SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1998

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	65-0716904
(STATE OF INCORPORATION)	(IRS EMPLOYER IDENTIFICATION NO.)

110 S.E. 6TH STREET FT. LAUDERDALE, FLORIDA	33301
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (954) 769-6000

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[ ]

On August 6, 1998 the registrant had 79,724,417 outstanding shares of class A common stock, par value $.01 per share and had 95,688,083 outstanding shares of class B common stock, par value $.01 per share.

REPUBLIC SERVICES, INC.

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PART I. FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REPUBLIC SERVICES, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE DATA)

	JUNE 30, 1998	DECEMBER 31, 1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 17.1	$ --
Restricted cash	13.2	18.8
Accounts receivable, less allowance for doubtful accounts of $16.3 and $13.6, respectively	155.8	131.0
Inventory	11.8	11.7
Other current assets	17.1	14.4
Total Current Assets	215.0	175.9
PROPERTY AND EQUIPMENT, NET	861.1	801.8
INTANGIBLE AND OTHER ASSETS, NET	505.9	370.3
	$ 1,582.0	$ 1,348.0
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 41.0	$ 40.2
Accrued liabilities	80.5	57.6
Deferred revenue	38.4	29.5
Amounts due to Parent	1,830.0	266.1
Other current liabilities	48.7	42.7
Total Current Liabilities	2,038.6	436.1
LONG-TERM DEBT, NET OF CURRENT MATURITIES	62.4	64.3
ACCRUED ENVIRONMENTAL AND LANDFILL COSTS	49.0	46.0
DEFERRED INCOME TAXES AND OTHER LIABILITIES	55.7	50.8
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDER'S EQUITY (DEFICIT):		
Investment by Parent	--	749.8
Preferred stock, par value $.01 per share; 50,000,000 shares authorized; none issued	--	--
Common stock:		
Class A, par value $.01 per share; 250,000,000 shares authorized; none issued	--	--
Class B, par value $.01 per share; 125,000,000 shares authorized; 95,688,083 shares issued and outstanding	1.0	1.0
Additional paid-in capital (deficit)	(624.7)	--
Total Shareholder's Equity (Deficit)	(623.7)	750.8
	$ 1,582.0	$ 1,348.0

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1998	1997	1998	1997
REVENUE	$ 335.9	$ 283.7	$ 636.7	$ 546.9
EXPENSES:				
Cost of operations	231.7	210.8	441.4	401.1
Selling, general and administrative	33.5	25.8	65.6	57.7
OPERATING INCOME	70.7	47.1	129.7	88.1
INTEREST EXPENSE	(31.9)	(6.8)	(37.3)	(14.4)
INTEREST AND OTHER INCOME	.4	.2	1.2	3.2
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	39.2	40.5	93.6	76.9
PROVISION FOR INCOME TAXES	14.1	14.6	33.7	27.8
NET INCOME	$ 25.1	$ 25.9	$ 59.9	$ 49.1
BASIC AND DILUTED EARNINGS PER SHARE	$ .26	$ .27	$ .63	$ .51
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	95.7	95.7	95.7	95.7

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (DEFICIT)
(IN MILLIONS)

	INVESTMENT BY PARENT	COMMON STOCK CLASS A	COMMON STOCK CLASS B	ADDITIONAL PAID-IN CAPITAL (DEFICIT)
BALANCE AT DECEMBER 31, 1997	$ 749.8	$ --	$ 1.0	$ --
Net income	59.9	--	--	--
Business acquisitions contributed by Parent	128.3	--	--	--
Dividend to Parent	(2,000.0)	--	--	--
Dividend from Resources	437.3	--	--	--
Transfer to additional paid-in capital (deficit)	624.7	--	--	(624.7)
BALANCE AT JUNE 30, 1998	$ --	$ --	$ 1.0	$ (624.7)

The accompanying notes are an integral part of this statement.

REPUBLIC SERVICES, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	SIX MONTHS ENDED JUNE 30,	
	1998	1997
CASH PROVIDED BY OPERATING ACTIVITIES OF CONTINUING OPERATIONS:		
Net income	$ 59.9	$ 49.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49.7	42.1
Changes in assets and liabilities, net of effects from business acquisitions:		
Accounts receivable	(19.3)	(8.9)
Prepaid expenses and other assets	(1.0)	22.6
Accounts payable and accrued liabilities	(16.4)	(5.7)
Other liabilities	67.7	30.5
	140.6	129.7
CASH USED IN INVESTING ACTIVITIES:		
Purchases of property and equipment	(71.1)	(68.3)
Other	9.8	(6.1)
	(61.3)	(74.4)
CASH USED IN FINANCING ACTIVITIES:		
Proceeds from notes payable and long-term debt	.6	6.8
Payments of notes payable and long-term debt	(27.9)	(62.7)
(Decrease) increase in amounts due to Parent	(34.9)	19.7
Other	--	5.8
	(62.2)	(30.4)
INCREASE IN CASH AND CASH EQUIVALENTS	17.1	24.9
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	--	24.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 17.1	$ 49.1

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(TABLES IN MILLIONS, EXCEPT PER SHARE DATA)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Republic Services, Inc. and its subsidiaries (the "Company") and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information related to the Company's organization, significant accounting policies and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. As of June 30, 1998, the Company was a wholly owned subsidiary of Republic Industries, Inc. (together with its subsidiaries, the "Parent"). These unaudited condensed consolidated financial statements exclude the accounts of the Company's subsidiary, Republic Resources Company, Inc. ("Resources"), the common stock of which was distributed to Parent in June 1998. All significant intercompany accounts and transactions have been eliminated. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all material adjustments (which include only normal recurring adjustments) necessary to fairly state the financial position and the results of operations for the periods presented and the disclosures herein are adequate to make the information presented not misleading. Operating results for interim periods are not necessarily indicative of the results that can be expected for a full year. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto appearing in the Company's Prospectus dated June 30, 1998.

