
Proceeds from issuance of public notes, net of discount	--	598.5	--
Proceeds from the sale of common stock	--	--	1,433.6
Proceeds from notes payable and long-term debt	83.1	181.8	10.6
Payments of notes payable and long-term debt	(7.1)	(202.0)	(61.8)
Decrease in amounts due to AutoNation	--	--	(1,469.5)
Proceeds from operating lease facility	--	36.1	--
Issuance of common stock	.9	--	--
Purchases of common stock for treasury	(50.9)	--	--
Purchases of common stock to fund employee benefit plan	(.9)	--	--
	(7.9)	186.4	892.9
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11.1)	(543.5)	556.6
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13.1	556.6	--
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2.0	$ 13.1	$ 556.6

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(ALL TABLES IN MILLIONS, EXCEPT PER SHARE DATA)

1. BASIS OF PRESENTATION

The accompanying Consolidated Financial Statements include the accounts of Republic Services, Inc. and its subsidiaries (the "Company"). The Company provides non-hazardous solid waste collection and disposal services in the United States. All material intercompany transactions have been eliminated.

The historical Consolidated Financial Statements through the date of the secondary offering in May 1999 reflect the accounts of the Company as a subsidiary of AutoNation, Inc., formerly known as Republic Industries, Inc. (together with its subsidiaries, "AutoNation"), subject to corporate general and administrative expense allocations or charges under the Services Agreement as described in Note 11, Related Party Transactions. Such information does not necessarily reflect the financial position or results of operations of the Company as a separate, stand-alone entity.

All historical share and per share data of the Company's common stock, par value $.01 per share ("Common Stock", which was formerly designated as either "Class A Common Stock" or "Class B Common Stock"), for the year ended December 31, 1998 in the Consolidated Financial Statements and the notes thereto have been retroactively adjusted for the recapitalization of AutoNation's 100 shares of Common Stock previously outstanding into 95.7 million shares of Class B Common Stock in July 1998.

In July 1998, the Company completed an initial public offering of its Class A Common Stock ("Initial Public Offering") resulting in net proceeds of approximately $1.4 billion. In addition, in July 1998 the Company repaid in full all amounts due to AutoNation as of June 30, 1998 through the issuance of 16.5 million shares of Class A Common Stock and through the payment of all proceeds from the Initial Public Offering. Following the Initial Public Offering and the repayment of amounts due to AutoNation, approximately 63.9% of the outstanding shares of Common Stock were owned by AutoNation.

In March 1999, AutoNation converted all 95.7 million shares of its Class B Common Stock into Class A Common Stock on a one-for-one basis. In April 1999, AutoNation transferred all of its Class A Common Stock to its indirect, wholly-owned subsidiary, AutoNation Insurance Company, and the Company registered all 112.2 million shares of Class A Common Stock owned by AutoNation. In May 1999, the Company completed a secondary offering, in which AutoNation sold substantially all of the Class A Common Stock it owned in the Company. In June 1999, the Company amended its certificate of incorporation to eliminate the classifications of Common Stock.

Other charges of $6.7 million for the year ended December 31, 2000 are included in the Consolidated Financial Statements. These costs are primarily related to the early closure of a landfill in south Texas.

Other charges of $6.9 million for the year ended December 31, 1999 are included in selling, general and administrative expenses in the Consolidated Financial Statements. These costs relate to the Company's separation from AutoNation and consist of approximately $2.0 million of compensation expenses related to the granting of certain replacement employee stock options at exercise prices below the quoted market price of the Company's Common Stock at the date of grant (see Note 8, Stock Options) and approximately $4.9 million of additional charges directly related to the separation.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following unaudited pro forma consolidated statement of operations for the year ended December 31, 2000 excludes the $6.7 million pre-tax charge related primarily to the early closure of a landfill in south Texas:

	YEAR ENDED DECEMBER 31, 2000
Revenue	$2,103.3
Expenses:	
Cost of operations	1,271.3
Depreciation, amortization and depletion	197.4
Selling, general and administrative	193.9
Operating income	440.7
Interest expense	(81.6)
Interest income	1.7
Other income (expense), net	2.3
Income before income taxes	363.1
Provision for income taxes	138.0
Net income	$ 225.1
Basic and diluted earnings per share	$ 1.29
Weighted average common and common equivalent shares outstanding	175.0

The unaudited pro forma consolidated statement of operations is provided for informational purposes only and does not project the Company's results of operations for any future date or period.

Certain amounts in the 1999 and 1998 Consolidated Financial Statements have been reclassified to conform to the 2000 presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions made by management. Actual results could differ from these amounts. Significant items subject to such estimates and assumptions include the depletion and amortization of landfill development costs, accruals for closure and post-closure costs, valuation allowances for accounts receivable, liabilities for potential litigation, claims and assessments, and liabilities for environmental remediation, deferred taxes and self-insurance.

RESTRICTED CASH

Restricted cash consists of amounts held in trust as a financial guaranty of the Company's performance as well as funds restricted for capital expenditures under certain debt facilities.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

PREPAID EXPENSES AND OTHER CURRENT ASSETS

A summary of prepaid expenses and other current assets is as follows:

	DECEMBER 31, 2000	DECEMBER 31, 1999
Inventory	$30.6	$20.3
Prepaid expenses	21.0	19.7
Other assets	26.6	17.7
	$78.2	$57.7

Inventories consist primarily of compost materials, equipment parts and supplies that are valued under a method that approximates the lower of cost (first-in, first-out) or market.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Expenditures for major additions and improvements 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 Operations.

The Company revises the estimated useful lives of property and equipment acquired through business acquisitions to conform with its policies regarding property and equipment. Depreciation is provided over the estimated useful lives of the assets involved using the straight-line method. The estimated useful lives are twenty to forty years for buildings and improvements, three to fifteen years for trucks and equipment, and five to ten years for furniture and fixtures.

Landfills are stated at cost and are depleted based on consumed airspace. Landfill improvements include direct costs incurred to obtain a landfill permit and direct costs incurred to construct and develop the site. These costs are depleted based on consumed airspace. All indirect landfill development costs are expensed as incurred. (For further information, see Note 4, Landfill and Accrued Environmental Costs.)

The Company capitalizes interest on landfill cell construction and other construction projects in accordance with Statement of Financial Accounting Standards No. 34, "Capitalization of Interest Cost". Construction projects must meet the following criteria before interest is capitalized:

1. Total construction costs are $250,000 or greater,

2. The construction phase is three months or longer, and

3. The assets have a useful life of three years 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. The interest capitalization rate is based upon the Company's weighted average cost of indebtedness. Interest capitalized was $2.9 million, $5.6 million and $.8 million for the years ended December 31, 2000, 1999 and 1998, respectively.

A summary of property and equipment is as follows:

	DECEMBER 31,	
	2000	1999
Other land	$ 91.5	$ 82.8
Non-depletable landfill land	47.2	46.4
Landfill development costs	865.5	827.6
Vehicles and equipment	1,018.9	961.3
Buildings and improvements	227.1	187.5
Construction-in-progress -- landfill	46.6	44.3
Construction-in-progress -- other	18.0	24.4
	2,314.8	2,174.3
Less: Accumulated depreciation, depletion and amortization--		
Landfill development costs	(179.5)	(135.1)
Vehicles and equipment	(428.9)	(399.9)
Building and improvements	(38.6)	(33.8)
	(647.0)	(568.8)
Property and equipment, net	$1,667.8	$1,605.5

The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of property and equipment or whether the remaining balance of property and equipment should be evaluated for possible impairment. The Company uses an estimate of the related undiscounted cash flows over the remaining life of the property and equipment in assessing their recoverability. The Company measures impairment loss as the amount by which the carrying amount of the asset exceeds the fair value of the assets.

During the year ended December 31, 2000, the Company recorded a $6.7 million pre-tax charge primarily related to the early closure of a landfill in south Texas.

INTANGIBLE AND OTHER ASSETS

Intangible and other assets consist primarily of the cost of acquired businesses in excess of the fair value of net assets acquired and other intangible assets. The cost in excess of the fair value of net assets is amortized over forty years on a straight-line basis. Other intangible assets include values assigned to customer lists, long-term contracts and covenants not to compete and are amortized generally over periods ranging from 5 to 25 years. Accumulated amortization of intangible assets was $129.9 million and $100.4 million at December 31, 2000 and 1999, respectively.

The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of intangible assets or whether the remaining balance of intangible assets should be evaluated for possible impairment. The Company uses an estimate of the related undiscounted cash flows over the remaining life of the intangible assets in assessing their recoverability. The Company measures impairment loss as the amount by which the carrying amount of the asset exceeds the fair value of the assets.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

ACCRUED LIABILITIES

A summary of accrued liabilities is as follows:

	DECEMBER 31, 2000	DECEMBER 31, 1999
Accrued payroll and benefits	$24.3	$24.1
Accrued disposal costs	15.5	15.5
Accrued fees and taxes	23.2	17.5
Other	26.9	31.2
	$89.9	$88.3

OTHER CURRENT LIABILITIES

A summary of other current liabilities is as follows:

	DECEMBER 31, 2000	DECEMBER 31, 1999
Accrued environmental and landfill costs, current portion	$16.8	$23.7
Self-insurance reserves, current	22.1	21.7
Other	10.2	7.2
	$49.1	$52.6

REVENUE RECOGNITION

Revenue consists primarily of collection fees from commercial, industrial, residential and municipal customers and transfer and landfill disposal fees charged to third parties. Collection, transfer and disposal, and other services accounted for approximately 76.0%, 16.8% and 7.2%, respectively, of consolidated revenue for the year ended December 31, 2000. Advance billings are recorded as deferred revenue, and revenue is recognized over the period in which services are provided. No one customer has individually accounted for more than 10.0% of the Company's consolidated revenues in any of the past three years.

INCOME TAXES

Effective with the Initial Public Offering in July 1998, the Company was no longer included in the consolidated federal income tax return of AutoNation. For the periods prior to the Initial Public Offering, all tax amounts have been recorded as if the Company filed a separate federal tax return. The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Accordingly, deferred income taxes have been provided to show the effect of temporary differences between the recognition of revenue and expenses for financial and income tax reporting purposes and between the tax basis of assets and liabilities and their reported amounts in the financial statements.

COMPREHENSIVE INCOME

The Company has no components of other comprehensive income. Accordingly, net income equals comprehensive income for all periods presented.

STATEMENTS OF CASH FLOWS

The Company considers all unrestricted highly liquid investments with purchased maturities of three months or less to be cash equivalents. The effect of non-cash transactions related to business combinations, as

discussed in Note 3, Business Combinations, and other non-cash transactions are excluded from the accompanying Consolidated Statements of Cash Flows.

The Company made interest payments on notes payable and long-term debt of approximately $83.4 million, $53.7 million and $44.0 million (net of capitalized interest of $2.9 million, $5.6 million and $.8 million) for the years ended December 31, 2000, 1999 and 1998, respectively. The Company made income tax payments of approximately $89.3 million, $100.3 million and $65.4 million for the years ended December 31, 2000, 1999 and 1998, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, restricted cash, receivables, accounts payable and accrued liabilities approximate fair value due to the short maturity of these instruments. The fair value of the Company's fixed rate unsecured notes using an estimate of interest rates currently available to the Company is $617.0 million at December 31, 2000. The carrying value of the unsecured notes is $598.8 million at December 31, 2000. The carrying amounts of the Company's remaining notes payable and long-term debt approximate fair value because interest rates are primarily variable and, accordingly, approximate current market rates.

CONCENTRATION OF CREDIT RISK

The Company provides services to commercial, industrial, municipal and residential customers in the United States. Concentrations of credit risk with respect to trade receivables are limited due to the wide variety of customers and markets in which services are provided as well as their dispersion across many geographic areas in the United States. The Company performs ongoing credit evaluations of its customers, but does not require collateral to support customer receivables. The Company establishes an allowance for doubtful accounts based on various factors including the credit risk of specific customers, age of receivables outstanding, historical trends and other information.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133". SFAS 137 amends FASB Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", by deferring the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. SFAS 133 was further amended in June 2000 by the issuance of SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities -- An Amendment of FASB Statement No. 133". SFAS 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133, as amended, requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company adopted SFAS 133 on January 1, 2001. As of January 1, 2001, the Company did not have any instruments that met the definition of a derivative under SFAS 133.

In February 2001, the Financial Accounting Standards Board issued a revised Exposure Draft entitled "Business Combinations and Intangibles Assets -- Accounting for Goodwill". This Exposure Draft, if adopted as proposed, would eliminate the amortization of goodwill against earnings. Instead, it would be written down against earnings only in the periods in which the recorded value of the goodwill is more than its fair value. The FASB is expected to issue a final statement on business combinations and intangible assets in June 2001. During 2000, the Company amortized $36.5 million of goodwill against earnings. Accordingly, the adoption of

this statement, if issued as proposed, would have a material impact on the Company's consolidated results of operations.

In February 2000, the Financial Accounting Standards Board issued a revised Exposure Draft on "Accounting for Obligations Associated with the Retirement of Long-Lived Assets." This Exposure Draft, if adopted as proposed, would require the Company to change the accounting methodology currently used to record closure and post-closure liabilities related to landfills. The more significant of these changes includes measuring all future obligations at fair value and discounting future obligations to reflect today's dollars. The final statement on this matter is expected to be effective for fiscal years beginning after June 15, 2001. The statement is also expected to require a cumulative effect approach to recognizing transition amounts for existing asset retirement obligations. The Company does expect the adoption of this standard, if issued as proposed, to have a material impact on its consolidated financial position and results of operations.

3. BUSINESS COMBINATIONS

Businesses acquired and accounted for under the purchase method of accounting are included in the Consolidated Financial Statements from the date of acquisition.

In July 1999, the Company entered into a definitive agreement with Allied Waste Industries, Inc. ("Allied") to acquire certain solid waste assets for approximately $230.0 million in cash. In October 1999, regulatory approval relating to the acquisition of certain of the assets was denied. The agreement was subsequently amended for the Company to acquire one landfill operation, five transfer stations and a subset of small container hauling assets from four collection operations. By September 30, 2000, the Company had completed the purchase of these assets for approximately $105.5 million in cash, $85.8 million of which were acquired during 2000. In addition, the Company entered into a definitive agreement with Allied for the simultaneous purchase and sale of certain other solid waste assets. By September 30, 2000, the Company and Allied completed the purchase and sale of these assets. Net proceeds from the cash portion of the exchange of assets were $28.6 million. All of these transactions have been accounted for under the purchase method of accounting.

In September 1998, the Company signed an agreement with Waste Management, Inc. ("Waste Management") to acquire assets and to enter into disposal agreements at various Waste Management facilities. By June 1999, the Company had completed the purchase of the assets for approximately $479.6 million in cash plus properties, $292.7 million of which were acquired during the six months ended June 30, 1999. The assets purchased included 16 landfills, 11 transfer stations and 136 commercial collection routes across the United States, and were accounted for under the purchase method of accounting.

In addition to the acquisitions from Allied and Waste Management, the Company also acquired various other solid waste businesses during the years ended December 31, 2000 and 1999, which were accounted for under the purchase method of accounting. The aggregate purchase price the Company paid in these transactions was $102.5 and $430.8 million in cash, respectively.

During 2000 and 1999, $30.9 million and $328.8 million, respectively, of the total purchase price paid for acquisitions was allocated to landfill airspace. These allocations were based on the discounted expected future cash flow of each landfill relative to other assets within the acquired group and were adjusted for other non-depletable landfill assets and liabilities acquired (primarily closure and post-closure liabilities). Landfill purchase price is amortized using the units-of-consumption method over total available airspace, which includes likely to be permitted airspace where appropriate.

During the year ended 1998, AutoNation acquired various solid waste businesses which were contributed to the Company. The aggregate purchase price paid by AutoNation in transactions accounted for under the purchase method of accounting was $128.3 million, consisting of $60.3 million in cash and approximately 3.4 million shares of AutoNation common stock valued at $68.0 million. Subsequent to the Initial Public

Offering, the Company acquired various solid waste businesses. The aggregate purchase price paid by the Company in transactions accounted for under the purchase method of accounting was $450.5 million consisting of cash and certain properties. In addition, during 1998, $81.0 million of the total purchase price paid for acquisitions was allocated to landfill airspace.

The following summarizes the preliminary purchase price allocations for business combinations accounted for under the purchase method of accounting:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Property and equipment	$120.7	$421.1	$191.5
Cost in excess of net assets acquired	253.4	419.3	577.2
Working capital deficit	(.6)	(47.9)	(102.7)
Long-term debt assumed	(4.2)	(2.3)	(47.3)
Other assets (liabilities), net	(15.8)	(12.3)	(46.4)
Net purchase price paid with assets	(165.4)	--	--
Investment by AutoNation	--	--	(126.2)
Cash used in acquisitions, net of cash acquired	$188.1	$777.9	$446.1

The Company's unaudited pro forma consolidated results of operations assuming acquisitions accounted for under the purchase method of accounting had occurred at the beginning of the periods presented are as follows:

	YEARS ENDED DECEMBER 31,	
	2000	1999
Revenue	$2,215.9	$2,104.3
Net income	$ 224.3	$ 207.1
Basic and diluted earnings per share	$ 1.28	$ 1.18
Weighted average common and common equivalent shares outstanding	175.0	175.7

The unaudited pro forma results of operations are presented for informational purposes only and may not necessarily reflect the future results of operations of the Company or what the results of operations would have been had the Company owned and operated these businesses as of the beginning of the periods presented.

4. LANDFILL AND ACCRUED ENVIRONMENTAL COSTS

ACCRUED ENVIRONMENTAL AND LANDFILL COSTS

A summary of accrued environmental and landfill costs is as follows:

	DECEMBER 31,	
	2000	1999
Accrued landfill site closure and post-closure costs	$167.6	$152.3
Accrued environmental costs	1.1	1.2
	168.7	153.5
Less: current portion (included in other current liabilities)	(16.8)	(23.7)
	$151.9	$129.8

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

LIFE CYCLE ACCOUNTING

The Company uses life cycle accounting and the units-of-consumption method to recognize certain landfill costs. In life cycle accounting, all costs to acquire, construct, close and maintain a site during the post-closure period are capitalized or accrued and charged to expense based upon the consumption of cubic yards of available airspace. Costs and airspace estimates are developed annually by independent engineers together with the Company's engineers. These estimates are used by the Company's operating and accounting personnel to annually adjust the Company's rates used to expense capitalized costs and accrue closure and post-closure costs. Changes in these estimates primarily relate to changes in available airspace, inflation rates and applicable regulations. Changes in available airspace include changes due to the addition of airspace lying in expansion areas deemed likely to be permitted.

TOTAL AVAILABLE DISPOSAL CAPACITY

As of December 31, 2000, the Company owned or operated 53 solid waste landfills with total available disposal capacity of approximately 1.7 billion in-place cubic yards. Total available disposal capacity represents the sum of estimated permitted airspace plus an estimate of airspace which is likely to be permitted.

LIKELY TO BE PERMITTED EXPANSION AIRSPACE

Before airspace included in an expansion area is determined as likely to be permitted and, therefore, included in the Company's calculation of total available disposal capacity, the following criteria must be met:

1. The land associated with the expansion airspace is either owned by the Company or is controlled by the Company pursuant to an option agreement;

2. The Company is 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. The Company believes it is likely the expansion permit will be received.

Upon meeting the Company's expansion criteria, the rates used at each applicable landfill to expense costs to acquire, construct, close and maintain a site during the post-closure period are adjusted to include likely to be permitted airspace and all additional costs to be capitalized or accrued associated with the expansion airspace.

The Company has identified three sequential 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 with state authorities; and

3. Obtaining permit approval from state authorities.

Once a landfill meets the Company's expansion criteria, management continuously monitors each site's progress in obtaining the expansion permit. If at any point it is determined that an expansion area no longer meets the required criteria, the likely to be permitted airspace is removed from the landfill's total available capacity and the rates used at the landfill to expense costs to acquire, construct, close and maintain a site during the post-closure period are adjusted accordingly. The Company has never been denied an expansion

permit for a landfill that included likely to be permitted airspace in its total available disposal capacity, although no assurances can be made that all future expansions will be permitted as designed.

CAPITALIZED LANDFILL COSTS

Capitalized landfill costs include expenditures for land, permitting costs, cell construction costs and environmental structures. Capitalized permitting and cell construction costs are limited to direct costs relating to these activities, including legal, engineering and construction associated with excavation, liners and site berms. Interest is capitalized on landfill construction projects while the assets are undergoing activities to ready them for their intended use.

Costs related to acquiring land, excluding the estimated residual value of unpermitted land, and costs related to permitting and cell construction are depleted as airspace is consumed using the units-of-consumption method. Environmental structures, which include leachate collection systems, methane collection systems and groundwater monitoring wells, are charged to expense over the shorter of their useful life or the life of the landfill.