These unaudited condensed consolidated financial statements reflect the accounts of the Company as a subsidiary of Parent subject to corporate general and administrative expense allocations 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 is designated when issued as either "Class A Common Stock" or "Class B Common Stock"), for all periods included in the unaudited condensed consolidated financial statements and the notes thereto have been retroactively adjusted for the recapitalization of Parent's 100 shares of common stock previously outstanding into 95,688,083 shares of Class B Common Stock in July 1998, as more fully described in Note 7, Shareholder's Equity.

In May 1998, Parent announced its intention to separate the Company from the Parent (the "Separation"). Parent also announced its intention to distribute its remaining shares of Common Stock in the Company as of the distribution date to Parent's shareholders in 1999, subject to certain conditions and consents (the "Distribution"). The Company and Parent have entered into certain agreements providing for the Separation and governing various interim and ongoing relationships between the companies. The Distribution is contingent, in part, on Parent obtaining a private letter ruling from the Internal Revenue Service to the effect that, among other things, the Distribution will qualify as a tax-free distribution for federal income tax purposes under Section 355 of the Internal Revenue Code of 1986, as amended, in form and substance satisfactory to Parent.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

In July 1998, the Company completed an initial public offering of approximately 63.2 million shares 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 remaining amounts due to Parent through the issuance of shares of Class A Common Stock and through proceeds from the Initial Public Offering. Following the Initial Public Offering and the repayment of amounts due to Parent, Parent owned approximately 63.9% of the outstanding shares of Class A and Class B Common Stock which represents approximately 88.7% of the combined voting power of all of the outstanding shares of the Class A and Class B Common Stock. Following the Initial Public Offering and the repayment of amounts due to Parent, the Company had the following shares of Common Stock outstanding:

	CLASS A	CLASS B	TOTAL
Recapitalization of Parent's common stock	--	95.7	95.7
Repayment of amounts due to Parent	16.5	--	16.5
Initial Public Offering	63.2	--	63.2
	79.7	95.7	175.4

The following unaudited pro forma consolidated financial data has been prepared assuming the Initial Public Offering and the repayment in full of the amounts due to Parent had occurred as of the beginning of each period presented for pro forma statement of operations data and as of June 30, 1998 for pro forma balance sheet data:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1998	1997	1998	1997
Pro Forma Statement of Operations Data:				
Operating income	$ 70.7	$ 47.1	$ 129.7	$ 88.1
Interest expense	(.7)	(2.2)	(1.4)	(3.7)
Interest and other income	.4	.2	1.2	3.2
Income from continuing operations before income taxes	70.4	45.1	129.5	87.6
Provision for income taxes	25.3	16.3	46.6	31.7
Net income	$ 45.1	$ 28.8	$ 82.9	$ 55.9
Basic and diluted earnings per share	$ .26	$ .16	$ .47	$ .32
Weighted average shares outstanding	175.4	175.4	175.4	175.4

	JUNE 30, 1998	
	PRO FORMA	AS REPORTED
Balance Sheet Data:		
Amounts due to Parent	$ --	$ 1,830.0
Total debt	73.8	73.8
Total shareholders' equity (deficit)	1,206.3	(623.7)

The unaudited pro forma consolidated financial data are provided for informational purposes only and should not be construed to be indicative of the Company's consolidated financial position or results of operations had the transactions and events described above been consummated on the dates assumed and do not project the Company's financial condition or results of operations for any future date or period.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2. BUSINESS COMBINATIONS

Parent has acquired various businesses operating in the solid waste services industry using cash and/or shares of its common stock ("Parent Common Stock"). These businesses were contributed by Parent to the Company subsequent to their acquisition. The Company has applied the same accounting method used by Parent in accounting for business combinations.

Businesses acquired through June 30, 1998 and accounted for under the purchase method of accounting are included in the unaudited condensed consolidated financial statements from the date of acquisition.

During the six months ended June 30, 1998, Parent acquired various solid waste services businesses which were contributed to the Company. The aggregate purchase price paid by Parent in transactions accounted for under the purchase method of accounting was $128.3 million consisting of $60.3 million in cash and 3.4 million shares of Parent Common Stock valued at $68.0 million.

The assets and liabilities contributed by Parent to the Company based upon the preliminary purchase price allocations for business combinations accounted for under the purchase method of accounting (including historical accounts of 1997 immaterial acquisitions accounted for under the pooling of interests method of accounting) consummated during the six months ended June 30 were as follows:

	SIX MONTHS ENDED JUNE 30,	
	1998	1997
Property and equipment	$ 23.9	$ 25.8
Intangible assets	142.5	85.1
Other assets	10.0	2.5
Working capital deficiency	(22.7)	(9.6)
Debt assumed	(25.4)	(15.6)
Investment by Parent	(128.3)	(88.2)

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

	SIX MONTHS ENDED JUNE 30,	
	1998	1997
Revenue	$ 646.7	$ 603.5
Net income	$ 60.3	$ 51.1
Basic and diluted earnings per share	$ .63	$ .53
Common shares outstanding	95.7	95.7

The unaudited pro forma consolidated 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 each period presented.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	JUNE 30, 1998	DECEMBER 31, 1997
Land, landfills and improvements	$ 441.4	$ 420.1
Furniture, fixtures, trucks and equipment	726.9	668.9
Buildings and improvements	139.9	126.6
	1,308.2	1,215.6
Less: accumulated depreciation, amortization and depletion	(447.1)	(413.8)
	$ 861.1	$ 801.8

4. 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 acquired is amortized over 40 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 at June 30, 1998 and December 31, 1997 was $64.5 million and $57.9 million, respectively.

5. NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt consist of the following:

	JUNE 30, 1998	DECEMBER 31, 1997
Bonds payable under loan agreements with California Pollution Control Financing Authority; interest at prevailing market rates	$ 43.1	$ 43.1
Other notes; secured by real property, equipment and other assets	30.7	32.0
	73.8	75.1
Less: current portion (included in other current liabilities)	(11.4)	(10.8)
	$ 62.4	$ 64.3

In July 1998, the Company entered into a $1.0 billion unsecured revolving credit facility with a group of banks. $500.0 million of the facility has a term of 364 days and the remaining $500.0 million has a term of 5 years. Borrowings under the facility bear interest at LIBOR based rates.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

6. AMOUNTS DUE TO PARENT

Amounts due to Parent consist of the following:

	June 30, 1998	December 31, 1997
Due to Republic Corporate Management Company ("RCMC")	$139.5	$107.8
Notes payable to Resources	255.9	158.3
Company notes payable	1,434.6	--
	$1,830.0	$266.1

Due to RCMC includes allocations of various expenses from Parent including general and administrative expenses, risk management premiums, income taxes and other costs. Such liabilities are non-interest bearing and have no specified repayment terms. In July 1998, the Company repaid amounts due to RCMC through the issuance of 5.8 million shares of Class A Common Stock.

Notes payable to Resources represent borrowings under revolving credit facilities to fund the Company's operations and to repay debt assumed in acquisitions. Borrowings under these facilities bear interest at prime plus 50 basis points and are payable on demand. Interest expense on notes payable to Resources was $5.0 million and $4.6 million for the three months ended June 30, 1998 and 1997, respectively, and $9.7 million and $10.7 million for the six months ended June 30, 1998 and 1997, respectively. In July 1998, the Company repaid the notes payable to Resources through the issuance of 10.7 million shares of Class A Common Stock.

Company notes payable ("Company Notes") were issued in April 1998 in payment of the $2.0 billion dividend to Parent described in Note 7, Shareholder's Equity. The Company Notes have a term of one-year and bear interest at a rate of LIBOR plus 30 basis points. Interest expense on the Company Notes was $26.2 million for the three months ended June 30, 1998. In June 1998, the Company prepaid a portion of amounts outstanding under the Company Notes totaling $565.4 million using cash, a receivable from Resources and assets received from the Resources Dividend as described in Note 7, Shareholder's Equity. In July 1998, the Company prepaid all remaining amounts outstanding under the Company Notes using the net proceeds from the Initial Public Offering.

7. SHAREHOLDER'S EQUITY

In April 1998, the Company declared a $2.0 billion dividend to Parent that it paid in the form of the Company Notes.

In June 1998, the Company received a dividend of certain assets from Resources totaling approximately $437.3 million (the "Resources Dividend") that was used to prepay a portion of the Company Notes.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

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 have been authorized as Class A Common Stock, 125,000,000 shares have been 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 Parent were converted into 95,688,083 shares of Class B Common Stock. The Class A Common Stock and Class B Common Stock are identical in all respects, except holders of Class A Common Stock are entitled to one vote per share while holders of Class B Common Stock are entitled to five votes per share on all matters submitted to a vote of the stockholders, including the election of directors.

8. INCOME TAXES

Income taxes have been provided for based upon the Company's anticipated annual effective income tax rate.

9. 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 Class A Common Stock to employees, non-employee directors and independent contractors of the Company who are eligible to participate in the Stock Incentive Plan. The Company has reserved 20,000,000 shares of Class A Common Stock for issuance pursuant to options granted under the Stock Incentive Plan and Substitute Options (as defined below). As of June 30, 1998, no options were outstanding under the Stock Incentive Plan.

Following the Distribution the Company intends to issue substitute options under the Stock Incentive Plan (collectively, "Substitute Options") in substitution for grants under Parent's stock option plans as of the date of the Distribution (collectively, "Parent Stock Options") held by individuals employed by the Company as of the date of the Distribution (the "Company Employees"). Such Substitute Options will provide for the purchase of a number of shares of Class A Common Stock determined based on a ratio of average trading prices of Parent Common Stock and Class A Common Stock immediately prior to the Distribution. It is not possible to specify how many shares of Class A Common Stock will be subject to Substitute Options. It is expected that some Parent Stock Options consisting of stock options held by the Company Employees will be exercised and that some will be forfeited, and that additional Parent Stock Options will be granted, prior to the date of the Distribution. In addition, the remaining balance of unexercised Parent Stock Options will be converted into Substitute Options by reference to the ratio described above, which will not be known until the time of the Distribution.

10. EARNINGS PER SHARE

Earnings per share is computed by dividing net income by the number of common shares outstanding during the period after giving retroactive effect to the recapitalization of the 100 shares of common stock held by Parent into 95,688,083 shares of Class B Common Stock. Diluted earnings per share equals basic earnings per share for all periods presented since the Company had no common share equivalents outstanding during the periods presented. As described in Note 1, Basis of Presentation, following the Initial Public Offering, the Company had approximately 175.4 million shares of Class A and Class B Common Stock outstanding.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

11. RELATED PARTY TRANSACTIONS

Parent's corporate general and administrative costs not specifically attributable to its operating subsidiaries have been allocated to the Company based upon the ratio of the Company's invested capital to Parent's consolidated invested capital. Such allocations are included in the Company's selling, general and administrative costs and were approximately $3.7 million and $2.5 million for the three months ended June 30, 1998 and 1997, respectively, and $7.5 million and $4.6 million for the six months ended June 30, 1998 and 1997, respectively. These amounts approximate management's estimate of Parent's corporate general and administrative costs required to support the Company's operations. Management believes that the amounts allocated to the Company are reasonable and are no less favorable to the Company than the expenses the Company would incur to obtain such services on its own or from unaffiliated third parties.

In June 1998, the Company and Parent entered into a services agreement (the "Services Agreement") pursuant to which Parent will provide 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. In exchange for the provision of such services, fees will be payable by the Company to Parent in the amount of $1.25 million per month, subject to review and adjustment as the Company reduces the amount of services it obtains from Parent from time to time. The Company believes that the fees for services that will or may be provided under the Services Agreement will be no less favorable to the Company than could be obtained by the Company internally or from unaffiliated third parties.