Capitalized landfill costs may also include an allocation of purchase price paid for landfills. For landfills purchased as part of a group of several assets, the purchase price assigned to the landfill is determined based upon the discounted expected future cash flows of the landfill relative to the other assets within the acquired group. If the landfill meets the Company's expansion criteria, the purchase price is further allocated between permitted airspace and expansion airspace based upon the ratio of permitted versus likely to be permitted airspace to total available airspace. Landfill purchase price is amortized using the units-of-consumption method over the total available airspace including likely to be permitted airspace where appropriate.

CLOSURE AND POST-CLOSURE COSTS

Landfill site closure and post-closure costs include estimated costs to be incurred for final closure of the landfills and estimated costs for providing required post-closure monitoring and maintenance of landfills. These costs are accrued and charged to cost of operations based upon consumed airspace in relation to total available disposal capacity using the units-of-consumption method of amortization. The Company estimates future cost requirements for closure and post-closure monitoring and maintenance for its solid waste facilities based on the technical standards of the Environmental Protection Agency's Subtitle D regulations and applicable state and local regulations. These estimates do not take into account discounts for the present value of total estimated costs. Accruals for closure and post-closure costs totaled approximately $23.4 million, $17.9 million and $11.4 million during the years ended December 31, 2000, 1999 and 1998, respectively.

A number of the Company's landfills were previously operated by other entities. Accordingly, the Company assessed and recorded a closure and post-closure liability as of the date the landfill was acquired based upon the estimated total closure and post-closure costs and the percentage of total available disposal capacity utilized as of such date. Thereafter, the difference between the closure and post-closure costs accrued and the total estimated closure and post-closure costs to be incurred are accrued and charged to expense as airspace is consumed. Estimated aggregate closure and post-closure costs will be fully accrued for the Company's landfills at the time such facilities cease to accept waste and are closed. As of December 31, 2000, assuming that all available landfill capacity is used, the Company expects to expense approximately $534.6 million of such costs over the remaining lives of these facilities.

REPUBLIC SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The expected future payments for closure and post-closure costs as of December 31, 2000 are as follows:

YEAR ENDING DECEMBER 31,	
2001	$ 16.8
2002	11.6
2003	16.0
2004	18.9
2005	11.1
Thereafter	627.8
	$702.2

ENVIRONMENTAL COSTS

In the normal course of business, the Company is subject to ongoing environmental investigations by certain regulatory agencies, as well as other claims and disputes that could result in litigation. Environmental costs are accrued by the Company through a charge to income in the period such liabilities become probable and can be reasonably estimated. No material amounts were charged to expense during the years ended December 31, 2000, 1999 and 1998.

5. NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt are as follows:

	DECEMBER 31,	
	2000	1999
$225.0 million unsecured notes, net of unamortized discount of $.7 million and $1.0 million, respectively; interest payable semi-annually in May and November at 6 5/8%; principal due at maturity in 2004	$ 224.3	$ 224.0
$375.0 million unsecured notes, net of unamortized discount of $.5 million; interest payable semi-annually in May and November at 7 1/8%; principal due at maturity in 2009	374.5	374.5
$1.0 billion unsecured revolving credit facility; interest payable using LIBOR based rates (7.14% at December 31, 2000); $500.0 million matures July 2001 and $500.0 million matures July 2003	465.0	552.0
Tax-exempt bonds; interest rates that float based on prevailing market rates (ranging from 4.4% to 5.2% at December 31, 2000); maturities ranging from 2001 to 2030	99.5	42.0
Other notes including unsecured and secured by real property, equipment and other assets; interest rates ranging from 4.2% to 13.0%; maturing through 2012	93.4	16.8
	1,256.7	1,209.3
Less: Current portion	(56.5)	(57.2)
	$1,200.2	$1,152.1

Aggregate maturities of notes payable and long-term debt as of December 31, 2000 are as follows:

YEAR ENDING DECEMBER 31,	
2001	$ 56.5
2002	1.9
2003	466.9
2004	226.8
2005	1.7
Thereafter	502.9
	$1,256.7

As of December 31, 2000, the Company had approximately $422.0 million of availability under the short-term portion of the credit facility.

As of December 31, 2000, the Company had $84.3 million of restricted cash of which $58.8 million were proceeds from the issuance of tax-exempt bonds and will be used to fund capital expenditures under the terms of the bonds.

The unsecured revolving credit facility requires the Company to maintain certain financial ratios and comply with certain financial covenants. At December 31, 2000, the Company was in compliance with the financial covenants under these agreements.

6. INCOME TAXES

The components of the provision for income taxes are as follows:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Current:			
Federal	$ 93.9	$ 69.9	$59.8
State	11.7	13.9	7.5
Federal and state deferred	29.8	50.6	23.2
Change in valuation allowance	--	(8.7)	(4.0)
Provision for income taxes	$135.4	$125.7	$86.5

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate is shown below:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Statutory federal income tax rate	35.0%	35.0%	35.0%
Non-deductible expenses	1.3	1.2	1.3
State income taxes, net of federal benefit	3.0	3.5	2.1
Other, net	(1.3)	(1.2)	(2.4)
Effective income tax rate	38.0%	38.5%	36.0%

Components of the net deferred income tax liability in the accompanying Consolidated Balance Sheets are as follows:

	DECEMBER 31,	
	2000	1999
Book basis in property over tax basis	$137.5	$107.5
Accruals not currently deductible	(10.9)	(13.1)
Net deferred income tax liability	$126.6	$ 94.4

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. The Company adjusts the valuation allowance in the period management determines it is more likely than not that deferred tax assets will or will not be realized.

7. STOCKHOLDERS' EQUITY

In April 1998, the Company declared a $2.0 billion dividend to AutoNation that it paid in the form of notes payable ("Company Notes"). Interest expense on the Company Notes was $27.6 million for the year ended December 31, 1998.

In June 1998, the Company received a dividend of certain assets from a former subsidiary totaling approximately $437.3 million. In June 1998, the Company prepaid a portion of the amounts outstanding under the Company Notes totaling $565.4 million using this dividend, cash and certain other assets.

In July 1998, the Company amended and restated its Certificate of Incorporation to authorize capital stock consisting of (a) 50,000,000 shares of preferred stock, par value $.01 per share (the "Preferred Stock"), and (b) 750,000,000 shares of Common Stock of which 250,000,000 shares were authorized as Class A Common Stock, 125,000,000 shares were authorized as Class B Common Stock and 375,000,000 shares may be designated by the Company's Board of Directors as either Class A Common Stock or Class B Common Stock. In addition, all 100 shares of common stock previously held by AutoNation were converted into 95.7 million shares of Class B Common Stock. The Class A Common Stock and Class B Common Stock were identical in all respects, except holders of Class A Common Stock were entitled to one vote per share while holders of Class B Common Stock were entitled to five votes per share on all matters submitted to a vote of the stockholders, including the election of directors.

In July 1998, the Company repaid amounts due to AutoNation totaling $395.4 million through the issuance of approximately 16.5 million shares of Class A Common Stock.

In July 1998, the Company completed the Initial Public Offering of approximately 63.2 million shares of its Class A Common Stock resulting in net proceeds of approximately $1.4 billion. All of the proceeds from the Initial Public Offering were used to repay remaining amounts due under the Company Notes.

In March 1999, AutoNation converted all 95.7 million shares of its Class B Common Stock into Class A Common Stock on a one-for-one basis. In May 1999, the Company completed a secondary offering, in which AutoNation sold substantially all of the Class A Common Stock it owned in the Company. In June 1999, the Company amended its Certificate of Incorporation to eliminate the classifications of Common Stock.

In July 2000, the Company announced that the Board of Directors authorized the repurchase of up to $50.0 million of its Common Stock. In October 2000, the Company announced that its Board of Directors authorized the repurchase of up to an additional $100.0 million of its Common Stock. As of December 31, 2000, the Company paid $50.9 million to repurchase 3.6 million shares of its Common Stock.

8. STOCK OPTIONS

In July 1998, the Company adopted the 1998 Stock Incentive Plan ("Stock Incentive Plan") to provide for grants of options to purchase shares of Common Stock to employees, non-employee directors and independent contractors of the Company who are eligible to participate in the Stock Incentive Plan. Options granted under the Stock Incentive Plan are non-qualified and are granted at a price equal to the fair market value of the Company's Common Stock at the date of grant. Generally, options granted have a term of ten years from the date of grant, and vest in increments of 25% per year over a four year period on the yearly anniversary date of the grant. Options granted to non-employee directors have a term of ten years and vest immediately at the date of grant. The Company has reserved 20.0 million shares of Common Stock for issuance pursuant to options granted under the Stock Incentive Plan. As of December 31, 2000, there were 5.8 million stock options reserved for future grants under the Stock Incentive Plan.

Prior to the Initial Public Offering, employees of the Company were granted stock options under AutoNation stock option plans. As of March 2, 1999, options to purchase approximately 8.0 million shares of AutoNation common stock held by the Company's employees were canceled by AutoNation, and the Company's Compensation Committee granted replacement options on a one-for-one basis ("Replacement Options"). The Replacement Options to purchase shares of Common Stock retained the vesting and exercise rights of the original options, subject to certain exercise limitations for individuals who signed stock option repricing agreements with AutoNation. The exercise prices for individual Replacement Options were established to maintain the unrealized gain or loss on each option for AutoNation stock that was cancelled. Compensation expense related to the granting of certain Replacement Options at exercise prices below the fair market value of the Common Stock at the date of grant was approximately $2.0 million and has been included in selling, general and administrative expenses in the Company's Consolidated Statement of Operations for the year ended December 31, 1999.

The following table summarizes stock option activity from the Initial Public Offering through December 31, 2000:

	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Options outstanding at Initial Public Offering	--	$ --
Granted	.6	18.12
Options outstanding at December 31, 1998	.6	18.12
Granted to replace AutoNation options	8.0	17.38
Granted, other	6.5	15.47
Cancelled	(.1)	17.68
Options outstanding at December 31, 1999	15.0	16.57
Granted	.3	13.07
Exercised	(.1)	10.38
Cancelled	(1.1)	16.57
Options outstanding at December 31, 2000	14.1	$16.54

The following table summarizes information about the Company's outstanding and exercisable stock options at December 31, 2000:

	OUTSTANDING			EXERCISABLE	
RANGE OF EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE (YRS.)	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
$ 3.39 -- $13.55	2.8	8.7	$11.86	.7	$11.81
$13.56 -- $16.93	.8	3.9	15.88	.7	15.93
$16.94 -- $20.32	10.3	5.8	17.75	6.5	17.63
$20.33 -- $33.88	.2	7.8	23.81	.1	24.78
	14.1	6.3	$16.54	8.0	$17.10

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for stock-based employee compensation arrangements whereby no compensation cost related to stock options is deducted in determining net income. Had compensation cost for stock option grants under the Company's Stock Incentive Plan been determined pursuant to SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income would have decreased accordingly. Using the Black-Scholes option pricing model, the Company's pro forma net income and pro forma weighted average fair value of options granted, with related assumptions, assuming the Replacement Options were outstanding during the periods presented, are as follows:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Pro forma net income	$ 203.2	$ 177.4	$ 122.0
Pro forma earnings per share	1.16	1.01	.90
Pro forma weighted-average fair value of the Company's stock options granted	12.67	7.02	17.16
Risk free interest rates	5.0%	6.3%	4.8%
Expected lives	5 years	5 years	5 years
Expected volatility	40.0%	40.0%	40.0%

9. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of common shares 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. In computing diluted earnings per share, the Company utilizes the treasury stock method.

Earnings per share for the year ended December 31, 1998 includes the retroactive effect of the recapitalization of the 100 shares of Common Stock held by AutoNation into 95.7 million shares of Common Stock.

Earnings per share is calculated as follows:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Numerator:			
Net income	$221.0	$200.8	$153.7
Denominator:			
Denominator for basic earnings per share	174.7	175.4	135.6
Effect of dilutive securities -- Options to purchase common stock	.3	.3	--
Denominator for diluted earnings per share	175.0	175.7	135.6
Basic and diluted earnings per share	$ 1.26	$ 1.14	$ 1.13
Antidilutive securities not included in the diluted earnings per share calculation:			
Options to purchase common stock	12.3	9.0	--
Weighted-average exercise price	$17.42	$18.23	$ --

10. COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

The Company is a party to various general legal proceedings which have arisen in the ordinary course of business. While the results of these matters cannot be predicted with certainty, the Company believes that losses, if any, resulting from the ultimate resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. However, unfavorable resolution could affect the consolidated financial position, results of operations or cash flows for the quarterly periods in which they are resolved.

In September 1999, several lawsuits were filed by certain shareholders against the Company and certain of its officers and directors in the United States Court for the Southern District of Florida. The plaintiffs in these lawsuits claim, on behalf of a purported class of purchasers of the Company's Common Stock between January 28, 1999 and August 28, 1999, that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by, among other things, allegedly making materially false and misleading statements regarding the Company's growth and the assets acquired from Waste Management. In December 1999, the Court consolidated these lawsuits and the consolidated action has been named In Re: Republic Services, Inc. Securities Litigation. The plaintiffs filed a consolidated complaint in February 2000 and the defendants filed a motion to dismiss the consolidated complaint in April 2000. In February 2001, the Court granted the defendants' motion to dismiss the consolidated complaint. In that order, the Court granted plaintiffs leave to file an amended complaint by March 7, 2001. Management believes the allegations contained in the consolidated complaint are without merit and will vigorously defend this and any related actions. However, an unfavorable resolution of this lawsuit could have a material adverse effect on the Company's consolidated financial position, result of operations or cash flows in one or more future periods.

LEASE COMMITMENTS

During December 1999, the Company entered into a $100.0 million operating lease facility established to finance the acquisition of operating equipment (primarily revenue-producing vehicles). At December 31, 2000, $89.4 million was outstanding under the lease facility. In addition, the Company and its subsidiaries lease real property, equipment and software under various other operating leases with terms from one to twenty-five years. Rent expense during the year ended December 31, 2000 was approximately $25.3 million.

Future minimum lease obligations under non-cancelable real property, equipment and software leases with initial terms in excess of one year at December 31, 2000 are as follows:

YEAR ENDING DECEMBER 31,	
2001	$ 18.7
2002	90.8
2003	2.2
2004	1.1
2005	.7
Thereafter	8.0
	$121.5

LIABILITY INSURANCE

The Company carries general liability, vehicle liability, employment practices liability, pollution liability, directors and officers liability, worker's 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. The Company also carries property insurance.

The Company's insurance programs for worker's 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. Accruals are based on claims filed and estimates of claims incurred but not reported.

The Company's liabilities for unpaid and incurred but not reported claims at December 31, 2000 was $41.1 million under its current risk management program and are included in other current and other liabilities in the accompanying Consolidated Balance Sheets. While the ultimate amount of claims incurred are dependent on future developments, in management's opinion, recorded reserves are adequate to cover the future payment of claims. However, it is reasonably 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 results of operations in the periods in which such adjustments are known.

OTHER MATTERS

In the normal course of business, the Company is required to post performance bonds, insurance policies, letters of credit and/or cash deposits as a financial guarantee of the Company's performance. To date, the Company has satisfied financial responsibility requirements for regulatory agencies by making cash deposits, obtaining bank letters of credit or by obtaining surety bonds. At December 31, 2000, surety bonds and letters of credit totaling $741.7 million were outstanding, which expire through 2007.

The Company's business activities are conducted in the context of a developing and changing statutory and regulatory framework. Governmental regulation of the waste management industry requires the Company to obtain and retain numerous governmental permits to conduct various aspects of its 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 the Company.

Through the date of the Company's Initial Public Offering in July 1998, the Company filed consolidated federal income tax returns with AutoNation. The Internal Revenue Service is auditing AutoNation's consolidated tax returns for fiscal years 1995 and 1996. In accordance with the Company's tax sharing agreement with AutoNation, the Company may be liable for certain assessments imposed by the Internal

Revenue Service resulting from this audit. Management believes that the tax liabilities recorded are adequate. However, a significant assessment in excess of liabilities recorded against the Company could have a material adverse effect on the Company's financial position, results of operations or cash flows.

11. RELATED PARTY TRANSACTIONS

The following is an analysis of activity in the due to AutoNation account:

	YEAR ENDED DECEMBER 31, 1998
Balance at beginning of period	$107.8
AutoNation overhead allocations	7.5
Service Agreement fees	7.5
Insurance allocations	9.7
Self-insurance reserve allocations	(9.8)
Intercompany purchases	42.4
Income taxes	24.0
Cash transfers	(49.6)
Repayment in shares of Common Stock	(139.5)
Balance at end of period	$ --

Prior to the Initial Public Offering, due to AutoNation included allocations of various expenses from AutoNation including general and administrative expenses, risk management premiums, income taxes and other costs. Such liabilities were non-interest bearing and had no specified repayment terms. In July 1998, the Company repaid in full amounts due to AutoNation as of June 30, 1998 through the issuance of approximately 5.8 million shares of Common Stock. Subsequent to the Initial Public Offering, due to AutoNation consists primarily of charges under the Services Agreement described below. Such amounts were non-interest bearing and were repaid periodically using cash.

Prior to the Initial Public Offering, AutoNation's corporate general and administrative costs not specifically attributable to its operating subsidiaries were allocated to the Company based upon the ratio of the Company's invested capital to AutoNation's consolidated invested capital. Such allocations are included in the Company's selling, general and administrative costs and were approximately $7.5 million for the year ended December 31, 1998. This amount approximates management's estimate of AutoNation's corporate general and administrative costs required to support the Company's operations. Management believes that the amounts allocated to the Company were reasonable and were no less favorable to the Company than the expenses the Company would have incurred to obtain such services on its own or from unaffiliated third parties.

In June 1998, the Company and AutoNation entered into a services agreement (the "Services Agreement") pursuant to which AutoNation provided to the Company certain accounting, auditing, cash management, corporate communications, corporate development, financial and treasury, human resources and benefit plan administration, insurance and risk management, legal, purchasing and tax services. The Services Agreement expired June 30, 1999. In exchange for the provision of such services, fees were payable by the Company to AutoNation in the amount of $1.25 million per month. Effective January 1, 1999, such fees payable by the Company to AutoNation were reduced to $.9 million per month. The Company believes that the fees for services provided under the Services Agreement were no less favorable to the Company than could be obtained by the Company internally or from unaffiliated third parties. Charges under the Services Agreement for the years ended December 31, 1999 and 1998 were $5.3 million and $7.5 million, respectively, and are included in selling, general and administrative expenses.

Prior to the Initial Public Offering, the Company participated in AutoNation's combined risk management programs for property, casualty and general liability insurance. The Company was charged an annual premium of $9.7 million for the year ended December 31, 1998.

Notes payable to a former subsidiary represent borrowings prior to the Initial Public Offering under revolving credit facilities to fund the Company's operations and to repay debt assumed in acquisitions. Borrowings under these facilities bore interest at prime plus 50 basis points and were payable on demand. In July 1998, the Company repaid these notes through the issuance of approximately 10.7 million shares of Common Stock. Interest expense on these notes was $9.7 million for the year ended December 31, 1998.

12. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following is an analysis of certain items in the Consolidated Statements of Operations by quarter for 2000 and 1999:

		FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Revenue	2000	$501.5	$533.5	$539.1	$529.2
	1999	$407.6	$463.8	$499.9	$498.0
Operating income	2000	$101.7	$115.9	$107.5	$108.9
	1999	$ 79.4	$102.6	$103.5	$105.1
Net income	2000	$ 50.2	$ 59.2	$ 55.0	$ 56.6
	1999	$ 43.4	$ 54.5	$ 52.5	$ 50.4
Basic and diluted net income per share	2000	$ .29	$ .34	$ .31	$ .33
	1999	$ .25	$ .31	$ .30	$ .29
Weighted average common and common equivalent shares outstanding	2000	175.5	175.9	175.7	173.1
	1999	175.4	176.5	175.5	175.5

The Company's operating results for 2000 were affected by a $6.7 million non-recurring charge that was recorded during the third quarter. This charge related primarily to the early closure of a landfill in south Texas.

The Company's operating results for 1999 were affected by a $6.9 million non-recurring charge related to the Company's separation from AutoNation. This charge was recorded during the first, third and fourth quarters in the amounts of $4.0 million, $2.4 million and $.5 million, respectively. The Company also recorded a $2.9 million loss on the sale of its collection and disposal business in Costa Rica during the fourth quarter of 1999.

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

None.

PART III

The information required by Items 10, 11, 12 and 13 of Part III of Form 10-K will be set forth in the Proxy Statement of the Company relating to the 2001 Annual Meeting of Stockholders and is incorporated by reference herein.

PART IV

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

(a) Exhibits:

EXHIBITS		DESCRIPTION OF EXHIBIT
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 the Company (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 the Company (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
4.1	--	The Company's 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	--	Long Term Credit Agreement dated July 10, 1998 among the Company, Bank of America National Trust and Savings Association, as Administrative Agent, and the several financial institutions party thereto (incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
4.3	--	Indenture dated May 24, 1999 between the Company 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).
4.4	--	6 5/8% Note due May 15, 2004 in the principal amount of $200,000,000 (incorporated by reference to Exhibit 4.4 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
4.5	--	6 5/8% Note due May 15, 2004 in the principal amount of $25,000,000 (incorporated by reference to Exhibit 4.5 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
4.6	--	7 1/8% Note due May 15, 2009 in the principal amount of $200,000,000 (incorporated by reference to Exhibit 4.6 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
4.7	--	7 1/8% Note due May 15, 2009 in the principal amount of $175,000,000 (incorporated by reference to Exhibit 4.7 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
10.1	--	Separation and Distribution Agreement dated June 30, 1998 by and between the Company and AutoNation, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.2	--	Amended and Restated Employee Benefits Agreement dated March 4, 1999 by and between the Company and AutoNation, Inc. (incorporated by reference to Exhibit 10.2 of the Company's Amendment No. 1 to Registration Statement on Form S-1, Registration No. 333-73259, filed with the Commission on March 31, 1999).
10.3	--	Services Agreement dated June 30, 1998 by and between the Company and AutoNation, Inc. (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.4	--	First Amendment to Services Agreement dated March 4, 1999 by and between the Company and AutoNation, Inc. (incorporated by reference to Exhibit 10.4 of the Company's Amendment No. 1 to Registration Statement on Form S-1, Registration No. 333-73259, filed with the Commission on March 31, 1999).

EXHIBITS		DESCRIPTION OF EXHIBIT
10.5	--	Tax Indemnification and Allocation Agreement dated June 30, 1998 by and between the Company and AutoNation, Inc. (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.6	--	1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 of the Company's Amendment No. 2 to Registration Statement on Form S-1, filed with the Commission on June 29, 1998).
10.7*	--	Employment Agreement dated October 25, 2000 by and between James E. O'Connor and the Company.
10.8*	--	Amended and Restated Employment Agreement dated October 12, 2000 by and between James H. Cosman and the Company.
10.9*	--	Employment Agreement dated October 25, 2000 by and between Tod C. Holmes and the Company.
10.10*	--	Employment Agreement dated October 25, 2000 by and between David A. Barclay and the Company.
21.1*	--	Subsidiaries of the Company.

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* filed herewith

(b) Financial Statement Schedule. The following financial statement schedule is filed on page 65 herewith:

Financial Statement Schedule II, Valuation and Qualifying Accounts and Reserves, for each of the Three Years Ended December 31, 2000.

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

(c) Reports on Form 8-K:

Form 8-K, filed and dated October 25, 2000, including a press release announcing the Company's operating results for the three and nine months ended September 30, 2000, and a press release announcing the board of directors' approval of an additional $100.0 million for the Company's Common Stock repurchase program.

SIGNATURES

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

REGISTRANT:

REPUBLIC SERVICES, INC.

By: /s/ H. WAYNE HUIZENGA
H. Wayne Huizenga
Chairman of the Board

February 21, 2001

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

SIGNATURE	TITLE	DATE
/s/ H. WAYNE HUIZENGA H. Wayne Huizenga	Chairman of the Board	February 21, 2001
/s/ HARRIS W. HUDSON Harris W. Hudson	Vice Chairman and Director	February 21, 2001
/s/ JAMES E. O'CONNOR James E. O'Connor	Chief Executive Officer and Director (principal executive officer)	February 21, 2001
/s/ TOD C. HOLMES Tod C. Holmes	Senior Vice President and Chief Financial Officer (principal financial officer)	February 21, 2001
/s/ CHARLES F. SERIANNI Charles F. Serianni	Chief Accounting Officer (principal accounting officer)	February 21, 2001
/s/ JOHN W. CROGHAN John W. Croghan	Director	February 21, 2001
/s/ RAMON A. RODRIGUEZ Ramon A. Rodriguez	Director	February 21, 2001
/s/ ALLAN C. SORENSEN Allan C. Sorensen	Director	February 21, 2001

REPUBLIC SERVICES, INC.

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
SCHEDULE II
(IN MILLIONS)

	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO INCOME	ACCOUNTS WRITTEN OFF	OTHER(1)	BALANCE AT END OF YEAR
CLASSIFICATIONS					
Allowance for doubtful accounts:					
2000	$14.2	$11.8	$(14.9)	$ 2.1	$13.2
1999	22.1	9.6	(19.8)	2.3	14.2
1998	13.6	5.1	(7.2)	10.6	22.1

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(1) Allowance of acquired businesses.

EXHIBIT 10.7

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is effective as of October 25, 2000 (the "Effective Date"), by and between REPUBLIC SERVICES, INC., a Delaware corporation (the "Company"), and JAMES E. O'CONNOR, a Florida resident (the "Employee").

Employee and the Company are parties to that Employment Agreement dated as of December 7, 1998 (the "Existing Employment Agreement") which is due to expire December 7, 2001.

Employee is currently an employee of the Company and is considered a valued employee that Company desires to retain by reconfirming the employment relationship pursuant to the terms of this Agreement.

In consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. EMPLOYMENT.

(a) RETENTION. The Company agrees to employ and/or continue the employment of the Employee as its President and Chief Executive Officer, and the Employee agrees to accept such employment, subject to the terms and conditions of this Agreement. The Company also agrees that the Employee shall continue to serve on the Company's Board of Directors until the next annual meeting of stockholders of the Company, and that he shall be nominated for election to the Board at each annual meeting of the stockholders of the Company as long as this Agreement remains in effect.

(b) EMPLOYMENT PERIOD. This Agreement shall commence on the Effective Date and, unless terminated in accordance with the terms of this Agreement shall continue in effect on a rolling three-year basis, such that at any time during the term of this Agreement there will be three years remaining (the "Employment Period"). Notwithstanding the evergreen nature of the Employment Period, the Company may terminate Employee at any time in accordance with the provisions of Section 3 of this Agreement.

(c) DUTIES AND RESPONSIBILITIES. During the Employment Period, the Employee shall serve as President and Chief Executive Officer and shall have such authority and responsibility and perform such duties as may be assigned to him from time to time at the direction of the Board of Directors of the Company, and in the absence of such assignment, such duties as are customary to Employee's office and as are necessary or appropriate to the business and operations of the Company. During the Employment Period, the Employee's employment shall be full time and the Employee shall perform his duties honestly, diligently, in good faith and in the best interests of the Company and shall use his best efforts to promote the interests of the Company.

All executive officers of the Company (except for the Chairman and the Vice Chairman) shall report to the Chief Executive Officer, and the Employee shall in that capacity have the authority and responsibility to assign appropriate duties to such other executive officers as are necessary or appropriate for the business and operations of the Company.

(d) OTHER ACTIVITIES. Except upon the prior written consent of the Company, the Employee, during the Employment Period, will not accept any other employment. The Employee shall be permitted to engage in any non-competitive businesses, not-for-profit organizations and other ventures, such as passive real estate investments, serving on charitable and civic boards and organizations, and similar activities, so long as such activities do not materially interfere with or detract from the performance of Employee's duties or constitute a breach of any of the provisions contained in Section 6 of this Agreement.

2. COMPENSATION.

(a) BASE SALARY. In consideration for the Employee's services hereunder and the restrictive covenants contained herein, the Employee shall be paid an annual base salary of $510,000 for the 2000 Fiscal Year, $650,000 for the 2001 Fiscal Year and $790,000 for the 2002 Fiscal Year (the "Salary"), payable in accordance with the Company's customary payroll practices. Notwithstanding the foregoing, Employee's annual Salary may be increased at anytime and from time to time to levels greater than the levels set forth in the preceding sentence at the discretion of the Board of Directors of the Company to reflect merit or other increases. The Salary for each Fiscal Year shall become effective as of January 1 of such Fiscal year. The Employee's Salary for any Fiscal Year after 2002 shall remain as set for the 2002 Fiscal Year unless the Board of Directors expressly provides otherwise.

(b) BONUS. In addition to the Salary, the Employee shall be eligible to receive a bonus ("Bonus") in an amount up to 60% of the Employee's Base Salary during the 2000 Fiscal Year, in an amount up to 60% of the Employee's Base Salary during the 2001 Fiscal Year and in an amount up to 70% of the Employee's Base Salary for the 2002 Fiscal Year. The Bonus shall be based on the achievement of corporate goals and objectives as established by the Compensation Committee of the Board of Directors. The achievement of said goals and objectives shall be determined by the Compensation Committee of the Board of Directors. With respect to any Fiscal Year during which the Employee is employed by the Company for less than the entire Fiscal Year, the Bonus shall be prorated for the period during which the Employee was so employed. The Bonus shall be payable within thirty (30) days after the end of the Company's Fiscal Year. The term "Fiscal Year" as used herein shall mean each period of twelve (12) calendar months commencing on January 1st of each calendar year during the Employment Period and expiring on December 31st of such year. The maximum percentage of Base Salary which the Employee's Bonus for any year after the 2002 Fiscal Year may represent shall remain as set for the 2002 Fiscal Year unless the Board of Directors expressly provides otherwise.

(c) MERIT AND OTHER BONUSES. Employee shall be entitled to such other bonuses as may be determined by the Board of Directors of the Company or by a committee of the Board of Directors as determined by the Board of Directors, in its sole discretion.

(d) EXISTING STOCK OPTIONS. The Company has issued to the Employee options to purchase shares of the Company's Common Stock pursuant to the terms of various Option Agreements and the terms of the Company's 1998 Stock Incentive Plan (the "Outstanding Option Grants"). The options issued or to be issued under the Outstanding Option Grants shall continue to be subject to the terms of the Option Agreements, except to the extent otherwise provided for in this Agreement.

(e) OTHER STOCK OPTIONS. The Employee shall be entitled to participate and receive option grants under the 1998 Stock Incentive Plan and such other incentive or stock option plans as may be in effect from time-to-time, as determined by the Board of Directors of the Company.

(f) OTHER COMPENSATION PROGRAMS. The Employee shall be entitled to participate in the Company's incentive and deferred compensation programs and such other programs as are established and maintained for the benefit of the Company's employees or executive officers, subject to the provisions of such plans or programs.

(g) HEALTH INSURANCE. The Company shall pay for Employee's and his family's health insurance including without limitation comprehensive major medical and hospitalization coverage including dental and optical coverage under all group medical plans from time to time in effect for the benefit of the Company's employees or executive officers.

(h) LIFE INSURANCE. The Company shall purchase and maintain in effect one or more term insurance policies on the life of the Employee in an aggregate amount not less than two times his Base Salary in effect from time to time during the term of employment. The beneficiary of such policy shall be the person or persons who the Employee designates in writing to the Company.

(i) DISABILITY INSURANCE. The Company shall pay for the Employee to participate in the Company's disability insurance in effect from time to time. The Company shall pay for the maximum coverage commercially available. To the extent the Company does not have a disability insurance plan or other retirement plan, then the Company shall arrange, at its expense, for the Employee to participate in such plan.

(j) OTHER BENEFITS. During the term of this Agreement, the Employee shall also be entitled to participate in any other health insurance programs, life insurance programs, disability programs, stock option plans, bonus plans, pension plans and other fringe benefit plans and programs as are from time to time established and maintained for the benefit of the Company's employees or executive officers, subject to the provisions of such plans and programs.

(k) EXPENSES. The Employee shall be reimbursed for all out-of-pocket expenses reasonably incurred by him on behalf of or in connection with the business of the Company, pursuant to the normal standards and guidelines followed from time to time by the Company.

3. TERMINATION.

(a) FOR CAUSE. The Company shall have the right to terminate this Agreement and to discharge the Employee for Cause (as defined below), at any time during the term of this Agreement. Termination for Cause shall mean, during the term of this Agreement, (i) Employee's willful and continued failure to substantially perform his duties after he has received written notice from the Company identifying the actions or omissions constituting willful and continued failure to perform, (ii) Employee's conduct that would constitute a crime under federal or state law, (iii) Employee's actions or omissions that constitute fraud, dishonesty or gross misconduct, (iv) Employee's breach of any fiduciary duty that causes material injury to the Company, (v) Employee's breach of any duty causing material injury to the Company, (vi) Employee's inability to perform his material duties to the reasonable satisfaction of the Company due to alcohol or other substance abuse, or (vii) any violation of the Company's policies or procedures involving discrimination, harassment, substance abuse or work place violence. Any termination for Cause pursuant to this Section shall be given to the Employee in writing and shall set forth in detail all acts or omissions upon which the Company is relying to terminate the Employee for Cause.

Upon any determination by the Company that Cause exists to terminate the Employee, the Company shall cause a special meeting of the Board of Directors to be called and held at a time mutually convenient to the Board of Directors and Employee, but in no event later than ten (10) business days after Employee's receipt of the notice that the Company intends to terminate the Employee for Cause. Employee shall have the right to appear before such special meeting of the Board of Directors with legal counsel of his choosing to refute such allegations and shall have a reasonable period of time to cure any actions or omissions which provide the Company with a basis to terminate the Employee for Cause (provided that such cure period shall not exceed 30 days). A majority of the members of the Board of Directors must affirm that Cause exists to terminate the Employee. No finding by the Board of Directors will prevent the Employee from contesting such determination through appropriate legal proceedings provided that the Employee's sole remedy shall be to sue for damages, not reinstatement, and damages shall be limited to those that would be paid to the Employee if he had been terminated without Cause. In the event the Company terminates the Employee for Cause, the Company shall only be obligated to continue to pay in the ordinary and normal course of its business to the Employee his Salary plus accrued but unused vacation time through the termination date and the Company shall have no further obligations to Employee from and after the date of termination.

(b) RESIGNATION BY EMPLOYEE WITHOUT GOOD REASON. If the Employee shall resign or otherwise terminate his employment with the Company at anytime during the term of this Agreement, other than for Good Reason (as defined below), the Employee shall only be entitled to

receive his accrued and unpaid Salary through the termination date, and the Company shall have no further obligations under this Agreement from and after the date of resignation.

(c) TERMINATION BY COMPANY WITHOUT CAUSE AND BY EMPLOYEE FOR GOOD REASON. At any time during the term of this Agreement, (i) the Company shall have the right to terminate this Agreement and to discharge the Employee without Cause effective upon delivery of written notice to the Employee, and (ii) the Employee shall have the right to terminate this Agreement for Good Reason effective upon delivery of written notice to the Company. For purposes of this Agreement, "Good Reason" shall mean: (i) the Company has materially reduced the duties and responsibilities of the Employee to a level not appropriate for an officer of a publicly-traded company holding the position provided for in Section 1(a), (ii) the Company has breached any material provision of this Agreement and has not cured such breach within 30 days of receipt of written notice of such breach from the Employee, (iii) Company has reduced the Employee's annual Salary by more than 10% from the prior Fiscal Year (nothing in this clause implies that the Company may reduce the Employee's Salary below the levels provided for in Section 2(a)), (iv) the Company has terminated the Employee's participation in one or more of the Company's sponsored benefit or incentive plans and no other executive officer has had his participation terminated, (v) a failure by the Company (1) to continue any bonus plan, program or arrangement in which Employee in which Employee is entitled to participate ("Bonus Plans"), provided that any such Bonus Plans may be modified at the Company's discretion from time to time but shall be deemed terminated if (x) any such plan does not remain substantially in the form in effect prior to such modification and (y) if plans providing Employee with substantially similar benefits are not substituted therefor ("Substitute Plans"), or (2) to continue Employee as a participant in the Bonus Plans and Substitute Plans on at least a basis which is substantially the same as to potential amount of the bonus the Employee participated in prior to any change in such plans or awards, in accordance with the Bonus Plans and the Substitute Plans (a plan shall be considered to be on a basis substantially the same as another if the potential amount payable thereunder is at least 90% of the potential amount payable under the other plan), (vi) the Employee's office is relocated by the Company to a location which is not located within the Florida counties of Miami-Dade, Broward or Palm Beach, or (vii) the Company's termination without Cause of the continuation of the Employment Period provided in this Agreement. Upon any such termination by the Company without Cause, or by the Employee for Good Reason, the Company shall pay to the Employee all of the Employee's accrued but unpaid Salary through the date of termination, and continue to pay to or provide for the Employee (a) his Salary payable in accordance with Section 2(a) for three (3) years from the date of termination, when and as the same would have been due and payable hereunder but for such termination, (b) all health benefits in which Employee was entitled to participate at any time during the 12-month period prior to the date of termination, until the earliest to occur of the third anniversary of the date of termination, the Employee's death, or the date on which the Employee becomes covered by a comparable health benefit plan by a subsequent employer; provided, however, that in the event that Employee's continued participation in any health benefit plan of the Company is prohibited, the Company will arrange to provide Employee with benefits substantially similar to those which Employee would have been entitled to receive under such plan for such period on a basis which provides Employee with no additional after tax cost, (c) all stock option grants, or other stock grants

whether part of the Outstanding Option Grant or any options issued during the term of this Agreement, will immediately vest and such options will remain exercisable for the lesser of the unexpired term of the option without regard to the termination of Employee's employment or three (3) years from the date of termination of employment, (d) all long term incentive cash grants provided to the Employee shall immediately vest as if all targets and conditions had been met and shall be paid by the Company to the Employee at such times as the Company would have been required to make such payments if this Agreement had remained in effect, provided, however, that in the case of incentives partially or completely contingent on the providing of service for a specific period of time, the total amount to be paid by the Company shall be equal to the maximum amount payable if all conditions were met, multiplied by a fraction, the numerator of which is the period of service that would have been served if the Employee's employment had terminated as of the last day of the fiscal year in which his employment was terminated, and the denominator of which is the total period of time specified as a condition to the incentive, and (e) as of the termination date the Employee shall be paid the balance of all amounts credited to Employee's deferred compensation account plus a gross-up payment to reimburse the Employee for all income and other taxes imposed with respect to the payment of said balance and all income and other taxes arising as a result of said gross-up payment such that the payment of the deferred compensation balance of the Employee is made to the Employee free of all taxes thereon whatsoever (collectively, the foregoing consideration payable to the Employee shall be referred to herein as the "Severance Payment"). Other than the Severance Payment, the Company shall have no further obligation to the Employee except for the obligations set forth in Section 13 of this Agreement after the date of such termination; PROVIDED, HOWEVER, that the Employee shall only be entitled to continuation of the Severance Payments as long as he is in compliance with the provisions of Sections 6 and 7 of this Agreement.

(d) DISABILITY OF THE EMPLOYEE. This Agreement may be terminated by the Company upon the Disability of the Employee. "Disability" shall mean any mental or physical illness, condition, disability or incapacity which prevents the Employee from reasonably discharging his duties and responsibilities under this Agreement for a period of 180 consecutive days. In the event that any disagreement or dispute shall arise between the Company and the Employee as to whether the Employee suffers from any Disability, then, in such event, the Employee shall submit to the physical or mental examination of a physician licensed under the laws of the State of Florida, who is mutually agreeable to the Company and the Employee, and such physician shall determine whether the Employee suffers from any Disability. In the absence of fraud or bad faith, the determination of such physician shall be final and binding upon the Company and the Employee. The entire cost of such examination shall be paid for solely by the Company. In the event the Company has purchased Disability insurance for Employee, the Employee shall be deemed disabled if he is completely (fully) disabled as defined by the terms of the Disability policy. In the event that at any time during the term of this Agreement the Employee shall suffer a Disability and the Company terminates the Employee's employment for such Disability, such Disability shall be considered to be a termination by the Company without Cause or a termination by the Employee for Good Reason and the Severance Payments shall be paid to the Employee to the same extent and in the same manner as provided for in paragraph (c) above, except that payment of the Salary in

accordance with said paragraph shall be mitigated to the extent payments are made to the Employee pursuant to disability insurance programs maintained by the Company.

(e) DEATH OF THE EMPLOYEE. If during the term of this Agreement the Employee shall die, then the employment of the Employee by the Company shall automatically terminate on the date of the Employee's death. In such event, the Employee's death shall be considered to be a termination by the Company without Cause or a termination by the Employee for Good Reason and the Severance Payments shall be paid to the Employee's personal representative or estate to the same extent and in the same manner as provided for in paragraph (c) above, without mitigation for any insurance policies or other benefits held by the Employee. Once such payments have been made to the Employee's personal representative or estate as the case may be, the Company shall have no further obligations under this Agreement or otherwise to said personal representative or estate, or to any heirs of the Employee.