The Company participates in Parent's combined risk arrangement programs for property, casualty and general liability insurance. The Company was charged for annual premiums of $9.7 million and $7.6 million during the six months ended June 30, 1998 and 1997, respectively. The Company's liability for unpaid and incurred but not reported claims under the Parent's combined risk management programs was estimated to be approximately $17.8 million and $12.6 million at June 30, 1998 and December 31, 1997, respectively, and is included in other current liabilities in the accompanying unaudited condensed consolidated balance sheets.

12. LEGAL MATTERS

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 results of operations, cash flows or financial position. However, unfavorable resolution could affect the consolidated results of operations or cash flows for the quarterly periods in which they are resolved.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included under Item 1. In addition, reference should be made to the Company's audited consolidated financial statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations. As of June 30, 1998, the Company was a wholly owned subsidiary of Republic Industries, Inc. (together with its subsidiaries, the "Parent"). All references to historical share and per share data of the Company's common stock, par value $.01 per share ("Common Stock" which is designated when issued as either "Class A Common Stock" or "Class B Common Stock") have been retroactively adjusted for the recapitalization of Parent's 100 shares of common stock previously outstanding into 95,688,083 shares of Class B Common Stock in July 1998, as more fully described in Note 7, Shareholder's Equity, of notes to unaudited condensed consolidated financial statements.

In May 1998, Parent announced its intention to separate the Company from the Parent (the "Separation"). Parent also announced its intention to distribute its remaining shares of Common Stock in the Company as of the distribution date to Parent's shareholders in 1999, subject to certain conditions and consents (the "Distribution"). The Company and Parent have entered into certain agreements providing for the Separation and governing various interim and ongoing relationships between the companies. The Distribution is contingent, in part, on Parent obtaining a private letter ruling from the Internal Revenue Service to the effect that, among other things, the Distribution will qualify as a tax-free distribution for federal income tax purposes under Section 355 of the Internal Revenue Code of 1986, as amended, in form and substance satisfactory to Parent.

In July 1998, the Company completed an initial public offering of approximately 63.2 million shares 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 remaining amounts due to Parent through the issuance of Class A shares of Common Stock and through proceeds from the Initial Public Offering. Following the Initial Public Offering and the repayment of amounts due to Parent, Parent owned approximately 63.9% of the outstanding shares of Class A and Class B Common Stock which represents approximately 88.7% of the combined voting power of all of the outstanding shares of the Class A and Class B Common Stock. Following the Initial Public Offering and the repayment of amounts due to Parent, the Company had the following shares of Common Stock outstanding:

	CLASS A	CLASS B	TOTAL
Recapitalization of Parent's common stock	--	95.7	95.7
Repayment of amounts due to Parent	16.5	--	16.5
Initial Public Offering	63.2	--	63.2
	79.7	95.7	175.4

The accompanying unaudited condensed consolidated financial statements reflect the accounts of the Company as a subsidiary of Parent subject to corporate general and administrative expense allocations 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.

BUSINESS COMBINATIONS

The Company makes decisions to acquire or invest in businesses based on financial and strategic considerations.

Parent has acquired various businesses operating in the solid waste services industry using cash and/or shares of its common stock ("Parent Common Stock"). These businesses were contributed by Parent to the Company subsequent to their acquisition. The Company has applied the same accounting method used by Parent in accounting for business combinations.

Businesses acquired through June 30, 1998 and accounted for under the purchase method of accounting are included in the unaudited condensed consolidated financial statements from the date of acquisition.

During the six months ended June 30, 1998, Parent acquired various solid waste services businesses which were contributed to the Company. The aggregate purchase price paid by Parent in transactions accounted for under the purchase method of accounting was $128.3 million consisting of $60.3 million in cash and 3.4 million shares of Parent Common Stock valued at $68.0 million.

CONSOLIDATED RESULTS OF OPERATIONS

Net income was $25.1 million or $.26 per share for the three months ended June 30, 1998 as compared to $25.9 million or $.27 per share for the three months ended June 30, 1997. Net income was $59.9 million or $.63 per share for the six months ended June 30, 1998 as compared to $49.1 million or $.51 per share for the six months ended June 30, 1997.

The following table sets forth revenue and cost of operations, selling, general and administrative expenses, Parent overhead allocations and operating income with percentages of revenue for the periods indicated (in millions):

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,			
	1998	%	1997	%	1998	%	1997	%
Revenue	$ 335.9	100.0	$ 283.7	100.0	$ 636.7	100.0	$ 546.9	100.0
Expenses:								
Cost of operations	231.7	69.0	210.8	74.3	441.4	69.3	401.1	73.3
Selling, general and administrative expenses	29.8	8.9	23.3	8.2	58.1	9.1	53.1	9.7
Parent overhead allocations	3.7	1.1	2.5	.9	7.5	1.2	4.6	.9
Operating Income	$ 70.7	21.0	$ 47.1	16.6	$ 129.7	20.4	$ 88.1	16.1

Revenue was $335.9 million and $283.7 million for the three months ended June 30, 1998 and 1997, respectively, an increase of 18%. Acquisitions accounted for 8% of the increase, price and primarily volume accounted for 5% of the increase and "tuck-in" acquisitions accounted for 5% of the increase. Revenue was $636.7 million and $546.9 million for the six months ended June 30, 1998 and 1997, respectively, an increase of 16%. Acquisitions accounted for 6% of the increase, price and primarily volume accounted for 5% of the increase and "tuck-in" acquisitions accounted for 5% of the increase.

All of the Company's revenue sources showed increases in aggregate dollar amounts for the three and six months ended June 30, 1998 versus the comparable 1997 periods. The following table reflects total revenue of the Company by revenue source excluding intercompany disposal revenue:

	THREE MONTHS ENDED JUNE 30,		INCREASE		SIX MONTHS ENDED JUNE 30,		INCREASE	
	1998	1997	$	%	1998	1997	$	%
Collection	$ 262.5	$ 223.8	$ 38.7	17.3	$ 502.3	$ 428.2	$ 74.1	17.3
Transfer and disposal	31.9	31.5	.4	1.3	62.3	61.3	1.0	1.6
Sale of recycling materials	11.4	10.7	.7	6.5	23.7	20.6	3.1	15.0
Other	30.1	17.7	12.4	70.1	48.4	36.8	11.6	31.5
Total Revenue	$ 335.9	$ 283.7	$ 52.2	18.4	$ 636.7	$ 546.9	$ 89.8	16.4

Cost of operations was $231.7 million and $441.4 million for the three and six months ended June 30, 1998, respectively, versus $210.8 million and $401.1 million for the comparable 1997 periods. The increases in aggregate dollars are primarily due to acquisitions. Cost of operations as a percentage of revenue was 69.0% and 69.3% for the three and six months ended June 30, 1998, respectively, versus 74.3% and 73.3% for the comparable 1997 periods. The decreases in such costs as percentages of revenue are primarily a result of improved operating efficiencies.

Selling, general and administrative expenses were $29.8 million and $58.1 million for the three and six months ended June 30, 1998, respectively, versus $23.3 million and $53.1 million for the comparable 1997 periods. Selling, general and administrative expenses as a percentage of revenue were 8.9% and 9.1% for the three and six months ended June 30, 1998, respectively, versus 8.2% and 9.7% for the comparable 1997 periods. The increases in aggregate dollars are primarily due to acquisitions.

PARENT OVERHEAD ALLOCATIONS

Parent overhead allocations include allocations of general and administrative costs not specifically attributable to its operating subsidiaries. Such allocations are based upon the ratio of the Company's invested capital to Parent's consolidated invested capital and were $3.7 million and $7.5 million for the three and six months ended June 30, 1998, respectively, as compared to $2.5 million and $4.6 million for comparable 1997 periods. These allocations approximate management's estimate of Parent's corporate overhead required to support the Company's operations. Management believes that the amounts allocated to the Company are reasonable and are no less favorable to the Company than the expenses the Company would incur to obtain such services on its own or from unaffiliated third parties.

In June 1998, the Company and Parent entered into a services agreement (the "Services Agreement") pursuant to which Parent will provide certain services to the Company for a fee of $1.25 million per month. See Note 11, Related Party Transactions, of notes to unaudited condensed consolidated financial statements for discussion of the Services Agreement.

INTEREST EXPENSE

Interest expense was incurred primarily on amounts due to Parent. Interest expense was $31.9 million and $37.3 million for three and six months ended June 30, 1998, respectively, as compared to $6.8 million and $14.4 for the comparable 1997 periods. The increases in interest expense for the three and six months ended June 30, 1998 versus the comparable 1997 periods are attributable to interest on the amounts due to Parent. All amounts due to Parent were repaid in full in July 1998 through the issuance of shares of Class A Common Stock and proceeds from the Initial Public Offering.

INCOME TAXES

The provision for income taxes was $14.1 million and $33.7 million for the three and six months ended June 30, 1998, respectively, as compared to $14.6 million and $27.8 million for the comparable 1997 periods. Income taxes have been provided based upon the Company's anticipated annual effective tax rate.

Following the Initial Public Offering, the Company will no longer be included in the Parent's consolidated federal income tax return.

ENVIRONMENTAL AND LANDFILL MATTERS

The Company provides for accrued environmental and landfill costs which include landfill site 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 based on consumed airspace. The Company estimates its future cost requirements for closure and post-closure monitoring and maintenance for its solid waste facilities based on its interpretation of the technical standards of the Environmental Protection Agency's Subtitle D regulations. These estimates do not take into account discounts for the present value of such total estimated costs. Engineering reviews of the future cost requirements for closure and post-closure monitoring and maintenance for the Company's operating landfills are performed on an annual basis. Such reviews provide the basis upon which the Company estimates future costs and revises the related accruals. Changes in these estimates primarily relate to permit modifications, inflation and changes in regulations, all of which are taken into consideration annually.

The current and long-term portion of accrued closure and post-closure costs associated with landfills are included in other current liabilities and accrued environmental and landfill costs, respectively, in the Company's unaudited condensed consolidated balance sheets. The increase in such accruals resulted from the normal accrual of closure and post-closure costs based on airspace consumed plus additional costs associated with new landfills acquired and internally developed during the period.

Costs related to environmental remediation activities are accrued by the Company through a charge to income in the period such liabilities become probable and can be reasonably estimated.

FINANCIAL CONDITION

At June 30, 1998, the Company had $17.1 million of unrestricted cash.

As previously discussed, in July 1998, the Company completed the Initial Public Offering resulting in net proceeds of approximately $1.4 billion. In July 1998, the Company repaid in full all remaining amounts due to Parent through the issuance of shares of Class A Common Stock and through proceeds from the Initial Public Offering. Following the Initial Public Offering, the Company had total debt outstanding and shareholders' equity of approximately $73.8 million and $1.2 billion, respectively.

Prior to the Initial Public Offering, the Company's needs for working capital and capital for general corporate purposes, including acquisitions, had been satisfied pursuant to Parent's corporate-wide cash management policies. Following the Initial Public Offering, the Company will be financed autonomously and Parent will no longer provide funds to finance the Company's operations or acquisitions. The Company's operating cash flow will be retained by the Company subsequent to the Initial Public Offering to finance its working capital, acquisition and other requirements. Additionally, in July 1998, the Company entered into a $1.0 billion unsecured revolving credit facility with a group of banks. $500.0 million of the facility has a term of 364 days and the remaining $500.0 million has a term of 5 years. Borrowings under the facility bear interest at LIBOR based rates. Proceeds from the facility will be used to satisfy future working capital requirements, capital expenditures and acquisitions.

The Company believes that it has sufficient financial resources available to meet its anticipated capital requirements and obligations as they come due.

CASH FLOWS

Cash and cash equivalents increased by $17.1 million and $24.9 million during the six months ended June 30, 1998 and 1997, respectively. The major components of these changes are discussed below.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash provided by operating activities was $140.6 million and $129.7 million during the six months ended June 30, 1998 and 1997, respectively. The increase is due to expansion of the Company's business.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities consist primarily of cash used for capital additions. Capital additions were $71.1 million and $68.3 million during the six months ended June 30, 1998 and 1997, respectively.