4. TERMINATION OF EMPLOYMENT BY EMPLOYEE FOR CHANGE OF CONTROL.

(a) TERMINATION RIGHTS. Notwithstanding the provisions of Section 2 and Section 3 of this Agreement, in the event that there shall occur a Change of Control (as defined below) of the Company and within two years after such Change of Control the Employee's employment hereunder is terminated by the Company without Cause or by the Employee for Good Reason, then the Company shall be required to pay to the Employee (i) the Severance Payment provided in Section 3(c), except that such Severance Payment shall be paid in a single lump sum in full, (ii) the product of three multiplied by the maximum Bonus that Executive would have been eligible for with respect to the Fiscal Year in which such termination occurs, assuming that all performance objectives are met, in a single lump sum. The foregoing payments shall be made no later than 10 days after the Employee's termination pursuant to this Section 4. To the extent that payments are owed by the Company to the Employee pursuant to this Section 4, they shall be made in lieu of payments pursuant to Section 3, and in no event shall the Company be required to make payments or provide benefits to the Employee under both Section 3 and Section 4.

(b) CHANGE OF CONTROL OF THE COMPANY DEFINED. For purposes of this Section 4, the term "Change of Control of the Company" shall mean any change in control of the Company of a nature which would be required to be reported (i) in response to Item 6(e) of Schedule 14A of Regulation 14A, as in effect on the date of this Agreement, promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) in response to Item 1 of the Current Report on Form 8-K, as in effect on the date of this Agreement, promulgated under the Exchange Act, or (iii) in any filing by the Company with the Securities and Exchange Commission; provided, however, that without limitation, a Change of Control of the Company shall be deemed to have occurred if:

(i) Any "person" (as such term is defined in Sections 13(d)(3) and Section 14(d)(3) of the Exchange Act), other than the Company, any majority-owned subsidiary of the Company, or any compensation plan of the Company or any majority-owned subsidiary of the

Company, becomes the "beneficial owner" (as such term is defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company;

(ii) During any period of three consecutive years during the term of this Agreement, the individuals who at the beginning of such period constitute the Board of Directors of the Company cease for any reason to constitute at least a majority of such Board of Directors, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least two-thirds of the directors then in office who were directors at the beginning of such period; or

(iii) The shareholders of the Company approve (1) a reorganization, merger, or consolidation with respect to which persons who were the shareholders of the Company immediately prior to such reorganization, merger, or consolidation do not immediately thereafter own more than 50% of the combined voting power entitled to vote generally in the election of the directors of the reorganized, merged or consolidated entity; (2) a liquidation or dissolution of the Company; or (3) the sale of all or substantially all of the assets of the Company or of a subsidiary of the Company that accounts for 30% of the consolidated revenues of the Company, but not including a reorganization, merger or consolidation of the Company.

5. GROSS-UP PAYMENT.

(a) AMOUNT. If any payment or benefit provided to the Employee by the Company (a "Base Payment") is subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any other similar tax that may hereafter be imposed), the Company shall pay to the Employee the "Gross-Up Payment" determined as follows. The "Gross-Up Payment" shall be equal to the sum of (i) the Excise Tax imposed with respect to the Base Payment, plus (ii) the Excise Tax imposed with respect to the Gross-Up Payment, plus (iii) all other taxes imposed on the Employee with respect to the Gross-Up Payment, including income taxes and the Employee's share of FICA, FUTA and other payroll taxes. The Gross-Up Payment shall not include the payment of any tax on the Base Payment other than the Excise Tax. The Gross-Up Payment is intended to place the Employee in the same economic position the Employee would have been in if the Excise Tax did not apply, and shall be calculated in accordance with such intent.

(b) TAX RATES AND ASSUMPTIONS. For purposes of determining the amount of the Gross-Up Payment, the Employee shall be deemed to pay Federal income taxes at the highest marginal rate of Federal income taxation in the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Employee's residence on the date of termination, net of the maximum reduction in Federal income taxes which could be obtained from deduction of such state and local taxes.

(c) PAYMENT AND CALCULATION PROCEDURES. The Gross-Up Payment attributable to a Base Payment shall be paid to the Employee in cash and at such times as such Base Payment is

paid or provided pursuant to this Agreement. Simultaneously with or prior to the Company's payment of a Base Payment, the Company shall deliver to the Employee a written statement specifying the total amount of the Base Payment and the Excise Tax and Gross-Up Payment relating to the Base Payment, if any, together with all supporting calculations and conclusions. If the Employee disagrees with the Company's determination of the Excise Tax or Gross-Up Payment, the Employee shall submit to the Company, no later than 30 days after receipt of the Company's written statement, a written notice advising the Company of the disagreement and setting forth the Employee's calculation of said amounts. The Employee's failure to submit such notice within such period shall be conclusively deemed to be an agreement by the Employee as to the amount of the Excise Tax and Gross-Up Payment, if any. If the Company agrees with the Employee's calculations, it shall pay any shortfall in the Gross-Up Payment to the Employee within 20 days after receipt of such a notice from the Employee. If the Company does not agree with the Employee's calculations, it shall provide the Employee with a written notice within 20 days after the receipt of the Employee's calculations advising the Employee that the disagreement is to be referred to an independent accounting firm for resolution. Such disagreement shall be referred to an independent "Big 5" accounting firm which is not the regular accounting firm of the Company and which is designated by the Company. The Company shall be required to designate such accounting firm within 10 days after issuance of the Company's notice of disagreement. The accounting firm shall review all information provided to it by the parties and submit a written report to the parties setting forth its calculation of the Excise Tax and the Gross-Up Payment within 15 days after submission of the matter to it, and such decision shall be final and binding on all of the parties. The fees and expenses charged by said accounting firm shall be paid by the Company. If the amount of the Gross-Up Payment actually paid by the Company was less than the amount calculated by the accounting firm, the Company shall pay the shortfall to the Employee within 5 days after the accounting firm submits its written report. If the amount of the Gross-Up Payment actually paid by the Company was greater than the amount calculated by the accounting firm, the Employee shall pay the excess to the Company within 5 days after the accounting firm submits its written report.

(d) SUBSEQUENT RECALCULATION. In the event the Internal Revenue Service or other applicable governmental authority imposes an Excise Tax with respect to a Base Payment that is greater than the amount of the Excise Tax determined pursuant to the immediately preceding paragraph, the Company shall reimburse the Employee for the full amount of such additional Excise Tax plus any interest and penalties which may be imposed in connection therewith, and pay to the Employee a Gross-up Payment sufficient to make the Employee whole and reimburse the Employee for any Excise Tax, income tax and other taxes imposed on the reimbursement of such additional Excise Tax and interest and penalties, in accordance with the principles set forth above.

(e) Example. The calculation of the Gross-Up Payment is illustrated by the example set forth in Schedule 5(e), attached to this Agreement and hereby incorporated by reference. The amounts set forth in such example are for illustration purposes only and no implication shall be drawn from such example as to the amounts otherwise payable to the Employee by the Company.

6. SUCCESSOR TO COMPANY. The Company shall require any successor, whether direct or indirect, to all or substantially all of the business, properties and assets of the Company whether by purchase, merger, consolidation or otherwise, prior to or simultaneously with such purchase, merger, consolidation or other acquisition to execute and to deliver to the Employee a written instrument in form and in substance reasonably satisfactory to the Employee pursuant to which any such successor shall agree to assume and to timely perform or to cause to be timely performed all of the Company's covenants, agreements and obligations set forth in this Agreement (a "Successor Agreement"). The failure of the Company to cause any such successor to execute and deliver a Successor Agreement to the Employee shall constitute a material breach of the provisions of this Agreement by the Company.

7. RESTRICTIVE COVENANTS. In consideration of his employment and the other benefits arising under this Agreement, the Employee agrees that during the term of this Agreement, and for a period of three (3) years following the termination of this Agreement, the Employee shall not directly or indirectly:

(a) alone or as a partner, joint venturer, officer, director, member, employee, consultant, agent, independent contractor or stockholder of, or lender to, any company or business, (i) engage in the business of solid waste collection, disposal or recycling (the "Solid Waste Services Business") in any market in which the Company or any of its subsidiaries or affiliates does business, or any other line of business which is entered into by the Company or any of its subsidiaries or affiliates during the term of this Agreement, or (ii) compete with the Company or any of its subsidiaries or affiliates in acquiring or merging with any other business or acquiring the assets of such other business; or

(b) for any reason, (i) induce any customer of the Company or any of its subsidiaries or affiliates to patronize any business directly or indirectly in competition with the Solid Waste Services Business conducted by the Company or any of its subsidiaries or affiliates in any market in which the Company or any of its subsidiaries or affiliates does business; (ii) canvass, solicit or accept from any customer of the Company or any of its subsidiaries or affiliates any such competitive business; or (iii) request or advise any customer or vendor of the Company or any of its subsidiaries or affiliates to withdraw, curtail or cancel any such customer's or vendor's business with the Company or any of its subsidiaries or affiliates; or

(c) for any reason, employ, or knowingly permit any company or business directly or indirectly controlled by him, to employ, any person who was employed by the Company or any of its subsidiaries or affiliates at or within the prior six months, or in any manner seek to induce any such person to leave his or her employment.

Notwithstanding the foregoing, the beneficial ownership of less than five percent (5%) of the shares of stock of any corporation having a class of equity securities actively traded on a national securities exchange or over-the-counter market shall not be deemed, in and of itself, to violate the prohibitions of this Section.

8. CONFIDENTIALITY. The Employee agrees that at all times during the term of this Agreement and after the termination of employment for as long as such information remains non- public information, the Employee shall (i) hold in confidence and refrain from disclosing to any other party all information, whether written or oral, tangible or intangible, of a private, secret, proprietary or confidential nature, of or concerning the Company or any of its subsidiaries or affiliates and their business and operations, and all files, letters, memoranda, reports, records, computer disks or other computer storage medium, data, models or any photographic or other tangible materials containing such information ("Confidential Information"), including without limitation, any sales, promotional or marketing plans, programs, techniques, practices or strategies, any expansion plans (including existing and entry into new geographic and/or product markets), and any customer lists, (ii) use the Confidential Information solely in connection with his employment with the Company or any of its subsidiaries or affiliates and for no other purpose, (iii) take all precautions necessary to ensure that the Confidential Information shall not be, or be permitted to be, shown, copied or disclosed to third parties, without the prior written consent of the Company or any of its subsidiaries or affiliates, and (iv) observe all security policies implemented by the Company or any of its subsidiaries or affiliates from time to time with respect to the Confidential Information. In the event that the Employee is ordered to disclose any Confidential Information, whether in a legal or regulatory proceeding or otherwise, the Employee shall provide the Company or any of its subsidiaries or affiliates with prompt notice of such request or order so that the Company or any of its subsidiaries or affiliates may seek to prevent disclosure. In addition to the foregoing the Employee shall not at any time libel, defame, ridicule or otherwise disparage the Company.

9. SPECIFIC PERFORMANCE; INJUNCTION. The parties agree and acknowledge that the restrictions contained in Sections 7 and 8 are reasonable in scope and duration and are necessary to protect the Company or any of its subsidiaries or affiliates. If any provision of Section 7 or 8 as applied to any party or to any circumstance is adjudged by a court to be invalid or unenforceable, the same shall in no way affect any other circumstance or the validity or enforceability of any other provision of this Agreement. If any such provision, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases, and in its reduced form, such provision shall then be enforceable and shall be enforced. The Employee agrees and acknowledges that the breach of Section 7 or 8 will cause irreparable injury to the Company or any of its subsidiaries or affiliates and upon breach of any provision of such Sections, the Company or any of its subsidiaries or affiliates shall be entitled to injunctive relief, specific performance or other equitable relief, without being required to post a bond; PROVIDED, HOWEVER, that, this shall in no way limit any other remedies which the Company or any of its subsidiaries or affiliates may have (including, without limitation, the right to seek monetary damages).

10. NOTICES. All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed given if delivered by hand delivery, by certified or registered mail (first class postage pre-paid), guaranteed overnight delivery or facsimile transmission if such

transmission is confirmed by delivery by certified or registered mail (first class postage pre-paid) or guaranteed overnight delivery to, the following addresses and telecopy numbers (or to such other addresses or telecopy numbers which such party shall designate in writing to the other parties): (a) if to the Company, at its principal executive offices, addressed to the Chairman of the Board, with a copy to the General Counsel; and (b) if to the Employee, at the address listed on the signature page hereto.

11. AMENDMENT; WAIVER. This Agreement may not be modified, amended, or supplemented, except by written instrument executed by all parties. No failure to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between the parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts. The rights and remedies of the parties under this Agreement are in addition to all other rights and remedies, at law or equity, that they may have against each other.

12. ASSIGNMENT; THIRD PARTY BENEFICIARY. This Agreement, and the Employee's rights and obligations hereunder, may not be assigned or delegated by him. The Company may assign its rights, and delegate its obligations, hereunder to any affiliate of the Company, or any successor to the Company or its Solid Waste Services Business, specifically including the restrictive covenants set forth in Section 7 hereof. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon its respective successors and assigns.

13. SEVERABILITY; SURVIVAL. In the event that any provision of this Agreement is found to be void and unenforceable by a court of competent jurisdiction, then such unenforceable provision shall be deemed modified so as to be enforceable (or if not subject to modification then eliminated herefrom) to the extent necessary to permit the remaining provisions to be enforced in accordance with the parties intention. The provisions of Sections 7 and 8 will survive the termination for any reason of the Employee's relationship with the Company.

14. INDEMNIFICATION. The Company agrees to indemnify the Employee during the term and after termination of this Agreement in accordance with the provisions of the Company's certificate of incorporation and bylaws and the Delaware General Corporation Law.

15. COUNTERPARTS. This Agreement may be signed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

16. GOVERNING LAW. This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of Florida applicable to contracts executed and to be wholly performed within such State.

17. ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between or among the parties with respect to such subject matter. Upon the execution of this Agreement the provisions of the Existing Employment Agreement shall be superseded and shall be of no further force and effect except as specifically preserved by the terms of this Agreement.

18. HEADINGS. The headings of Paragraphs and Sections are for convenience of reference and are not part of this Agreement and shall not affect the interpretation of any of its terms.

19. CONSTRUCTION. This Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any party. The parties acknowledge that each of them has reviewed this Agreement and has had the opportunity to have it reviewed by their respective attorneys and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

20. ATTORNEY'S FEES. If at any time following a Change of Control of the Company there should arise any dispute as to the validity, interpretation or application of any term or condition of this agreement, the Company agrees, upon written demand by the Employee (and Employee shall be entitled upon application to any court of competent jurisdiction, to the entry of a mandatory injunction, without the necessity of posting any bond with respect thereto, compelling the Company) to promptly provide sums sufficient to pay on a current basis (either directly or by reimbursing Employee) Employee's costs and reasonable attorneys' fees (including expenses of investigation and disbursements for the fees and expenses of experts, etc.) incurred by the Employee in connection with any such dispute or any litigation, provided that Employee shall repay any such amounts paid or advanced if Employee is not the prevailing party with respect to at least one material claim or issue in such dispute or litigation. If at any time when there has not previously been a Change of Control of the Company, there should arise any dispute or litigation as to the validity, interpretation or application of any term or condition of the Agreement, the prevailing party in such dispute or litigation shall be entitled to recover from the non-prevailing party its costs and reasonable attorneys' fees (including expenses of investigation and disbursements for the fees and expenses of experts, etc.) incurred in such dispute or litigation. The provisions of this Section 20, without implication as to any other section hereof, shall survive the expiration or termination of this Agreement and Employee's employment hereunder.

21. WITHHOLDING. All payments made to the Employee shall be made net of any applicable withholding for income taxes, Excise Tax and the Employee's share of FICA, FUTA or other taxes. The Company shall withhold such amounts from such payments to the extent required by applicable law and remit such amounts to the applicable governmental authorities in accordance with applicable law.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

REPUBLIC SERVICES, INC., a Delaware corporation

By: /s/ HARRIS W. HUDSON

Harris W. Hudson, Vice Chairman

EMPLOYEE:

/s/ JAMES E. O'CONNOR

JAMES E. O'CONNOR

Address for Notices:

8190 NW 47th Drive
Coral Springs, FL 33067

EXHIBIT 10.8

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement") is entered into this 12th day of October, 2000, by and between REPUBLIC SERVICES, INC., a Delaware corporation (the "Company"), and JAMES H. COSMAN, SR., a Florida resident (the "Employee").

R E C I T A L S

A. Employee and Republic Industries, Inc., a Delaware corporation and the former parent of Company ("Republic") entered into that certain Offer Letter, dated January 9, 1997 (the "Letter"). Pursuant to and in accordance with the terms and conditions set forth in the Letter, Employee was hired to serve as the President and Chief Operating Officer of Republic's Solid Waste Division for the period commencing on January 6, 1997 and continuing through and including January 6, 2000.

B. On June 30, 1998, the Company and Republic entered into a Separation and Distribution Agreement (the "Separation Agreement") pursuant to which (i) the Company was separated from Republic's other business, (ii) Republic caused the Company to consummate an initial public offering of the Company's common stock, and (iii) Republic agreed, upon the satisfaction of certain conditions, to distribute to Republic's stockholders the common stock of the Company on a tax-free basis. As part of the transactions consummated pursuant to the Separation Agreement, various obligations of Republic (including Republic's obligations under the Letter) were transferred to and assumed by the Company and Republic received a novation from its obligations thereunder.

C. On January 11, 1999, the Company and the Employee entered into that certain Employment Agreement (the "Employment Agreement"), the purpose of which was to affirm, amend and restate the provisions of the Letter on the terms and conditions set forth therein.

D. The Company and the Employee desire to enter into this Agreement and to further amend and restate in its entirety the Employment Agreement on the terms and conditions hereinafter provided.

A G R E E M E N T

In consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement, and subject to the approval of the compensation committee of the board of directors of the Company, the parties hereto agree as follows:

1. EMPLOYMENT.

A. RETENTION. Commencing on the date hereof and continuing until December 31, 2000, the Company agrees to employ the Employee as its President and Chief Operating Officer, and the Employee agrees to accept such employment, subject to the terms and conditions of this Agreement. Effective as of December 31, 2000, the Employee hereby agrees to resign as the President and Chief Operating Officer (but not as an employee) of the Company, and the Company hereby agrees to accept such resignation. Such resignation shall in no way affect the Employee's employment with the Company. Commencing on January 1, 2001, the Employee hereby agrees to be employed in a new position assisting the Company with Special Projects (the "Special Projects Position"), and the Company hereby agrees to employ the Employee in the Special Projects Position.

B. EMPLOYMENT PERIOD. The period during which the Employee shall serve as an employee of the Company shall commence on the date hereof and, unless earlier terminated pursuant to this Agreement, shall expire on January 6, 2005 (the "Employment Period"). For purposes of this Agreement, references herein to "Initial Employment Period" shall mean the period commencing on the date hereof and continuing until December 31, 2000, and references herein to "Subsequent Employment Period" shall mean the period commencing on January 1, 2001 and continuing until January 6, 2005. Together, the "Initial Employment Period" and the "Subsequent Employment Period" shall mean and be equal to the "Employment Period".

C. DUTIES AND RESPONSIBILITIES. During the Initial Employment Period, Employee shall serve as the Company's President and Chief Operating Officer and shall have such authority and responsibility and perform such duties as may be assigned to him from time to time by the Chief Executive Officer of the Company, and in the absence of such assignment, such duties customary to Employee's office as are necessary to the business and operations of the Company. During the Subsequent Employment Period, the Employee shall serve in the Special Projects Position and assist the Company with those Special Projects as are assigned to him by the Chief Executive Officer of the Company. Subject to the terms and conditions of this Agreement, during the Employment Period, the Employee's employment shall be full time and the Employee shall perform his duties honestly, diligently, in good faith and in the best interests of the Company and shall use his best efforts to promote the interests of the Company.

D. OTHER ACTIVITIES. Subject to the terms and conditions of this Agreement, during the Employment Period, Employee will not accept any other employment. The Employee shall be permitted to engage in any non-competitive businesses, not-for-profit organizations and other ventures, such as passive real estate investments, serving on charitable and civic boards and organizations, and similar activities, so long as such activities do not materially interfere with or detract from the performance of his duties or constitute a breach of any of the provisions contained in Section 4 hereof.

2. COMPENSATION.

A. BASE SALARY. In consideration for the Employee's services hereunder and the restrictive covenants contained herein: (i) during the Initial Employment Period, the Employee shall be paid a base salary equal to $425,000 per annum, and (ii) during the Subsequent Employment Period, the Employee shall be paid a base salary equal to $212,500 per annum. All amounts payable to the Employee pursuant to this Section 2.A. shall be payable in accordance with the Company's customary payroll practices.