The Company believes capital expenditures will increase due to expansion of the Company's business. In addition, following the Initial Public Offering, the Company expects to use primarily cash for business acquisitions. The Company intends to finance capital expenditures and acquisitions through cash on hand, cash flow from operations, the Company's $1.0 billion revolving credit facility and other financings.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities during the six months ended June 30, 1998 and 1997 included commercial bank and affiliate borrowings and repayments of debt. Proceeds from bank and affiliate borrowings were used to fund capital additions, repay debt and expand the Company's business during the periods.

SEASONALITY

The Company's 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 the Company's landfill sites and other facilities.

YEAR 2000 SYSTEMS COSTS

The Company utilizes software and related technologies that may be affected by the date change in the year 2000 ("Year 2000"). The Company is in the process of evaluating the full scope and related costs to ensure that the Company's systems continue to meet its internal needs and those of its customers. The majority of the Company's information systems are supported by third party vendors who are responsible for system modifications to address the Year 2000 issue. Anticipated costs for system modifications will be expensed as incurred and are not expected to have a material impact on the Company's consolidated results of operations. However, the Company cannot measure the impact that the Year 2000 issue will have on its vendors, suppliers, customers and other parties with which it conducts business.

NEW ACCOUNTING PRONOUNCEMENTS

In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 requires computer software costs associated with internal use software to be expensed as incurred until certain capitalization criteria are met. The Company will adopt SOP 98-1 beginning January 1, 1999. Adoption of this statement will not have a material impact on the Company's consolidated financial position or results of operations.

In April 1998, the AICPA issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" ("SOP 98-5"). SOP 98-5 requires all costs associated with pre-opening, pre-operating and organization activities to be expensed as incurred. The Company's accounting policies conform with the requirements of SOP 98-5, therefore adoption of this statement will not impact the Company's consolidated financial position or results of operations.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 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 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS 133 cannot be applied retroactively. The Company will adopt SFAS 133 beginning January 1, 2000. Adoption of this statement is not expected to have a material impact on the Company's consolidated financial position or results of operations.

FORWARD-LOOKING STATEMENTS

Certain statements and information included herein constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, competition in the solid waste industry; dependence on acquisitions for growth; compliance with environmental regulations; dependence on Parent for certain services; the ability to obtain financing on acceptable terms to finance the Company's operations and growth strategy and for the Company to operate within the limitations imposed by financing arrangements; the Company's dependence on key personnel; general economic conditions; dependence on large, long-term collection contracts; and other factors contained in the Company's filings with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Subsequent to the repayment of all remaining amounts due to Parent in July 1998, the Company's market sensitive financial instruments consist primarily of variable rate debt that is not material to the Company's consolidated financial position. Therefore, management believes the Company does not have material exposure to market risk.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

SALES OF UNREGISTERED SECURITIES. On July 1, 1998, the Company issued 16,474,416 shares of Class A Common Stock to subsidiaries of Parent in satisfaction of an aggregate of approximately $395.4 million of intercompany payables and amounts due to such subsidiaries, which amounts were included in amounts due to Parent in the Company's unaudited condensed consolidated financial statements. The issuance of the Class A Common Stock was made pursuant to the exemption from the registration requirements provided by Section 4(2) of the Securities Act of 1933, as amended.

USE OF PROCEEDS FROM SALES OF REGISTERED SECURITIES. On July 7, 1998, the Company completed an initial public offering of 63,250,000 shares of its Class A Common Stock, $0.01 par value per share (the "Offering"). The shares of Class A Common Stock sold in the Offering were registered under the Securities Act of 1933, as amended, on a Registration Statement on Form S-1 (Commission Registration No. 333-52505), that was declared effective by the Securities and Exchange Commission ("SEC") on June 30, 1998. The managing underwriters in the Offering were Merrill Lynch & Co., Deutsche Bank Securities and Donaldson, Lufkin & Jenrette Securities Corporation (the "U.S. Underwriters") as to 50,600,000 shares offered and sold in the United States and Canada, and Merrill Lynch International, Deutsche Bank and Donaldson, Lufkin & Jenrette International (the "International Underwriters," and together with the U.S. Underwriters, the "Underwriters") as to 12,650,000 shares offered and sold outside the United States and Canada. The Offering was completed after all of the 63,250,000 shares of Class A Common Stock which were registered, including 8,250,000 shares sold pursuant to the exercise by the Underwriters of all of their options to cover over-allotments, were sold at a price of $24.00 per share. The aggregate price of the Offering amount registered and sold for the Company's account was $1,518,000,000, including an aggregate of $75,900,000 in underwriting discounts to the Underwriters. The following table sets forth an estimate of all expenses incurred in connection with the Offering, other than underwriting discounts, all of which amounts are estimated except for the fees of the SEC, the National Association of Securities Dealers, Inc. ("NASD") and the New York Stock Exchange:

SEC registration fee	$ 457,250
NASD filing fee	30,500
New York Stock Exchange original listing fee	245,600
Accounting fees and expenses	3,000,000
Legal fees and expenses	2,400,000
Printing and engraving expenses	1,150,000
Miscellaneous fees and expenses	216,650
Total	$7,500,000

After deducting underwriting discounts and estimated offering expenses described above, on July 7, 1998,

the Company received net proceeds from the Offering of approximately $1,434,600,000. On July 7, 1998, the Company used all of the net proceeds to prepay $1,434,600,000 of certain notes payable to Parent, as described in the Registration Statement. None of the net proceeds from the Offering were paid directly or indirectly to any directors or officers of the Company or their associates, to persons owning 10 percent or more of any class of equity securities of the Company, or to affiliates of the Company, except that Parent owns approximately 63.9% of the total outstanding shares of Class A Common Stock and Class B Common Stock of the Company and Parent is an affiliate of the Company.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) EXHIBITS:

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Republic Services, Inc.
3.2	Amended and Restated Bylaws of Republic Services, Inc.
4.1	Long Term Credit Agreement dated as of July 10, 1998 among Republic Services, Inc., Bank of America National Trust and Savings Association, as Administrative Agent, and the several financial institutions party thereto.
10.1	Separation and Distribution Agreement dated as of June 30, 1998 by and between Republic Services, Inc. and Republic Industries, Inc.