B. BONUS. During the Initial Employment Period, the Employee shall be eligible for an annual bonus in an amount of up to 50% of the Employee's base salary of $425,000. The bonus shall be based on the achievement of corporate goals and objectives during the year 2000, and both such goals and objectives and the achievement thereof shall be determined in the sole discretion of the board of directors of the Company. During the Subsequent Employment Period, the Employee shall not participate in any bonus programs or be eligible to receive any bonus payments.

C. BENEFITS. During the Employment Period, the Employee shall be entitled to participate in any health and workers' compensation insurance programs, vacation and sick leave programs and 401(k) plans as are from time-to-time established and maintained for the benefit of the Company's employees generally, subject to the provisions of such plans and programs. Except as expressly provided in this Agreement, the Employee shall not be eligible to continue to participate in the Company's 1998 Stock Incentive Plan.

D. EXPENSES. In addition to the base salary and benefits described above, uring the Employment Period, the Employee shall be reimbursed for all out-of-pocket expenses reasonably incurred by him on behalf of or in connection with the business of the Company, pursuant to the normal standards and guidelines followed from time to time by the Company.

E. 1998 STOCK INCENTIVE PLAN. Options to acquire shares of the Company's common stock, par value $0.01 per share ("Stock"), which have previously been granted to the Employee under the Company's 1998 Stock Incentive Plan (the "Plan") shall continue to vest and be exercisable by the Employee during the Employment Period pursuant to the Options Summary attached hereto as EXHIBIT A. The Employee shall not be eligible to receive any additional grants of options to acquire shares of Stock.

F. RETIREMENT. Commencing on January 6, 2003 and continuing during the remainder of the Subsequent Employment Period, upon not less than thirty (30) days prior written notice to the Company, the Employee shall be eligible to retire as an employee of the Company. In the event the Employee chooses to retire as an employee of the Company (the date such retirement is deemed to be effective shall be the "Retirement Date"), the Employee shall have the option of receiving the remaining base salary payable hereunder in a lump sum payment, less all applicable tax withholding requirements (the "Lump Sum Payment"). The

parties hereto agree that selection of the Lump Sum Payment by the Employee shall cause the Employee's participation in the benefits programs described herein to immediately terminate, subject to rights granted to the Employee pursuant to the benefits continuation coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). The Employee shall receive COBRA disclosure materials on or shortly after his selection of the Lump Sum Payment. In addition, effective on the Retirement Date (and without regard to selection of the Lump Sum Payment at any time) and as provided in the Plan and the various Stock Option Agreements between the Company and the Employee, copies of which are attached as EXHIBIT B, (i) all unvested options to acquire shares of the Company's Stock which have previously been granted to the Employee shall be deemed vested as of the Retirement Date, and (ii) all vested and unexercised options to acquire shares of the Company's Stock granted to the Employee shall be exercisable by the Employee up to and including the third anniversary of the Retirement Date. To the extent there remain options to acquire the Company's Stock which have not been exercised by the Employee as of the third anniversary of the Retirement Date, such options shall expire.

3. TERMINATION.

A. FOR CAUSE. At any time during the Employment Period, the Company shall have the right to terminate the Employment Period and to discharge the Employee for Cause (as defined below) effective upon delivery of written notice to the Employee. Upon any such termination by the Company for Cause, the Employee or his legal representatives shall be entitled to that portion of the base salary prorated through the date of termination, and the Company shall have no further obligations hereunder from and after the date of such termination. Termination for Cause shall mean termination because of (i) the Employee's breach of his covenants contained in Sections 4 and 5 of this Agreement, (ii) the Employee's commission of an act constituting a felony, or (iii) the Employee's commission of an act (other than the good faith exercise of his business judgment in the exercise of his responsibilities) resulting in material damages to the Company or any of its subsidiaries or affiliates (the "Republic Group"). In the event of termination for Cause pursuant to clause (i) above, the Company shall first advise the Employee of the nature of such breach or the failure or refusal to perform, and shall provide the Employee with a 30 day period to cure such breach or to perform prior to the notice of termination for Cause becoming effective. If the Employee shall resign or otherwise terminate his employment with the Company, other than for Good Reason (as defined in 3.B. below), the Employee shall be deemed for purposes of this Agreement to have been terminated for Cause, and the Company shall have no further obligations hereunder from and after the date of such resignation or other termination.

B. WITHOUT CAUSE AND FOR GOOD REASON. At any time during the Employment Period, the Company shall have the right to terminate the Employment Period and to discharge the Employee without Cause effective upon delivery of written notice to the Employee, and the Employee shall have the right to terminate the Employment Period for Good Reason effective upon delivery of written notice to the Company. For purposes of this Agreement, "Good Reason"

shall mean (i) the Company has materially breached any provision of this Agreement and has not cured such breach following 30 days' notice of such breach from the Employee or (ii) the Employee has accepted other employment which fully complies with the provisions of Sections 4 and 5 of this Agreement. Upon any such termination by the Company without Cause, or by the Employee for Good Reason (or due to the Employee's death or disability), the Employee (or his estate) shall be entitled to continue to receive, without any mitigation obligation, his base salary (at the level in effect at the time of such termination) payable in accordance with Section 2.A., when and as the same would have been due and payable hereunder but for such termination, the continued vesting of options to acquire the Company's Stock as provided in Section 2.E., the option to "retire" as provided in Section 2.F., and his health insurance benefits, for a period ending at the end of the Employment Period (subject to the benefits continuation provisions of COBRA), and otherwise the Company shall have no further obligations hereunder from and after the date of such termination; PROVIDED, HOWEVER, that the Employee shall only be entitled to such base salary continuation payments and other benefits as long as he is in compliance with the provisions of Sections 4 and 5 below.

4. RESTRICTIVE COVENANTS.

In consideration of the foregoing, the Employee agrees that during the Employment Period, and for a period of three (3) years following the termination of the Employment Period, the Employee shall not directly or indirectly:

A. alone or as a partner, joint venturer, officer, director, member, employee, consultant, agent, independent contractor or stockholder of, or lender to, any company or business, (i) engage in the business of solid waste collection, disposal or recycling (the "Solid Waste Services Business") (Y) anywhere in the United States during the period commencing on the date hereof and continuing through and including the Retirement Date and (Z) following the Retirement Date, in any market in which the Company or any subsidiary or affiliate of the Company (collectively, the "Republic Group") does business or any market in which the Republic Group enters into and engages in the Solid Waste Services Business subsequent to the Retirement Date, or (ii) compete with the Republic Group in acquiring or merging with any other business or acquiring the assets of such other business; or

B. for any reason, (i) induce any customer of the Republic Group to patronize any business directly or indirectly in competition with the Solid Waste Services Business conducted by the Republic Group in any market in which the Republic Group does business; (ii) canvass, solicit or accept from any customer of the Republic Group any such competitive business; or (iii) request or advise any customer or vendor of the Republic Group to withdraw, curtail or cancel any such customer's or vendor's business with the Republic Group; or

C. for any reason, employ, or knowingly permit any company or business directly or indirectly controlled by him, to employ, any person who was employed by the Republic Group at or within the prior six months, or in any manner seek to induce any such

person to leave his or her employment. Notwithstanding the foregoing, the beneficial ownership of less than five percent (5%) of the shares of stock of any corporation having a class of equity securities actively traded on a national securities exchange or over-the-counter market shall not be deemed, in and of itself, to violate the prohibitions of this Section.

5. CONFIDENTIALITY.

The Employee agrees that at all times during and after the Employment Period, the Employee shall (i) hold in confidence and refrain from disclosing to any other party all information, whether written or oral, tangible or intangible, of a private, secret, proprietary or confidential nature, of or concerning the Republic Group and their business and operations, and all files, letters, memoranda, reports, records, computer disks or other computer storage medium, data, models or any photographic or other tangible materials containing such information ("Confidential Information"), including without limitation, any sales, promotional or marketing plans, programs, techniques, practices or strategies, any expansion plans (including existing and entry into new geographic and/or product markets), and any customer lists, (ii) use the Confidential Information solely in connection with his employment with the Republic Group and for no other purpose, (iii) take all precautions necessary to ensure that the Confidential Information shall not be, or be permitted to be, shown, copied or disclosed to third parties, without the prior written consent of the Republic Group, and (iv) observe all security policies implemented by the Republic Group from time to time with respect to the Confidential Information. In the event that the Employee is ordered to disclose any Confidential Information, whether in a legal or regulatory proceeding or otherwise, the Employee shall provide the Republic Group with prompt notice of such request or order so that the Republic Group may seek to prevent disclosure. In the case of any disclosure, the Employee shall disclose only that portion of the Confidential Information that he is ordered to disclose.

6. SPECIFIC PERFORMANCE; INJUNCTION.

The parties agree and acknowledge that the restrictions contained in Sections 4 and 5 are reasonable in scope and duration and are necessary to protect the Republic Group. If any provision of Section 4 or 5 as applied to any party or to any circumstance is adjudged by a court to be invalid or unenforceable, the same shall in no way affect any other circumstance or the validity or enforceability of any other provision of this Agreement. If any such provision, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases, and in its reduced form, such provision shall then be enforceable and shall be enforced. The Employee agrees and acknowledges that the breach of Section 4 or 5 will cause irreparable injury to the Republic Group and upon breach of any provision of such Sections, the Republic Group shall be entitled to injunctive relief, specific performance or other equitable relief, without being required to post a bond; PROVIDED, HOWEVER, that, this shall in no way limit any other remedies

which the Republic Group may have (including, without limitation, the right to seek monetary damages).

7. NOTICES.

All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed given if delivered by certified or registered mail (first class postage pre-paid),guaranteed overnight delivery or facsimile transmission if such transmission is confirmed by delivery by certified or registered mail (first class postage pre-paid) or guaranteed overnight delivery to, the following addresses and telecopy numbers (or to such other addresses or telecopy numbers which such party shall designate in writing to the other parties): (a) if to the Company, at its principal executive offices, addressed to the Chief Executive Officer, with a copy to the General Counsel; and (b) if to the Employee, at the address listed on the signature page hereto.

8. AMENDMENT; WAIVER.

This Agreement may not be modified, amended, supplemented, canceled or discharged, except by written instrument executed by all parties. No failure to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between the parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts. The rights and remedies of the parties under this Agreement are in addition to all other rights and remedies, at law or equity, that they may have against each other.

9. ASSIGNMENT; THIRD PARTY BENEFICIARY.

This Agreement, and the Employee's rights and obligations hereunder, may not be assigned or delegated by him. The Company may assign its rights, and delegate its obligations, hereunder to any affiliate of the Company, or any successor to the Company or its Solid Waste Services Business, specifically including the restrictive covenants set forth in Section 4 hereof. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon its respective successors and assigns.

10. SEVERABILITY; SURVIVAL.

In the event that any provision of this Agreement is found to be void and unenforceable by a court of competent jurisdiction, then such unenforceable provision shall be deemed modified so as to be enforceable (or if not subject to modification then eliminated herefrom) for the purpose of those procedures to the extent necessary to permit the remaining provisions to be enforced. The provisions of Sections 4 and 5 will survive the termination for any reason of the Employee's relationship with the Company.

11. COUNTERPARTS.

This Agreement may be signed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

12. GOVERNING LAW.

This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of Florida applicable to contracts executed and to be wholly performed within such State.

13. ENTIRE AGREEMENT.

This Agreement contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between or among the parties with respect to such subject matter.

14. HEADINGS.

The headings of Paragraphs and Sections are for convenience of reference and are not part of this Agreement and shall not affect the interpretation of any of its terms.

15. CONSTRUCTION.

This Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any party. The parties acknowledge that each of them has reviewed this Agreement and has had the opportunity to have it reviewed by their respective attorneys and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

16. ATTORNEYS' FEES.

The prevailing party in any litigation arising out of this Agreement shall be entitled to recover its attorneys' fees and costs from the other party.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

REPUBLIC SERVICES, INC., a Delaware corporation

By: /s/ JAMES E. O'CONNOR

Name: James E. O'Connor
Title: Chief Executive Officer

EMPLOYEE:

By: /s/ JAMES H. COSMAN, SR.

Name: JAMES H. COSMAN, SR.

Address for Notices:

700 S.E. 8th Street
Fort Lauderdale, FL 33316

EXHIBIT 10.9

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is effective as of October 25, 2000 (the "Effective Date"), by and between REPUBLIC SERVICES, INC., a Delaware corporation (the "Company"), and TOD C. HOLMES, a Florida resident (the "Employee").

Employee and the Company are parties to that Employment Agreement dated as of July 1, 1999 (the "Existing Employment Agreement") which is due to expire July 1, 2002.

Employee is currently an employee of the Company and is considered a valued employee that Company desires to retain by reconfirming the employment relationship pursuant to the terms of this Agreement.

In consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. EMPLOYMENT.

(a) RETENTION. The Company agrees to employ and/or continue the employment of the Employee as its Senior Vice President and Chief Financial Officer, and the Employee agrees to accept such employment, subject to the terms and conditions of this Agreement.

(b) EMPLOYMENT PERIOD. This Agreement shall commence on the Effective Date and, unless terminated in accordance with the terms of this Agreement shall continue in effect on a rolling two-year basis, such that at any time during the term of this Agreement there will be two years remaining (the "Employment Period"). Notwithstanding the evergreen nature of the Employment Period, the Company may terminate Employee at any time in accordance with the provisions of Section 3 of this Agreement.

(c) DUTIES AND RESPONSIBILITIES. During the Employment Period, the Employee shall serve as Senior Vice President and Chief Financial Officer and shall have such authority and responsibility and perform such duties as may be assigned to him from time to time by the Chief Executive Officer of the Company, and in the absence of such assignment, such duties as are customary to Employee's office and as are necessary or appropriate to the business and operations of the Company. During the Employment Period, the Employee's employment shall be full time and the Employee shall perform his duties honestly, diligently, in good faith and in the best interests of the Company and shall use his best efforts to promote the interests of the Company.

(d) OTHER ACTIVITIES. Except upon the prior written consent of the Company, the Employee, during the Employment Period, will not accept any other employment. The Employee shall be permitted to engage in any non-competitive businesses, not-for-profit organizations and other ventures, such as passive real estate investments, serving on charitable and civic boards and

organizations, and similar activities, so long as such activities do not materially interfere with or detract from the performance of Employee's duties or constitute a breach of any of the provisions contained in Section 6 of this Agreement.

2. COMPENSATION.

(a) BASE SALARY. In consideration for the Employee's services hereunder and the restrictive covenants contained herein, the Employee shall be paid an annual base salary of $280,000 for the 2000 Fiscal Year, $315,000 for the 2001 Fiscal Year and $350,000 for the 2002 Fiscal Year (the "Salary"), payable in accordance with the Company's customary payroll practices. Notwithstanding the foregoing, Employee's annual Salary may be increased at anytime and from time to time to levels greater than the levels set forth in the preceding sentence at the discretion of the Board of Directors of the Company to reflect merit or other increases. The Salary for each Fiscal Year shall become effective as of January 1 of such Fiscal year. The Employee's Salary for any Fiscal Year after 2002 shall remain as set for the 2002 Fiscal Year unless the Board of Directors expressly provides otherwise.

(b) BONUS. In addition to the Salary, the Employee shall be eligible to receive a bonus ("Bonus") in an amount up to 40% of the Employee's Base Salary during the 2000 Fiscal Year, in an amount up to 40% of the Employee's Base Salary during the 2001 Fiscal Year, and in an amount up to 50% of the Employee's Base Salary for the 2002 Fiscal Year. The Bonus shall be based on the achievement of corporate goals and objectives as established by the Compensation Committee of the Board of Directors. The achievement of said goals and objectives shall be determined by the Compensation Committee of the Board of Directors. With respect to any Fiscal Year during which the Employee is employed by the Company for less than the entire Fiscal Year, the Bonus shall be prorated for the period during which the Employee was so employed. The Bonus shall be payable within thirty (30) days after the end of the Company's Fiscal Year. The term "Fiscal Year" as used herein shall mean each period of twelve (12) calendar months commencing on January 1st of each calendar year during the Employment Period and expiring on December 31st of such year. The maximum percentage of Base Salary which the Employee's Bonus for any year after the 2002 Fiscal Year may represent shall remain as set for the 2002 Fiscal Year unless the Board of Directors expressly provides otherwise.

(c) MERIT AND OTHER BONUSES. Employee shall be entitled to such other bonuses as may be determined by the Board of Directors of the Company or by a committee of the Board of Directors as determined by the Board of Directors, in its sole discretion.

(d) EXISTING STOCK OPTIONS. The Company has issued to the Employee options to purchase shares of the Company's Common Stock pursuant to the terms of various Option Agreements and the terms of the Company's 1998 Stock Incentive Plan (the "Outstanding Option Grants"). The options issued or to be issued under the Outstanding Option Grants shall continue to be subject to the terms of the Option Agreements, except to the extent otherwise provided for in this Agreement.

(e) OTHER STOCK OPTIONS. The Employee shall be entitled to participate and receive option grants under the 1998 Stock Incentive Plan and such other incentive or stock option plans as may be in effect from time-to-time, as determined by the Board of Directors of the Company.

(f) OTHER COMPENSATION PROGRAMS. The Employee shall be entitled to participate in the Company's incentive and deferred compensation programs and such other programs as are established and maintained for the benefit of the Company's employees or executive officers, subject to the provisions of such plans or programs.

(g) HEALTH INSURANCE. The Company shall pay for Employee's and his family's health insurance including without limitation comprehensive major medical and hospitalization coverage including dental and optical coverage under all group medical plans from time to time in effect for the benefit of the Company's employees or executive officers.

(h) LIFE INSURANCE. The Company shall purchase and maintain in effect one or more term insurance policies on the life of the Employee in an aggregate amount not less than two times his Base Salary in effect from time to time during the term of employment. The beneficiary of such policy shall be the person or persons who the Employee designates in writing to the Company.

(i) DISABILITY INSURANCE. The Company shall pay for the Employee to participate in the Company's disability insurance in effect from time to time. The Company shall pay for the maximum coverage commercially available. To the extent the Company does not have a disability insurance plan or other retirement plan, then the Company shall arrange, at its expense, for the Employee to participate in such plan.

(j) OTHER BENEFITS. During the term of this Agreement, the Employee shall also be entitled to participate in any other health insurance programs, life insurance programs, disability programs, stock option plans, bonus plans, pension plans and other fringe benefit plans and programs as are from time to time established and maintained for the benefit of the Company's employees or executive officers, subject to the provisions of such plans and programs.

(k) EXPENSES. The Employee shall be reimbursed for all out-of-pocket expenses reasonably incurred by him on behalf of or in connection with the business of the Company, pursuant to the normal standards and guidelines followed from time to time by the Company.

3. TERMINATION.

(a) FOR CAUSE. The Company shall have the right to terminate this Agreement and to discharge the Employee for Cause (as defined below), at any time during the term of this Agreement. Termination for Cause shall mean, during the term of this Agreement, (i) Employee's

willful and continued failure to substantially perform his duties after he has received written notice from the Company identifying the actions or omissions constituting willful and continued failure to perform, (ii) Employee's conduct that would constitute a crime under federal or state law, (iii) Employee's actions or omissions that constitute fraud, dishonesty or gross misconduct, (iv) Employee's breach of any fiduciary duty that causes material injury to the Company, (v) Employee's breach of any duty causing material injury to the Company, (vi) Employee's inability to perform his material duties to the reasonable satisfaction of the Company due to alcohol or other substance abuse, or (vii) any violation of the Company's policies or procedures involving discrimination, harassment, substance abuse or work place violence. Any termination for Cause pursuant to this Section shall be given to the Employee in writing and shall set forth in detail all acts or omissions upon which the Company is relying to terminate the Employee for Cause.

Upon any determination by the Company that Cause exists to terminate the Employee, the Company shall cause a special meeting of the Board of Directors to be called and held at a time mutually convenient to the Board of Directors and Employee, but in no event later than ten (10) business days after Employee's receipt of the notice that the Company intends to terminate the Employee for Cause. Employee shall have the right to appear before such special meeting of the Board of Directors with legal counsel of his choosing to refute such allegations and shall have a reasonable period of time to cure any actions or omissions which provide the Company with a basis to terminate the Employee for Cause (provided that such cure period shall not exceed 30 days). A majority of the members of the Board of Directors must affirm that Cause exists to terminate the Employee. No finding by the Board of Directors will prevent the Employee from contesting such determination through appropriate legal proceedings provided that the Employee's sole remedy shall be to sue for damages, not reinstatement, and damages shall be limited to those that would be paid to the Employee if he had been terminated without Cause. In the event the Company terminates the Employee for Cause, the Company shall only be obligated to continue to pay in the ordinary and normal course of its business to the Employee his Salary plus accrued but unused vacation time through the termination date and the Company shall have no further obligations to Employee from and after the date of termination.