10.2 Employee Benefits Agreement dated as of June 30, 1998 by and between Republic Services, Inc. and Republic Industries, Inc.

10.3 Services Agreement dated as of June 30, 1998 by and between Republic Services, Inc. and Republic Industries, Inc.

10.4 Tax Indemnification and Allocation Agreement dated as of June 30, 1998 by and between Republic Services, Inc. and Republic Industries, Inc.

10.5 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 of the Company's Registration Statement on Form S-1/A filed on June 29, 1998, Registration No. 333-52505).

27.1 Financial Data Schedule for the Six Months Ended June 30, 1998 (for SEC use only)

27.2 Financial Data Schedule for the Six Months Ended June 30, 1997 (for SEC use only)

(b) REPORTS ON FORM 8-K:

None.

SIGNATURE

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

REPUBLIC SERVICES, INC.

By: /s/ Tod C. Holmess

Tod C. Holmes
CHIEF FINANCIAL OFFICER
(PRINCIPAL ACCOUNTING OFFICER)

Date: August 13, 1998

EXHIBIT 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF REPUBLIC SERVICES, INC.

The name of the Corporation (which is hereinafter referred to as the "Corporation") is "Republic Services, Inc."

The original certificate of incorporation was filed with the Secretary of State of the State of Delaware on December 20, 1996, under the name "Republic Waste Companies Holding Co."

This Amended and Restated Certificate of Incorporation (the "Certificate") has been duly proposed by resolutions adopted and declared advisable by the Board of Directors of the Corporation, duly adopted by the sole stockholder of the Corporation and duly executed and acknowledged by the officers of the Corporation in accordance with Sections 103, 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL").

The text of the Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I
NAME

The name of the corporation (which is hereinafter referred to as the "Corporation") is: "Republic Services, Inc."

ARTICLE II
REGISTERED AGENT

The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III
PURPOSE

The purpose of the Corporation shall be to engage in any lawful act or activity for which corporations may be organized and incorporated under the DGCL.

ARTICLE IV
CAPITAL STOCK

SECTION 1. GENERAL.

(a) The total number of shares of stock which the Corporation shall have authority to issue will be 800,000,000, consisting of 750,000,000 shares of Common Stock, par value $.01 per share (the "Common Stock"), and 50,000,000 shares of Preferred Stock, par value $.01 per share (the "Preferred Stock"). The Common Stock of the Corporation shall be divided into two series, consisting of Class A Common Stock and Class B Common Stock, which shall be designated by the Board as Class A Common Stock or Class B Common Stock at the time of issuance in accordance with Section 2(b) hereof. The Preferred Stock may be issued in one or more series having such designations as may be fixed by the Board of Directors (the "Board").

(b) Immediately upon the effectiveness of this Certificate, each share of unclassified common stock of the Corporation, par value $.01 per share, that is issued and outstanding immediately prior to such effectiveness, shall automatically be changed into and reclassified as 95,688,083 shares of Class B Common Stock.

SECTION 2. COMMON STOCK.

(a) ISSUANCE AND CONSIDERATION. Any unissued or treasury shares of the Common Stock may be issued for such consideration as may be fixed in accordance with applicable law from time to time by the Board of Directors.

(b) DESIGNATION. Of the 750,000,000 authorized shares of Common Stock of the Corporation, 250,000,000 shares are initially designated as shares of Class A Common Stock, 125,000,000 shares are initially designated as shares of Class B Common Stock and 375,000,000 shares are not yet designated. The number of shares designated as Class A Common Stock or Class B Common Stock may be increased or decreased from time to time by a resolution or resolutions adopted by the Board or any duly authorized committee thereof and in accordance with provisions herein below without the consent of the holders of any outstanding shares of Common Stock or Preferred Stock. Except as otherwise set forth below in this Article IV, the powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions of the Class A Common Stock and Class B Common Stock shall be identical in all respects. Every reference in this Certificate to a majority or other proportion of shares of Common Stock, or any series thereof with respect to approval or voting, shall refer to such majority or other proportion of the votes to which such shares of Common Stock, or such series thereof as the case may be, are entitled.

(c) CONVERSION PRIOR TO THE DISTRIBUTION. Prior to the Distribution (as defined below), shares of Class B Common Stock shall be convertible into shares of Class A Common Stock as follows:

(1) OPTIONAL CONVERSION. The Initial Holder (as defined below) of shares of Class B Common Stock shall be entitled, at any time or from time to time, to convert all or any portion of its shares of Class B Common Stock into shares of Class A Common Stock on a one-for-one basis. In this Certificate, the term "Initial Holder" means Republic Industries, Inc., a Delaware corporation.

(2) AUTOMATIC CONVERSION.

(i) Any shares of Class B Common Stock transferred by the Initial Holder or any of its subsidiaries to any person, other than the Initial Holder or any of its subsidiaries, shall automatically convert into shares of Class A Common Stock on a one-for-one basis, except for the distribution of Class B Common Stock to stockholders of the Initial Holder as part of the Distribution. In this Certificate, the term "Distribution" means the distribution of all shares of Common Stock held by the Initial Holder as a dividend to the stockholders of the Initial Holder on a tax-free basis under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), pursuant to a private letter ruling from the Internal Revenue Service satisfactory to the Initial Holder (the "Letter Ruling").

(ii) All shares of Class B Common Stock then issued or outstanding shall also automatically convert into shares of Class A Common Stock on a one-for-one basis if the number of outstanding shares of Class B Common Stock falls below 20% of the aggregate number of outstanding shares of Common Stock.