(b) RESIGNATION BY EMPLOYEE WITHOUT GOOD REASON. If the Employee shall resign or otherwise terminate his employment with the Company at anytime during the term of this Agreement, other than for Good Reason (as defined below), the Employee shall only be entitled to receive his accrued and unpaid Salary through the termination date, and the Company shall have no further obligations under this Agreement from and after the date of resignation.

(c) TERMINATION BY COMPANY WITHOUT CAUSE AND BY EMPLOYEE FOR GOOD REASON. At any time during the term of this Agreement, (i) the Company shall have the right to terminate this Agreement and to discharge the Employee without Cause effective upon delivery of written notice to the Employee, and (ii) the Employee shall have the right to terminate this Agreement for Good Reason effective upon delivery of written notice to the Company. For purposes of this Agreement, "Good Reason" shall mean: (i) the Company has materially reduced the duties and responsibilities of the Employee to a level not appropriate for an officer of a publicly-traded

company holding the position provided for in Section 1(a), (ii) the Company has breached any material provision of this Agreement and has not cured such breach within 30 days of receipt of written notice of such breach from the Employee, (iii) Company has reduced the Employee's annual Salary by more than 10% from the prior Fiscal Year (nothing in this clause implies that the Company may reduce the Employee's Salary below the levels provided for in Section 2(a)), (iv) the Company has terminated the Employee's participation in one or more of the Company's sponsored benefit or incentive plans and no other executive officer has had his participation terminated, (v) a failure by the Company (1) to continue any bonus plan, program or arrangement in which Employee in which Employee is entitled to participate ("Bonus Plans"), provided that any such Bonus Plans may be modified at the Company's discretion from time to time but shall be deemed terminated if (x) any such plan does not remain substantially in the form in effect prior to such modification and (y) if plans providing Employee with substantially similar benefits are not substituted therefor ("Substitute Plans"), or (2) to continue Employee as a participant in the Bonus Plans and Substitute Plans on at least a basis which is substantially the same as to potential amount of the bonus the Employee participated in prior to any change in such plans or awards, in accordance with the Bonus Plans and the Substitute Plans (a plan shall be considered to be on a basis substantially the same as another if the potential amount payable thereunder is at least 90% of the potential amount payable under the other plan), (vi) the Employee's office is relocated by the Company to a location which is not located within the Florida counties of Miami-Dade, Broward or Palm Beach, or (vii) the Company's termination without Cause of the continuation of the Employment Period provided in this Agreement. Upon any such termination by the Company without Cause, or by the Employee for Good Reason, the Company shall pay to the Employee all of the Employee's accrued but unpaid Salary through the date of termination, and continue to pay to or provide for the Employee (a) his Salary payable in accordance with Section 2(a) for two (2) years from the date of termination, when and as the same would have been due and payable hereunder but for such termination, (b) all health benefits in which Employee was entitled to participate at any time during the 12-month period prior to the date of termination, until the earliest to occur of the second anniversary of the date of termination, the Employee's death, or the date on which the Employee becomes covered by a comparable health benefit plan by a subsequent employer; provided, however, that in the event that Employee's continued participation in any health benefit plan of the Company is prohibited, the Company will arrange to provide Employee with benefits substantially similar to those which Employee would have been entitled to receive under such plan for such period on a basis which provides Employee with no additional after tax cost, (c) all stock option grants, or other stock grants whether part of the Outstanding Option Grant or any options issued during the term of this Agreement, will immediately vest and such options will remain exercisable for the lesser of the unexpired term of the option without regard to the termination of Employee's employment or two (2) years from the date of termination of employment, (d) all long term incentive cash grants provided to the Employee shall immediately vest as if all targets and conditions had been met and shall be paid by the Company to the Employee at such times as the Company would have been required to make such payments if this Agreement had remained in effect, provided, however, that in the case of incentives partially or completely contingent on the providing of service for a specific period of time, the total amount to be paid by the Company shall be equal to the maximum amount payable if all conditions were met, multiplied by a fraction, the numerator of which is the period of

service that would have been served if the Employee's employment had terminated as of the last day of the fiscal year in which his employment was terminated, and the denominator of which is the total period of time specified as a condition to the incentive, and (e) as of the termination date the Employee shall be paid the balance of all amounts credited to Employee's deferred compensation account plus a gross-up payment to reimburse the Employee for all income and other taxes imposed with respect to the payment of said balance and all income and other taxes arising as a result of said gross-up payment such that the payment of the deferred compensation balance of the Employee is made to the Employee free of all taxes thereon whatsoever (collectively, the foregoing consideration payable to the Employee shall be referred to herein as the "Severance Payment"). Other than the Severance Payment, the Company shall have no further obligation to the Employee except for the obligations set forth in Section 13 of this Agreement after the date of such termination; PROVIDED, HOWEVER, that the Employee shall only be entitled to continuation of the Severance Payments as long as he is in compliance with the provisions of Sections 6 and 7 of this Agreement.

(d) DISABILITY OF THE EMPLOYEE. This Agreement may be terminated by the Company upon the Disability of the Employee. "Disability" shall mean any mental or physical illness, condition, disability or incapacity which prevents the Employee from reasonably discharging his duties and responsibilities under this Agreement for a period of 180 consecutive days. In the event that any disagreement or dispute shall arise between the Company and the Employee as to whether the Employee suffers from any Disability, then, in such event, the Employee shall submit to the physical or mental examination of a physician licensed under the laws of the State of Florida, who is mutually agreeable to the Company and the Employee, and such physician shall determine whether the Employee suffers from any Disability. In the absence of fraud or bad faith, the determination of such physician shall be final and binding upon the Company and the Employee. The entire cost of such examination shall be paid for solely by the Company. In the event the Company has purchased Disability insurance for Employee, the Employee shall be deemed disabled if he is completely (fully) disabled as defined by the terms of the Disability policy. In the event that at any time during the term of this Agreement the Employee shall suffer a Disability and the Company terminates the Employee's employment for such Disability, such Disability shall be considered to be a termination by the Company without Cause or a termination by the Employee for Good Reason and the Severance Payments shall be paid to the Employee to the same extent and in the same manner as provided for in paragraph (c) above, except that payment of the Salary in accordance with said paragraph shall be mitigated to the extent payments are made to the Employee pursuant to disability insurance programs maintained by the Company.

(e) DEATH OF THE EMPLOYEE. If during the term of this Agreement the Employee shall die, then the employment of the Employee by the Company shall automatically terminate on the date of the Employee's death. In such event, the Employee's death shall be considered to be a termination by the Company without Cause or a termination by the Employee for Good Reason and the Severance Payments shall be paid to the Employee's personal representative or estate to the same extent and in the same manner as provided for in paragraph (c) above, without mitigation for any insurance policies or other benefits held by the Employee. Once such payments have been made to the Employee's personal representative or estate as the case may be, the Company shall have no

further obligations under this Agreement or otherwise to said personal representative or estate, or to any heirs of the Employee.

4. TERMINATION OF EMPLOYMENT BY EMPLOYEE FOR CHANGE OF CONTROL.

(a) TERMINATION RIGHTS. Notwithstanding the provisions of Section 2 and Section 3 of this Agreement, in the event that there shall occur a Change of Control (as defined below) of the Company and within two years after such Change of Control the Employee's employment hereunder is terminated by the Company without Cause or by the Employee for Good Reason, then the Company shall be required to pay to the Employee (i) the Severance Payment provided in Section 3(c), except that such Severance Payment shall be paid in a single lump sum in full, (ii) the product of two multiplied by the maximum Bonus that Employee would have been eligible for with respect to the Fiscal Year in which such termination occurs, assuming that all performance objectives are met, in a single lump sum. The foregoing payments shall be made no later than 10 days after the Employee's termination pursuant to this Section 4. To the extent that payments are owed by the Company to the Employee pursuant to this Section 4, they shall be made in lieu of payments pursuant to Section 3, and in no event shall the Company be required to make payments or provide benefits to the Employee under both Section 3 and Section 4.

(b) CHANGE OF CONTROL OF THE COMPANY DEFINED. For purposes of this Section 4, the term "Change of Control of the Company" shall mean any change in control of the Company of a nature which would be required to be reported (i) in response to Item 6(e) of Schedule 14A of Regulation 14A, as in effect on the date of this Agreement, promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) in response to Item 1 of the Current Report on Form 8-K, as in effect on the date of this Agreement, promulgated under the Exchange Act, or (iii) in any filing by the Company with the Securities and Exchange Commission; provided, however, that without limitation, a Change of Control of the Company shall be deemed to have occurred if:

(i) Any "person" (as such term is defined in Sections 13(d)(3) and Section 14(d)(3) of the Exchange Act), other than the Company, any majority-owned subsidiary of the Company, or any compensation plan of the Company or any majority-owned subsidiary of the Company, becomes the "beneficial owner" (as such term is defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company;

(ii) During any period of three consecutive years during the term of this Agreement, the individuals who at the beginning of such period constitute the Board of Directors of the Company cease for any reason to constitute at least a majority of such Board of Directors, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least two-thirds of the directors then in office who were directors at the beginning of such period; or

(iii) The shareholders of the Company approve (1) a reorganization, merger, or consolidation with respect to which persons who were the shareholders of the Company immediately prior to such reorganization, merger, or consolidation do not immediately thereafter own more than 50% of the combined voting power entitled to vote generally in the election of the directors of the reorganized, merged or consolidated entity; (2) a liquidation or dissolution of the Company; or (3) the sale of all or substantially all of the assets of the Company or of a subsidiary of the Company that accounts for 30% of the consolidated revenues of the Company, but not including a reorganization, merger or consolidation of the Company.

5. GROSS-UP PAYMENT.

(a) AMOUNT. If any payment or benefit provided to the Employee by the Company (a "Base Payment") is subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any other similar tax that may hereafter be imposed), the Company shall pay to the Employee the "Gross-Up Payment" determined as follows. The "Gross-Up Payment" shall be equal to the sum of (i) the Excise Tax imposed with respect to the Base Payment, plus (ii) the Excise Tax imposed with respect to the Gross-Up Payment, plus (iii) all other taxes imposed on the Employee with respect to the Gross-Up Payment, including income taxes and the Employee's share of FICA, FUTA and other payroll taxes. The Gross-Up Payment shall not include the payment of any tax on the Base Payment other than the Excise Tax. The Gross-Up Payment is intended to place the Employee in the same economic position the Employee would have been in if the Excise Tax did not apply, and shall be calculated in accordance with such intent.

(b) TAX RATES AND ASSUMPTIONS. For purposes of determining the amount of the Gross-Up Payment, the Employee shall be deemed to pay Federal income taxes at the highest marginal rate of Federal income taxation in the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Employee's residence on the date of termination, net of the maximum reduction in Federal income taxes which could be obtained from deduction of such state and local taxes.

(c) PAYMENT AND CALCULATION PROCEDURES. The Gross-Up Payment attributable to a Base Payment shall be paid to the Employee in cash and at such times as such Base Payment is paid or provided pursuant to this Agreement. Simultaneously with or prior to the Company's payment of a Base Payment, the Company shall deliver to the Employee a written statement specifying the total amount of the Base Payment and the Excise Tax and Gross-Up Payment relating to the Base Payment, if any, together with all supporting calculations and conclusions. If the Employee disagrees with the Company's determination of the Excise Tax or Gross-Up Payment, the Employee shall submit to the Company, no later than 30 days after receipt of the Company's written statement, a written notice advising the Company of the disagreement and setting forth the Employee's calculation of said amounts. The Employee's failure to submit such notice within such period shall be conclusively deemed to be an agreement by the Employee as to the amount of the Excise Tax and Gross-Up Payment, if any. If the Company agrees with the Employee's calculations, it shall pay any shortfall in the Gross-Up Payment to the Employee within 20 days after receipt of

such a notice from the Employee. If the Company does not agree with the Employee's calculations, it shall provide the Employee with a written notice within 20 days after the receipt of the Employee's calculations advising the Employee that the disagreement is to be referred to an independent accounting firm for resolution. Such disagreement shall be referred to an independent "Big 5" accounting firm which is not the regular accounting firm of the Company and which is designated by the Company. The Company shall be required to designate such accounting firm within 10 days after issuance of the Company's notice of disagreement. The accounting firm shall review all information provided to it by the parties and submit a written report to the parties setting forth its calculation of the Excise Tax and the Gross-Up Payment within 15 days after submission of the matter to it, and such decision shall be final and binding on all of the parties. The fees and expenses charged by said accounting firm shall be paid by the Company. If the amount of the Gross-Up Payment actually paid by the Company was less than the amount calculated by the accounting firm, the Company shall pay the shortfall to the Employee within 5 days after the accounting firm submits its written report. If the amount of the Gross-Up Payment actually paid by the Company was greater than the amount calculated by the accounting firm, the Employee shall pay the excess to the Company within 5 days after the accounting firm submits its written report.

(d) SUBSEQUENT RECALCULATION. In the event the Internal Revenue Service or other applicable governmental authority imposes an Excise Tax with respect to a Base Payment that is greater than the amount of the Excise Tax determined pursuant to the immediately preceding paragraph, the Company shall reimburse the Employee for the full amount of such additional Excise Tax plus any interest and penalties which may be imposed in connection therewith, and pay to the Employee a Gross-up Payment sufficient to make the Employee whole and reimburse the Employee for any Excise Tax, income tax and other taxes imposed on the reimbursement of such additional Excise Tax and interest and penalties, in accordance with the principles set forth above.

(e) Example. The calculation of the Gross-Up Payment is illustrated by the example set forth in Schedule 5(e), attached to this Agreement and hereby incorporated by reference. The amounts set forth in such example are for illustration purposes only and no implication shall be drawn from such example as to the amounts otherwise payable to the Employee by the Company.

6. SUCCESSOR TO COMPANY. The Company shall require any successor, whether direct or indirect, to all or substantially all of the business, properties and assets of the Company whether by purchase, merger, consolidation or otherwise, prior to or simultaneously with such purchase, merger, consolidation or other acquisition to execute and to deliver to the Employee a written instrument in form and in substance reasonably satisfactory to the Employee pursuant to which any such successor shall agree to assume and to timely perform or to cause to be timely performed all of the Company's covenants, agreements and obligations set forth in this Agreement (a "Successor Agreement"). The failure of the Company to cause any such successor to execute and deliver a Successor Agreement to the Employee shall constitute a material breach of the provisions of this Agreement by the Company.

7. RESTRICTIVE COVENANTS. In consideration of his employment and the other benefits arising under this Agreement, the Employee agrees that during the term of this Agreement, and for a period of three (3) years following the termination of this Agreement, the Employee shall not directly or indirectly:

(a) alone or as a partner, joint venturer, officer, director, member, employee, consultant, agent, independent contractor or stockholder of, or lender to, any company or business, (i) engage in the business of solid waste collection, disposal or recycling (the "Solid Waste Services Business") in any market in which the Company or any of its subsidiaries or affiliates does business, or any other line of business which is entered into by the Company or any of its subsidiaries or affiliates during the term of this Agreement, or (ii) compete with the Company or any of its subsidiaries or affiliates in acquiring or merging with any other business or acquiring the assets of such other business; or

(b) for any reason, (i) induce any customer of the Company or any of its subsidiaries or affiliates to patronize any business directly or indirectly in competition with the Solid Waste Services Business conducted by the Company or any of its subsidiaries or affiliates in any market in which the Company or any of its subsidiaries or affiliates does business; (ii) canvass, solicit or accept from any customer of the Company or any of its subsidiaries or affiliates any such competitive business; or (iii) request or advise any customer or vendor of the Company or any of its subsidiaries or affiliates to withdraw, curtail or cancel any such customer's or vendor's business with the Company or any of its subsidiaries or affiliates; or

(c) for any reason, employ, or knowingly permit any company or business directly or indirectly controlled by him, to employ, any person who was employed by the Company or any of its subsidiaries or affiliates at or within the prior six months, or in any manner seek to induce any such person to leave his or her employment.

Notwithstanding the foregoing, the beneficial ownership of less than five percent (5%) of the shares of stock of any corporation having a class of equity securities actively traded on a national securities exchange or over-the-counter market shall not be deemed, in and of itself, to violate the prohibitions of this Section.

8. CONFIDENTIALITY. The Employee agrees that at all times during the term of this Agreement and after the termination of employment for as long as such information remains non- public information, the Employee shall (i) hold in confidence and refrain from disclosing to any other party all information, whether written or oral, tangible or intangible, of a private, secret, proprietary or confidential nature, of or concerning the Company or any of its subsidiaries or affiliates and their business and operations, and all files, letters, memoranda, reports, records, computer disks or other computer storage medium, data, models or any photographic or other tangible materials containing such information ("Confidential Information"), including without limitation, any sales, promotional or marketing plans, programs, techniques, practices or strategies, any expansion plans (including existing and entry into new geographic and/or product markets), and

any customer lists, (ii) use the Confidential Information solely in connection with his employment with the Company or any of its subsidiaries or affiliates and for no other purpose, (iii) take all precautions necessary to ensure that the Confidential Information shall not be, or be permitted to be, shown, copied or disclosed to third parties, without the prior written consent of the Company or any of its subsidiaries or affiliates, and (iv) observe all security policies implemented by the Company or any of its subsidiaries or affiliates from time to time with respect to the Confidential Information. In the event that the Employee is ordered to disclose any Confidential Information, whether in a legal or regulatory proceeding or otherwise, the Employee shall provide the Company or any of its subsidiaries or affiliates with prompt notice of such request or order so that the Company or any of its subsidiaries or affiliates may seek to prevent disclosure. In addition to the foregoing the Employee shall not at any time libel, defame, ridicule or otherwise disparage the Company.

9. SPECIFIC PERFORMANCE; INJUNCTION. The parties agree and acknowledge that the restrictions contained in Sections 7 and 8 are reasonable in scope and duration and are necessary to protect the Company or any of its subsidiaries or affiliates. If any provision of Section 7 or 8 as applied to any party or to any circumstance is adjudged by a court to be invalid or unenforceable, the same shall in no way affect any other circumstance or the validity or enforceability of any other provision of this Agreement. If any such provision, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases, and in its reduced form, such provision shall then be enforceable and shall be enforced. The Employee agrees and acknowledges that the breach of Section 7 or 8 will cause irreparable injury to the Company or any of its subsidiaries or affiliates and upon breach of any provision of such Sections, the Company or any of its subsidiaries or affiliates shall be entitled to injunctive relief, specific performance or other equitable relief, without being required to post a bond; PROVIDED, HOWEVER, that, this shall in no way limit any other remedies which the Company or any of its subsidiaries or affiliates may have (including, without limitation, the right to seek monetary damages).

10. NOTICES. All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed given if delivered by hand delivery, by certified or registered mail (first class postage pre-paid), guaranteed overnight delivery or facsimile transmission if such transmission is confirmed by delivery by certified or registered mail (first class postage pre-paid) or guaranteed overnight delivery to, the following addresses and telecopy numbers (or to such other addresses or telecopy numbers which such party shall designate in writing to the other parties): (a) if to the Company, at its principal executive offices, addressed to the President, with a copy to the General Counsel; and (b) if to the Employee, at the address listed on the signature page hereto.

11. AMENDMENT; WAIVER. This Agreement may not be modified, amended, or supplemented, except by written instrument executed by all parties. No failure to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise

of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between the parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts. The rights and remedies of the parties under this Agreement are in addition to all other rights and remedies, at law or equity, that they may have against each other.

12. ASSIGNMENT; THIRD PARTY BENEFICIARY. This Agreement, and the Employee's rights and obligations hereunder, may not be assigned or delegated by him. The Company may assign its rights, and delegate its obligations, hereunder to any affiliate of the Company, or any successor to the Company or its Solid Waste Services Business, specifically including the restrictive covenants set forth in Section 7 hereof. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon its respective successors and assigns.

13. SEVERABILITY; SURVIVAL. In the event that any provision of this Agreement is found to be void and unenforceable by a court of competent jurisdiction, then such unenforceable provision shall be deemed modified so as to be enforceable (or if not subject to modification then eliminated herefrom) to the extent necessary to permit the remaining provisions to be enforced in accordance with the parties intention. The provisions of Sections 7 and 8 will survive the termination for any reason of the Employee's relationship with the Company.

14. INDEMNIFICATION. The Company agrees to indemnify the Employee during the term and after termination of this Agreement in accordance with the provisions of the Company's certificate of incorporation and bylaws and the Delaware General Corporation Law.

15. COUNTERPARTS. This Agreement may be signed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

16. GOVERNING LAW. This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of Florida applicable to contracts executed and to be wholly performed within such State.

17. ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between or among the parties with respect to such subject matter. Upon the execution of this Agreement the provisions of the Existing Employment Agreement shall be superseded and shall be of no further force and effect except as specifically preserved by the terms of this Agreement.

18. HEADINGS. The headings of Paragraphs and Sections are for convenience of reference and are not part of this Agreement and shall not affect the interpretation of any of its terms.

19. CONSTRUCTION. This Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any party. The parties acknowledge that each of them has reviewed this Agreement and has had the opportunity to have it reviewed by their respective attorneys and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

20. ATTORNEY'S FEES. If at any time following a Change of Control of the Company, there should arise any dispute as to the validity, interpretation or application of any term or condition of this Agreement, the Company agrees, upon written demand by the Employee (and Employee shall be entitled upon application to any court of competent jurisdiction, to the entry of a mandatory injunction, without the necessity of posting any bond with respect thereto, compelling the Company) to promptly provide sums sufficient to pay on a current basis (either directly or by reimbursing Employee) Employee's costs and reasonable attorneys' fees (including expenses of investigation and disbursements for the fees and expenses of experts, etc.) incurred by the Employee in connection with any such dispute or any litigation, provided that Employee shall repay any such amounts paid or advanced if Employee is not the prevailing party with respect to at least one material claim or issue in such dispute or litigation. If at any time when there has not previously been a Change of Control of the Company, there should arise any dispute or litigation as to the validity, interpretation or application of any term or condition of the Agreement, the prevailing party in such dispute or litigation shall be entitled to recover from the non-prevailing party its costs and reasonable attorneys' fees (including expenses of investigation and disbursements for the fees and expenses of experts, etc.) incurred in such dispute or litigation. The provisions of this Section 20, without implication as to any other section hereof, shall survive the expiration or termination of this Agreement and Employee's employment hereunder.

21. WITHHOLDING. All payments made to the Employee shall be made net of any applicable withholding for income taxes, Excise Tax and the Employee's share of FICA, FUTA or other taxes. The Company shall withhold such amounts from such payments to the extent required by applicable law and remit such amounts to the applicable governmental authorities in accordance with applicable law.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

REPUBLIC SERVICES, INC., a Delaware corporation

By: /s/ HARRIS W. HUDSON

Harris W. Hudson, Vice Chairman

EMPLOYEE:

/s/ TOD C. HOLMES

TOD C. HOLMES

Address for Notices:

1617 SE 15th Street, #102
Ft. Lauderdale, FL 33316

EXHIBIT 10.10

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is effective as of October 25, 2000 (the "Effective Date"), by and between REPUBLIC SERVICES, INC., a Delaware corporation (the "Company"), and DAVID A. BARCLAY, a Florida resident (the "Employee").

Employee and the Company are parties to that Employment Agreement dated as of July 1, 1999 (the "Existing Employment Agreement") which is due to expire July 1, 2002.

Employee is currently an employee of the Company and is considered a valued employee that Company desires to retain by reconfirming the employment relationship pursuant to the terms of this Agreement.

In consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. EMPLOYMENT.

(a) RETENTION. The Company agrees to employ and/or continue the employment of the Employee as its Senior Vice President and General Counsel, and the Employee agrees to accept such employment, subject to the terms and conditions of this Agreement.

(b) EMPLOYMENT PERIOD. This Agreement shall commence on the Effective Date and, unless terminated in accordance with the terms of this Agreement shall continue in effect on a rolling two-year basis, such that at any time during the term of this Agreement there will be two years remaining (the "Employment Period"). Notwithstanding the evergreen nature of the Employment Period, the Company may terminate Employee at any time in accordance with the provisions of Section 3 of this Agreement.

(c) DUTIES AND RESPONSIBILITIES. During the Employment Period, the Employee shall serve as Senior Vice President and General Counsel and shall have such authority and responsibility and perform such duties as may be assigned to him from time to time by the Chief Executive Officer of the Company, and in the absence of such assignment, such duties as are customary to Employee's office and as are necessary or appropriate to the business and operations of the Company. During the Employment Period, the Employee's employment shall be full time and the Employee shall perform his duties honestly, diligently, in good faith and in the best interests of the Company and shall use his best efforts to promote the interests of the Company.

(d) OTHER ACTIVITIES. Except upon the prior written consent of the Company, the Employee, during the Employment Period, will not accept any other employment. The Employee shall be permitted to engage in any non-competitive businesses, not-for-profit organizations and other ventures, such as passive real estate investments, serving on charitable and civic boards and

organizations, and similar activities, so long as such activities do not materially interfere with or detract from the performance of Employee's duties or constitute a breach of any of the provisions contained in Section 6 of this Agreement.

2. COMPENSATION.

(a) BASE SALARY. In consideration for the Employee's services hereunder and the restrictive covenants contained herein, the Employee shall be paid an annual base salary of $225,000 for the 2000 Fiscal Year, $260,000 for the 2001 Fiscal Year and $300,000 for the 2002 Fiscal Year (the "Salary"), payable in accordance with the Company's customary payroll practices. Notwithstanding the foregoing, Employee's annual Salary may be increased at anytime and from time to time to levels greater than the levels set forth in the preceding sentence at the discretion of the Board of Directors of the Company to reflect merit or other increases. The Salary for each Fiscal Year shall become effective as of January 1 of such Fiscal year. The Employee's Salary for any Fiscal Year after 2002 shall remain as set for the 2002 Fiscal Year unless the Board of Directors expressly provides otherwise.

(b) BONUS. In addition to the Salary, the Employee shall be eligible to receive a bonus ("Bonus") in an amount up to 35% of the Employee's Base Salary during the 2000 Fiscal Year, in an amount up to 35% of the Employee's Base Salary during the 2001 Fiscal Year, and in an amount up to 40% of the Employee's Base Salary for the 2002 Fiscal Year. The Bonus shall be based on the achievement of corporate goals and objectives as established by the Compensation Committee of the Board of Directors. The achievement of said goals and objectives shall be determined by the Compensation Committee of the Board of Directors. With respect to any Fiscal Year during which the Employee is employed by the Company for less than the entire Fiscal Year, the Bonus shall be prorated for the period during which the Employee was so employed. The Bonus shall be payable within thirty (30) days after the end of the Company's Fiscal Year. The term "Fiscal Year" as used herein shall mean each period of twelve (12) calendar months commencing on January 1st of each calendar year during the Employment Period and expiring on December 31st of such year. The maximum percentage of Base Salary which the Employee's Bonus for any year after the 2002 Fiscal Year may represent shall remain as set for the 2002 Fiscal Year unless the Board of Directors expressly provides otherwise.

(c) MERIT AND OTHER BONUSES. Employee shall be entitled to such other bonuses as may be determined by the Board of Directors of the Company or by a committee of the Board of Directors as determined by the Board of Directors, in its sole discretion.

(d) EXISTING STOCK OPTIONS. The Company has issued to the Employee options to purchase shares of the Company's Common Stock pursuant to the terms of various Option Agreements and the terms of the Company's 1998 Stock Incentive Plan (the "Outstanding Option Grants"). The options issued or to be issued under the Outstanding Option Grants shall continue to be subject to the terms of the Option Agreements, except to the extent otherwise provided for in this Agreement.

(e) OTHER STOCK OPTIONS. The Employee shall be entitled to participate and receive option grants under the 1998 Stock Incentive Plan and such other incentive or stock option plans as may be in effect from time-to-time, as determined by the Board of Directors of the Company.

(f) OTHER COMPENSATION PROGRAMS. The Employee shall be entitled to participate in the Company's incentive and deferred compensation programs and such other programs as are established and maintained for the benefit of the Company's employees or executive officers, subject to the provisions of such plans or programs.

(g) HEALTH INSURANCE. The Company shall pay for Employee's and his family's health insurance including without limitation comprehensive major medical and hospitalization coverage including dental and optical coverage under all group medical plans from time to time in effect for the benefit of the Company's employees or executive officers.

(h) LIFE INSURANCE. The Company shall purchase and maintain in effect one or more term insurance policies on the life of the Employee in an aggregate amount not less than two times his Base Salary in effect from time to time during the term of employment. The beneficiary of such policy shall be the person or persons who the Employee designates in writing to the Company.

(i) DISABILITY INSURANCE. The Company shall pay for the Employee to participate in the Company's disability insurance in effect from time to time. The Company shall pay for the maximum coverage commercially available. To the extent the Company does not have a disability insurance plan or other retirement plan, then the Company shall arrange, at its expense, for the Employee to participate in such plan.

(j) OTHER BENEFITS. During the term of this Agreement, the Employee shall also be entitled to participate in any other health insurance programs, life insurance programs, disability programs, stock option plans, bonus plans, pension plans and other fringe benefit plans and programs as are from time to time established and maintained for the benefit of the Company's employees or executive officers, subject to the provisions of such plans and programs.

(k) EXPENSES. The Employee shall be reimbursed for all out-of-pocket expenses reasonably incurred by him on behalf of or in connection with the business of the Company, pursuant to the normal standards and guidelines followed from time to time by the Company.

3. TERMINATION.

(a) FOR CAUSE. The Company shall have the right to terminate this Agreement and to discharge the Employee for Cause (as defined below), at any time during the term of this Agreement. Termination for Cause shall mean, during the term of this Agreement, (i) Employee's

willful and continued failure to substantially perform his duties after he has received written notice from the Company identifying the actions or omissions constituting willful and continued failure to perform, (ii) Employee's conduct that would constitute a crime under federal or state law, (iii) Employee's actions or omissions that constitute fraud, dishonesty or gross misconduct, (iv) Employee's breach of any fiduciary duty that causes material injury to the Company, (v) Employee's breach of any duty causing material injury to the Company, (vi) Employee's inability to perform his material duties to the reasonable satisfaction of the Company due to alcohol or other substance abuse, or (vii) any violation of the Company's policies or procedures involving discrimination, harassment, substance abuse or work place violence. Any termination for Cause pursuant to this Section shall be given to the Employee in writing and shall set forth in detail all acts or omissions upon which the Company is relying to terminate the Employee for Cause.

Upon any determination by the Company that Cause exists to terminate the Employee, the Company shall cause a special meeting of the Board of Directors to be called and held at a time mutually convenient to the Board of Directors and Employee, but in no event later than ten (10) business days after Employee's receipt of the notice that the Company intends to terminate the Employee for Cause. Employee shall have the right to appear before such special meeting of the Board of Directors with legal counsel of his choosing to refute such allegations and shall have a reasonable period of time to cure any actions or omissions which provide the Company with a basis to terminate the Employee for Cause (provided that such cure period shall not exceed 30 days). A majority of the members of the Board of Directors must affirm that Cause exists to terminate the Employee. No finding by the Board of Directors will prevent the Employee from contesting such determination through appropriate legal proceedings provided that the Employee's sole remedy shall be to sue for damages, not reinstatement, and damages shall be limited to those that would be paid to the Employee if he had been terminated without Cause. In the event the Company terminates the Employee for Cause, the Company shall only be obligated to continue to pay in the ordinary and normal course of its business to the Employee his Salary plus accrued but unused vacation time through the termination date and the Company shall have no further obligations to Employee from and after the date of termination.

(b) RESIGNATION BY EMPLOYEE WITHOUT GOOD REASON. If the Employee shall resign or otherwise terminate his employment with the Company at anytime during the term of this Agreement, other than for Good Reason (as defined below), the Employee shall only be entitled to receive his accrued and unpaid Salary through the termination date, and the Company shall have no further obligations under this Agreement from and after the date of resignation.

(c) TERMINATION BY COMPANY WITHOUT CAUSE AND BY EMPLOYEE FOR GOOD REASON. At any time during the term of this Agreement, (i) the Company shall have the right to terminate this Agreement and to discharge the Employee without Cause effective upon delivery of written notice to the Employee, and (ii) the Employee shall have the right to terminate this Agreement for Good Reason effective upon delivery of written notice to the Company. For purposes of this Agreement, "Good Reason" shall mean: (i) the Company has materially reduced the duties and responsibilities of the Employee to a level not appropriate for an officer of a publicly-traded

company holding the position provided for in Section 1(a), (ii) the Company has breached any material provision of this Agreement and has not cured such breach within 30 days of receipt of written notice of such breach from the Employee, (iii) Company has reduced the Employee's annual Salary by more than 10% from the prior Fiscal Year (nothing in this clause implies that the Company may reduce the Employee's Salary below the levels provided for in Section 2(a)), (iv) the Company has terminated the Employee's participation in one or more of the Company's sponsored benefit or incentive plans and no other executive officer has had his participation terminated, (v) a failure by the Company (1) to continue any bonus plan, program or arrangement in which Employee in which Employee is entitled to participate ("Bonus Plans"), provided that any such Bonus Plans may be modified at the Company's discretion from time to time but shall be deemed terminated if (x) any such plan does not remain substantially in the form in effect prior to such modification and (y) if plans providing Employee with substantially similar benefits are not substituted therefor ("Substitute Plans"), or (2) to continue Employee as a participant in the Bonus Plans and Substitute Plans on at least a basis which is substantially the same as to potential amount of the bonus the Employee participated in prior to any change in such plans or awards, in accordance with the Bonus Plans and the Substitute Plans (a plan shall be considered to be on a basis substantially the same as another if the potential amount payable thereunder is at least 90% of the potential amount payable under the other plan), (vi) the Employee's office is relocated by the Company to a location which is not located within the Florida counties of Miami-Dade, Broward or Palm Beach, or (vii) the Company's termination without Cause of the continuation of the Employment Period provided in this Agreement. Upon any such termination by the Company without Cause, or by the Employee for Good Reason, the Company shall pay to the Employee all of the Employee's accrued but unpaid Salary through the date of termination, and continue to pay to or provide for the Employee (a) his Salary payable in accordance with Section 2(a) for two (2) years from the date of termination, when and as the same would have been due and payable hereunder but for such termination, (b) all health benefits in which Employee was entitled to participate at any time during the 12-month period prior to the date of termination, until the earliest to occur of the second anniversary of the date of termination, the Employee's death, or the date on which the Employee becomes covered by a comparable health benefit plan by a subsequent employer; provided, however, that in the event that Employee's continued participation in any health benefit plan of the Company is prohibited, the Company will arrange to provide Employee with benefits substantially similar to those which Employee would have been entitled to receive under such plan for such period on a basis which provides Employee with no additional after tax cost, (c) all stock option grants, or other stock grants whether part of the Outstanding Option Grant or any options issued during the term of this Agreement, will immediately vest and such options will remain exercisable for the lesser of the unexpired term of the option without regard to the termination of Employee's employment or two (2) years from the date of termination of employment, (d) all long term incentive cash grants provided to the Employee shall immediately vest as if all targets and conditions had been met and shall be paid by the Company to the Employee at such times as the Company would have been required to make such payments if this Agreement had remained in effect, provided, however, that in the case of incentives partially or completely contingent on the providing of service for a specific period of time, the total amount to be paid by the Company shall be equal to the maximum amount payable if all conditions were met, multiplied by a fraction, the numerator of which is the period of

service that would have been served if the Employee's employment had terminated as of the last day of the fiscal year in which his employment was terminated, and the denominator of which is the total period of time specified as a condition to the incentive, and (e) as of the termination date the Employee shall be paid the balance of all amounts credited to Employee's deferred compensation account plus a gross-up payment to reimburse the Employee for all income and other taxes imposed with respect to the payment of said balance and all income and other taxes arising as a result of said gross-up payment such that the payment of the deferred compensation balance of the Employee is made to the Employee free of all taxes thereon whatsoever (collectively, the foregoing consideration payable to the Employee shall be referred to herein as the "Severance Payment"). Other than the Severance Payment, the Company shall have no further obligation to the Employee except for the obligations set forth in Section 13 of this Agreement after the date of such termination; PROVIDED, HOWEVER, that the Employee shall only be entitled to continuation of the Severance Payments as long as he is in compliance with the provisions of Sections 6 and 7 of this Agreement.

(d) DISABILITY OF THE EMPLOYEE. This Agreement may be terminated by the Company upon the Disability of the Employee. "Disability" shall mean any mental or physical illness, condition, disability or incapacity which prevents the Employee from reasonably discharging his duties and responsibilities under this Agreement for a period of 180 consecutive days. In the event that any disagreement or dispute shall arise between the Company and the Employee as to whether the Employee suffers from any Disability, then, in such event, the Employee shall submit to the physical or mental examination of a physician licensed under the laws of the State of Florida, who is mutually agreeable to the Company and the Employee, and such physician shall determine whether the Employee suffers from any Disability. In the absence of fraud or bad faith, the determination of such physician shall be final and binding upon the Company and the Employee. The entire cost of such examination shall be paid for solely by the Company. In the event the Company has purchased Disability insurance for Employee, the Employee shall be deemed disabled if he is completely (fully) disabled as defined by the terms of the Disability policy. In the event that at any time during the term of this Agreement the Employee shall suffer a Disability and the Company terminates the Employee's employment for such Disability, such Disability shall be considered to be a termination by the Company without Cause or a termination by the Employee for Good Reason and the Severance Payments shall be paid to the Employee to the same extent and in the same manner as provided for in paragraph (c) above, except that payment of the Salary in accordance with said paragraph shall be mitigated to the extent payments are made to the Employee pursuant to disability insurance programs maintained by the Company.

(e) DEATH OF THE EMPLOYEE. If during the term of this Agreement the Employee shall die, then the employment of the Employee by the Company shall automatically terminate on the date of the Employee's death. In such event, the Employee's death shall be considered to be a termination by the Company without Cause or a termination by the Employee for Good Reason and the Severance Payments shall be paid to the Employee's personal representative or estate to the same extent and in the same manner as provided for in paragraph (c) above, without mitigation for any insurance policies or other benefits held by the Employee. Once such payments have been made to the Employee's personal representative or estate as the case may be, the Company shall have no

further obligations under this Agreement or otherwise to said personal representative or estate, or to any heirs of the Employee.

4. TERMINATION OF EMPLOYMENT BY EMPLOYEE FOR CHANGE OF CONTROL.

(a) TERMINATION RIGHTS. Notwithstanding the provisions of Section 2 and Section 3 of this Agreement, in the event that there shall occur a Change of Control (as defined below) of the Company and within two years after such Change of Control the Employee's employment hereunder is terminated by the Company without Cause or by the Employee for Good Reason, then the Company shall be required to pay to the Employee (i) the Severance Payment provided in Section 3(c), except that such Severance Payment shall be paid in a single lump sum in full, (ii) the product of two multiplied by the maximum Bonus that Employee would have been eligible for with respect to the Fiscal Year in which such termination occurs, assuming that all performance objectives are met, in a single lump sum. The foregoing payments shall be made no later than 10 days after the Employee's termination pursuant to this Section 4. To the extent that payments are owed by the Company to the Employee pursuant to this Section 4, they shall be made in lieu of payments pursuant to Section 3, and in no event shall the Company be required to make payments or provide benefits to the Employee under both Section 3 and Section 4.

(b) CHANGE OF CONTROL OF THE COMPANY DEFINED. For purposes of this Section 4, the term "Change of Control of the Company" shall mean any change in control of the Company of a nature which would be required to be reported (i) in response to Item 6(e) of Schedule 14A of Regulation 14A, as in effect on the date of this Agreement, promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) in response to Item 1 of the Current Report on Form 8-K, as in effect on the date of this Agreement, promulgated under the Exchange Act, or (iii) in any filing by the Company with the Securities and Exchange Commission; provided, however, that without limitation, a Change of Control of the Company shall be deemed to have occurred if:

(i) Any "person" (as such term is defined in Sections 13(d)(3) and Section 14(d)(3) of the Exchange Act), other than the Company, any majority-owned subsidiary of the Company, or any compensation plan of the Company or any majority-owned subsidiary of the Company, becomes the "beneficial owner" (as such term is defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company;

(ii) During any period of three consecutive years during the term of this Agreement, the individuals who at the beginning of such period constitute the Board of Directors of the Company cease for any reason to constitute at least a majority of such Board of Directors, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least two-thirds of the directors then in office who were directors at the beginning of such period; or

(iii) The shareholders of the Company approve (1) a reorganization, merger, or consolidation with respect to which persons who were the shareholders of the Company immediately prior to such reorganization, merger, or consolidation do not immediately thereafter own more than 50% of the combined voting power entitled to vote generally in the election of the directors of the reorganized, merged or consolidated entity; (2) a liquidation or dissolution of the Company; or (3) the sale of all or substantially all of the assets of the Company or of a subsidiary of the Company that accounts for 30% of the consolidated revenues of the Company, but not including a reorganization, merger or consolidation of the Company.

5. GROSS-UP PAYMENT.

(a) AMOUNT. If any payment or benefit provided to the Employee by the Company (a "Base Payment") is subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any other similar tax that may hereafter be imposed), the Company shall pay to the Employee the "Gross-Up Payment" determined as follows. The "Gross-Up Payment" shall be equal to the sum of (i) the Excise Tax imposed with respect to the Base Payment, plus (ii) the Excise Tax imposed with respect to the Gross-Up Payment, plus (iii) all other taxes imposed on the Employee with respect to the Gross-Up Payment, including income taxes and the Employee's share of FICA, FUTA and other payroll taxes. The Gross-Up Payment shall not include the payment of any tax on the Base Payment other than the Excise Tax. The Gross-Up Payment is intended to place the Employee in the same economic position the Employee would have been in if the Excise Tax did not apply, and shall be calculated in accordance with such intent.

(b) TAX RATES AND ASSUMPTIONS. For purposes of determining the amount of the Gross-Up Payment, the Employee shall be deemed to pay Federal income taxes at the highest marginal rate of Federal income taxation in the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Employee's residence on the date of termination, net of the maximum reduction in Federal income taxes which could be obtained from deduction of such state and local taxes.

(c) PAYMENT AND CALCULATION PROCEDURES. The Gross-Up Payment attributable to a Base Payment shall be paid to the Employee in cash and at such times as such Base Payment is paid or provided pursuant to this Agreement. Simultaneously with or prior to the Company's payment of a Base Payment, the Company shall deliver to the Employee a written statement specifying the total amount of the Base Payment and the Excise Tax and Gross-Up Payment relating to the Base Payment, if any, together with all supporting calculations and conclusions. If the Employee disagrees with the Company's determination of the Excise Tax or Gross-Up Payment, the Employee shall submit to the Company, no later than 30 days after receipt of the Company's written statement, a written notice advising the Company of the disagreement and setting forth the Employee's calculation of said amounts. The Employee's failure to submit such notice within such period shall be conclusively deemed to be an agreement by the Employee as to the amount of the Excise Tax and Gross-Up Payment, if any. If the Company agrees with the Employee's calculations, it shall pay any shortfall in the Gross-Up Payment to the Employee within 20 days after receipt of

such a notice from the Employee. If the Company does not agree with the Employee's calculations, it shall provide the Employee with a written notice within 20 days after the receipt of the Employee's calculations advising the Employee that the disagreement is to be referred to an independent accounting firm for resolution. Such disagreement shall be referred to an independent "Big 5" accounting firm which is not the regular accounting firm of the Company and which is designated by the Company. The Company shall be required to designate such accounting firm within 10 days after issuance of the Company's notice of disagreement. The accounting firm shall review all information provided to it by the parties and submit a written report to the parties setting forth its calculation of the Excise Tax and the Gross-Up Payment within 15 days after submission of the matter to it, and such decision shall be final and binding on all of the parties. The fees and expenses charged by said accounting firm shall be paid by the Company. If the amount of the Gross-Up Payment actually paid by the Company was less than the amount calculated by the accounting firm, the Company shall pay the shortfall to the Employee within 5 days after the accounting firm submits its written report. If the amount of the Gross-Up Payment actually paid by the Company was greater than the amount calculated by the accounting firm, the Employee shall pay the excess to the Company within 5 days after the accounting firm submits its written report.

(d) SUBSEQUENT RECALCULATION. In the event the Internal Revenue Service or other applicable governmental authority imposes an Excise Tax with respect to a Base Payment that is greater than the amount of the Excise Tax determined pursuant to the immediately preceding paragraph, the Company shall reimburse the Employee for the full amount of such additional Excise Tax plus any interest and penalties which may be imposed in connection therewith, and pay to the Employee a Gross-up Payment sufficient to make the Employee whole and reimburse the Employee for any Excise Tax, income tax and other taxes imposed on the reimbursement of such additional Excise Tax and interest and penalties, in accordance with the principles set forth above.

(e) Example. The calculation of the Gross-Up Payment is illustrated by the example set forth in Schedule 5(e), attached to this Agreement and hereby incorporated by reference. The amounts set forth in such example are for illustration purposes only and no implication shall be drawn from such example as to the amounts otherwise payable to the Employee by the Company.

6. SUCCESSOR TO COMPANY. The Company shall require any successor, whether direct or indirect, to all or substantially all of the business, properties and assets of the Company whether by purchase, merger, consolidation or otherwise, prior to or simultaneously with such purchase, merger, consolidation or other acquisition to execute and to deliver to the Employee a written instrument in form and in substance reasonably satisfactory to the Employee pursuant to which any such successor shall agree to assume and to timely perform or to cause to be timely performed all of the Company's covenants, agreements and obligations set forth in this Agreement (a "Successor Agreement"). The failure of the Company to cause any such successor to execute and deliver a Successor Agreement to the Employee shall constitute a material breach of the provisions of this Agreement by the Company.

7. RESTRICTIVE COVENANTS. In consideration of his employment and the other benefits arising under this Agreement, the Employee agrees that during the term of this Agreement, and for a period of three (3) years following the termination of this Agreement, the Employee shall not directly or indirectly:

(a) alone or as a partner, joint venturer, officer, director, member, employee, consultant, agent, independent contractor or stockholder of, or lender to, any company or business, (i) engage in the business of solid waste collection, disposal or recycling (the "Solid Waste Services Business") in any market in which the Company or any of its subsidiaries or affiliates does business, or any other line of business which is entered into by the Company or any of its subsidiaries or affiliates during the term of this Agreement, or (ii) compete with the Company or any of its subsidiaries or affiliates in acquiring or merging with any other business or acquiring the assets of such other business; or

(b) for any reason, (i) induce any customer of the Company or any of its subsidiaries or affiliates to patronize any business directly or indirectly in competition with the Solid Waste Services Business conducted by the Company or any of its subsidiaries or affiliates in any market in which the Company or any of its subsidiaries or affiliates does business; (ii) canvass, solicit or accept from any customer of the Company or any of its subsidiaries or affiliates any such competitive business; or (iii) request or advise any customer or vendor of the Company or any of its subsidiaries or affiliates to withdraw, curtail or cancel any such customer's or vendor's business with the Company or any of its subsidiaries or affiliates; or

(c) for any reason, employ, or knowingly permit any company or business directly or indirectly controlled by him, to employ, any person who was employed by the Company or any of its subsidiaries or affiliates at or within the prior six months, or in any manner seek to induce any such person to leave his or her employment.

Notwithstanding the foregoing, the beneficial ownership of less than five percent (5%) of the shares of stock of any corporation having a class of equity securities actively traded on a national securities exchange or over-the-counter market shall not be deemed, in and of itself, to violate the prohibitions of this Section.

8. CONFIDENTIALITY. The Employee agrees that at all times during the term of this Agreement and after the termination of employment for as long as such information remains non- public information, the Employee shall (i) hold in confidence and refrain from disclosing to any other party all information, whether written or oral, tangible or intangible, of a private, secret, proprietary or confidential nature, of or concerning the Company or any of its subsidiaries or affiliates and their business and operations, and all files, letters, memoranda, reports, records, computer disks or other computer storage medium, data, models or any photographic or other tangible materials containing such information ("Confidential Information"), including without limitation, any sales, promotional or marketing plans, programs, techniques, practices or strategies, any expansion plans (including existing and entry into new geographic and/or product markets), and

any customer lists, (ii) use the Confidential Information solely in connection with his employment with the Company or any of its subsidiaries or affiliates and for no other purpose, (iii) take all precautions necessary to ensure that the Confidential Information shall not be, or be permitted to be, shown, copied or disclosed to third parties, without the prior written consent of the Company or any of its subsidiaries or affiliates, and (iv) observe all security policies implemented by the Company or any of its subsidiaries or affiliates from time to time with respect to the Confidential Information. In the event that the Employee is ordered to disclose any Confidential Information, whether in a legal or regulatory proceeding or otherwise, the Employee shall provide the Company or any of its subsidiaries or affiliates with prompt notice of such request or order so that the Company or any of its subsidiaries or affiliates may seek to prevent disclosure. In addition to the foregoing the Employee shall not at any time libel, defame, ridicule or otherwise disparage the Company.

9. SPECIFIC PERFORMANCE; INJUNCTION. The parties agree and acknowledge that the restrictions contained in Sections 7 and 8 are reasonable in scope and duration and are necessary to protect the Company or any of its subsidiaries or affiliates. If any provision of Section 7 or 8 as applied to any party or to any circumstance is adjudged by a court to be invalid or unenforceable, the same shall in no way affect any other circumstance or the validity or enforceability of any other provision of this Agreement. If any such provision, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases, and in its reduced form, such provision shall then be enforceable and shall be enforced. The Employee agrees and acknowledges that the breach of Section 7 or 8 will cause irreparable injury to the Company or any of its subsidiaries or affiliates and upon breach of any provision of such Sections, the Company or any of its subsidiaries or affiliates shall be entitled to injunctive relief, specific performance or other equitable relief, without being required to post a bond; PROVIDED, HOWEVER, that, this shall in no way limit any other remedies which the Company or any of its subsidiaries or affiliates may have (including, without limitation, the right to seek monetary damages).

10. NOTICES. All notices, requests, demands, claims and other communications hereunder shall be in writing and shall be deemed given if delivered by hand delivery, by certified or registered mail (first class postage pre-paid), guaranteed overnight delivery or facsimile transmission if such transmission is confirmed by delivery by certified or registered mail (first class postage pre-paid) or guaranteed overnight delivery to, the following addresses and telecopy numbers (or to such other addresses or telecopy numbers which such party shall designate in writing to the other parties): (a) if to the Company, at its principal executive offices, addressed to the President, with a copy to the General Counsel; and (b) if to the Employee, at the address listed on the signature page hereto.

11. AMENDMENT; WAIVER. This Agreement may not be modified, amended, or supplemented, except by written instrument executed by all parties. No failure to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise

of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between the parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts. The rights and remedies of the parties under this Agreement are in addition to all other rights and remedies, at law or equity, that they may have against each other.

12. ASSIGNMENT; THIRD PARTY BENEFICIARY. This Agreement, and the Employee's rights and obligations hereunder, may not be assigned or delegated by him. The Company may assign its rights, and delegate its obligations, hereunder to any affiliate of the Company, or any successor to the Company or its Solid Waste Services Business, specifically including the restrictive covenants set forth in Section 7 hereof. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon its respective successors and assigns.

13. SEVERABILITY; SURVIVAL. In the event that any provision of this Agreement is found to be void and unenforceable by a court of competent jurisdiction, then such unenforceable provision shall be deemed modified so as to be enforceable (or if not subject to modification then eliminated herefrom) to the extent necessary to permit the remaining provisions to be enforced in accordance with the parties intention. The provisions of Sections 7 and 8 will survive the termination for any reason of the Employee's relationship with the Company.

14. INDEMNIFICATION. The Company agrees to indemnify the Employee during the term and after termination of this Agreement in accordance with the provisions of the Company's certificate of incorporation and bylaws and the Delaware General Corporation Law.

15. COUNTERPARTS. This Agreement may be signed in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

16. GOVERNING LAW. This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of Florida applicable to contracts executed and to be wholly performed within such State.

17. ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between or among the parties with respect to such subject matter. Upon the execution of this Agreement the provisions of the Existing Employment Agreement shall be superseded and shall be of no further force and effect except as specifically preserved by the terms of this Agreement.

18. HEADINGS. The headings of Paragraphs and Sections are for convenience of reference and are not part of this Agreement and shall not affect the interpretation of any of its terms.

19. CONSTRUCTION. This Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any party. The parties acknowledge that each of them has reviewed this Agreement and has had the opportunity to have it reviewed by their respective attorneys and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

20. ATTORNEY'S FEES. If at any time following a Change of Control of the Company, there should arise any dispute as to the validity, interpretation or application of any term or condition of this Agreement, the Company agrees, upon written demand by the Employee (and Employee shall be entitled upon application to any court of competent jurisdiction, to the entry of a mandatory injunction, without the necessity of posting any bond with respect thereto, compelling the Company) to promptly provide sums sufficient to pay on a current basis (either directly or by reimbursing Employee) Employee's costs and reasonable attorneys' fees (including expenses of investigation and disbursements for the fees and expenses of experts, etc.) incurred by the Employee in connection with any such dispute or any litigation, provided that Employee shall repay any such amounts paid or advanced if Employee is not the prevailing party with respect to at least one material claim or issue in such dispute or litigation. If at any time when there has not previously been a Change of Control of the Company, there should arise any dispute or litigation as to the validity, interpretation or application of any term or condition of the Agreement, the prevailing party in such dispute or litigation shall be entitled to recover from the non-prevailing party its costs and reasonable attorneys' fees (including expenses of investigation and disbursements for the fees and expenses of experts, etc.) incurred in such dispute or litigation. The provisions of this Section 20, without implication as to any other section hereof, shall survive the expiration or termination of this Agreement and Employee's employment hereunder.

21. WITHHOLDING. All payments made to the Employee shall be made net of any applicable withholding for income taxes, Excise Tax and the Employee's share of FICA, FUTA or other taxes. The Company shall withhold such amounts from such payments to the extent required by applicable law and remit such amounts to the applicable governmental authorities in accordance with applicable law.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

REPUBLIC SERVICES, INC., a Delaware corporation

By: /s/ HARRIS W. HUDSON

Harris W. Hudson, Vice Chairman

EMPLOYEE:
/s/ DAVID A. BARCLAY

DAVID A. BARCLAY

Address for Notices:

226 Egret Court
Weston, FL 33327

EXHIBIT 21.1

SUBSIDIARY NAME	STATE OF INCORPORATION
A-Best Disposal, Inc.	OH
Ace Disposal Services, Inc.	OH
ADAJ Corporation	CA
Anderson Refuse Company, Inc.	IN
Anderson Solid Waste, Inc.	CA
Arc Disposal Company, Inc.	IL
Ariana, LLC	DE
ASCO Sanitation, Inc.	MS
Astro Waste Services, Inc.	ME
Atlas Transport, Inc.	CA
Barker Brothers Waste Incorporated	TN
Barker Brothers, Inc.	TN
Berrien County Landfill, Inc.	MI
BLT Enterprises of Oxnard, Inc.	CA
Bluegrass Recycling & Transfer Company	KY
Bom Ambiente Insurance Company	Cayman Islands
Bosman Bros., Inc.	IL
Calvert Trash Service Incorporated	MD
Calvert Trash Systems Incorporated	MD
Capital Waste & Recycling, Inc.	NY
Charlotte Hauling, Inc.	NC
Coggins Waste Management, Inc.	NJ
Commercial Waste Disposal , Inc.	KY
Compactor Rental Systems of Delaware, Inc.	DE
Consolidated Disposal Service, LLC	DE
Continental Waste Industries - Gary, Inc.	IN
Continental Waste Industries, Inc.	DE
Covington Waste, Inc.	TN
CWI of Florida, Inc.	FL
CWI of Illinois, Inc.	IL
CWI of Missouri, Inc.	MO
CWI of Northwest Indiana, Inc.	IN
E & P Investment Corporation	IL
East Carolina Environmental, Inc.	KY
Envirocycle, Inc.	FL
Environmental Specialists, Inc.	MO
FLL, Inc.	MI
Florida Republic Contracts, Inc.	FL
G.E.M. Environmental Management, Inc.	DE
Georgia BFI Contracts, Inc.	GA
Gilliam Transfer, Inc.	MO

SUBSIDIARY NAME	STATE OF INCORPORATION
Green Disposal, Inc.	UT
Greenfield Environmental Development Corp.	DE
Hanks Disposal, Inc.	IN
Hillside Disposal Service, Inc.	IL
Honeygo Run Reclamation Center, Inc.	MD
Indiana Recycling, LLC	IN
Indiana Republic Contracts, II, Inc.	DE
Indiana Republic Contracts, Inc.	IN
Jamax Corporation	IN
K & K Trash Removal, Inc.	MD
Karat Corp.	NJ
Kentucky Republic Contracts, Inc.	KY
L.R. Stuart and Son, Inc.	VA
M-G Disposal Service, LLC	DE
McCusker Recycling, Inc.	PA
Meyer Transportation, LLC	IN
Midwest Material Management, Inc.	IN
Noble Risley, Jr. & Sons, Inc.	IL
Northwest Tennessee Disposal Corp.	TN
Oceanside Partnership	CA
Ohio Republic Contracts, II, Inc.	DE
Ohio Republic Contracts, Inc.	OH
Peninsula Waste Systems, LLC	MD
Perdomo & Sons, Inc.	CA
Perdomo/BLT Enterprises, LLC	CA
Prichard Landfill Corporation	WV
Queen City Transfer, Inc.	NC
Raritan Valley Disposal Service Co., Inc.	NJ
Raritan Valley Recycling, Inc.	NJ
Reliable Disposal, Inc.	MI
Republic Acquisition Company	DE
Republic Dumpco, Inc.	NV
Republic Enivronmental Technologies, Inc.	NV
Republic Indiana Co. II, Inc.	DE
Republic Services Aviation, Inc.	FL
Republic Services Financial LP, Inc.	DE
Republic Services Financial, Limited Partnership	DE
Republic Services Holding Company, Inc.	DE
Republic Services Leasing, Inc.	DE
Republic Services of Arizona Hauling, LLC	AZ
Republic Services of California Holding Company, Inc.	DE

SUBSIDIARY NAME	STATE OF INCORPORATION
Republic Services of California I, LLC	DE
Republic Services of California II, LLC	DE
Republic Services of Canada, Inc.	Canada
Republic Services of Colorado Hauling, LLC	CO
Republic Services of Colorado I, LLC	CO
Republic Services of Florida GP, Inc.	DE
Republic Services of Florida LP, Inc.	DE
Republic Services of Florida, Limited Partnership	DE
Republic Services of Georgia GP, Inc.	DE
Republic Services of Georgia LP, Inc.	DE
Republic Services of Georgia, Limited Partnership	DE
Republic Services of Indiana LP, Inc.	DE
Republic Services of Indiana, Limited Partnership	DE
Republic Services of Kentucky, LLC	KY
Republic Services of Maryland, LLC	MD
Republic Services of Michigan Hauling, LLC	MI
Republic Services of Michigan Holding Company, Inc.	DE
Republic Services of Michigan I, LLC	MI
Republic Services of Michigan II, LLC	MI
Republic Services of Michigan III, LLC	MI
Republic Services of Michigan IV, LLC	MI
Republic Services of Michigan V, LLC	MI
Republic Services of New Jersey I, LLC	DE
Republic Services of New Jersey II, LLC	DE
Republic Services of New Jersey, Inc. f/k/a Middlesex	NJ
Republic Services of New York Hauling, LLC	NY
Republic Services of New York, Inc.	DE
Republic Services of North Carolina, LLC	NC
Republic Services of Ohio Hauling, LLC	OH
Republic Services of Ohio I, LLC	OH
Republic Services of Ohio II, LLC	OH
Republic Services of Ohio III, LLC	OH
Republic Services of Ohio IV, LLC	OH
Republic Services of Pennsylvania, LLC	DE
Republic Services of South Carolina, LLC	DE
Republic Services of Virginia, LLC	VA
Republic Services of Wisconsin GP, Inc.	DE
Republic Services of Wisconsin LP, Inc.	DE
Republic Services of Wisconsin, Limited Partnership	DE
Republic Services Real Estate Holding, Inc.	NC
Republic Services Risk Management, Inc.	DE

SUBSIDIARY NAME	STATE OF INCORPORATION
Republic Services Vasco Road, LLC	DE
Republic Services, Inc.	DE
Republic Silver State Disposal, Inc.	NV
Republic Wabash Company	DE
Republic Waste Services of Texas GP, Inc.	DE
Republic Waste Services of Texas LP, Inc.	DE
Republic Waste Services of Texas, Ltd.	TX
RI/Alameda Corp.	CA
RITM, LLC	DE
RPB Services, LLC f/k/a Republic Services of New Jersey	NJ
RS/WM Holding Company, LLC	DE
RSG Cayman Group, Inc.	DE
RSG Property, Inc.	FL
Rubbish Control, LLC	DE
Sandy Hollow Landfill Corp.	WV
Sanifill, Inc.	TN
Schofield Corporation of Orlando	FL
South Trans, Inc.	NJ
Southern Illinois Regional Landfill, Inc.	IL
Suburban Sanitation Services, Inc.	AZ
Sunrise Disposal, Inc.	IN
Taormina Industries, LLC	DE
Tay-Ban Corporation	MI
Terre Haute Recycling, Inc.	IN
The LETCO Group, Limited Partnership	DE
Tri-County Refuse Service, Inc,	MI
Triple G Landfills, Inc.	IN
United Refuse Co., Inc.	IN
Upper Piedmont Environmental, Inc.	KY
Victory Environmental Services, Inc.	DE
Victory Waste Incorporated	CA
W.R. Lalevee Realty Company, Inc.	NJ
Wabash Valley Landfill Company, Ltd.	PA
Wabash Valley Refuse Removal Company, L.P.	IN
Wilshire Disposal Services, Inc.	CA
WPP Services, Inc.	OH
Zakaroff Services	CA