(d) CONVERSION FOLLOWING THE DISTRIBUTION. Following the Distribution, shares of Class B Common Stock shall be convertible into shares of Class A Common Stock and shares of Class A Common Stock shall be convertible into shares of Class B Common Stock as follows:

(1) OPTIONAL CONVERSION. Following the Distribution, (i) shares of Class A Common Stock will be convertible, at the option of the holder thereof on a one-for-one basis into shares of Class B Common Stock on the date on which any person or group of persons other than the Initial Holder or any of its subsidiaries (the "Offeror") makes an offer, which the Board deems to be a bona fide offer, to the

holders of Class B Common Stock to purchase 20% or more of the issued and outstanding shares of such Class B Common Stock for cash or securities or other property without making a similar offer for shares of the Class A Common Stock, unless prior to the date of the Distribution (the "Distribution Date"), the Initial Holder delivers to the Corporation an opinion of counsel reasonably satisfactory to the Corporation to the effect that such conversion right would adversely affect the Initial Holder's ability to obtain the Letter Ruling and (ii) shares of Class B Common Stock will be convertible, at the option of the holder thereof on a one-for-one basis into shares of Class A Common Stock on the date on which any person or group of persons other than the Initial Holder or any of its subsidiaries makes an offer, which the Board deems to be a bona fide offer, to purchase 20% or more of the issued and outstanding shares of such Class A Common Stock for cash or securities or other property without making a similar offer for shares of the Class B Common Stock, unless prior to the Distribution Date, the Initial Holder delivers to the Corporation an opinion of counsel reasonably satisfactory to the Corporation to the effect that such conversion right would adversely affect the Initial Holder's ability to obtain the Letter Ruling. The Corporation will provide notice in writing to all holders of Common Stock of any offer referred to in the foregoing clauses (i) and (ii). Such notice shall be provided by mailing notice of such offer, first class postage prepaid, to each holder of the class of Common Stock then entitled to be converted, at such holder's address as it appears on the transfer books of the Corporation. Except as otherwise provided in this Certificate, the shares of Common Stock of one series in the same class may only be so converted to the other series in the same class during the period in which such bona fide offer is in effect. Any shares of Common Stock so converted and not acquired by the Offeror prior to the termination, rescission or completion of the offer will automatically reconvert to shares of the Class from which it was converted upon such termination, rescission or completion.

(2) AUTOMATIC CONVERSION.

(i) Subject to the provisions hereof shares of Class B Common Stock shall automatically convert into shares of Class A Common Stock on a one-for-one basis on the fifth anniversary of the Distribution Date, unless prior to the Distribution Date, the Initial Holder delivers to the Corporation an opinion of counsel reasonably satisfactory to the Corporation to the effect that such automatic conversion would adversely affect the Initial Holder's ability to obtain the Letter Ruling. If such opinion is received, approval of such conversion shall be submitted to a vote of the holders of the Common Stock as soon as practicable after the fifth anniversary of the Distribution Date, unless the Initial Holder delivers to the Corporation an opinion of counsel reasonably satisfactory to the Corporation prior to such fifth anniversary that such vote would adversely affect the tax-free status of the

Distribution. Approval of such conversion shall require the affirmative vote of the holders of a majority of the shares of both the Class A Common Stock and Class B Common Stock present in person or by proxy, voting together as a single class, with each share entitled to one vote for such purpose.

(ii) In addition, following the Distribution, if any person or entity or persons or entities acting together as a group acquires 20% or more of the outstanding shares of Class B Common Stock, all shares of Class B Common Stock held by such person, entity or group shall automatically be converted into shares of Class A Common Stock on a one-for-one basis, unless prior to the Distribution Date, the Initial Holder delivers to the Corporation an opinion of counsel reasonably satisfactory to the Corporation to the effect that such automatic conversion would adversely affect the Initial Holder's ability to obtain the Letter Ruling.

(e) CONVERSION PROCEDURES.

(1) RESERVATION OF SHARES. The Corporation shall at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock for the purpose of effecting any conversion of the Common Stock pursuant to Sections 2(c) and 2(d), such number of shares of Common Stock deliverable upon any such conversion.

(2) NOTICE. The Corporation shall provide notice of any automatic conversion of shares of Common Stock to holders of record thereof not less than 30 nor more than 60 days prior to the date fixed for such conversion; PROVIDED, HOWEVER, that if the timing or nature of the effectiveness of an automatic conversion makes it impracticable to provide at least 30 days' notice, the Corporation shall provide such notice as soon as practicable. Such notice shall be provided by mailing notice of such conversion first class postage prepaid, to each holder of record of the Common Stock, at such holder's address as it appears on the transfer books of the Corporation; provided, however, that no failure to give such notice nor any defect therein shall affect the validity of the automatic conversion of any such shares of Common Stock. Each such notice shall state, as appropriate, the following:

(i) the automatic conversion date;

(ii) the number and series of outstanding shares of Common Stock that are to be converted automatically;

(iii) the place or places where certificates for such shares are to be surrendered for conversion; and

(iv) that upon conversion, no dividends will be declared on the shares of Common Stock so converted following such conversion date.

(3) RIGHTS UPON CONVERSION. Immediately upon conversion, the rights of the holders of shares of Class A Common Stock or Class B Common Stock, as the case may be, shall cease and such holders shall be treated for all purposes as having become the record owners of such shares of the series in the same class of Common Stock issuable upon such conversion; provided, however, that such persons shall be entitled to receive when paid any dividends declared on the Class A Common Stock or Class B Common Stock, as the case may be, as of a record date preceding the time of such conversion and unpaid as of the time of such conversion.

(4) SURRENDER OF CERTIFICATES FOR CONVERSION. Any conversion pursuant to Sections 2(c) and 2(d) hereof may be effected at the office of the Corporation or any transfer agent for the Common Stock and at such other place or places, if any, as the Board may designate. Upon conversion pursuant to Sections 2(c) and 2(d) hereof, the Corporation shall make no payment or adjustment on account of dividends accrued or in arrears on Common Stock surrendered for conversion or on account of any dividends on Common Stock issuable on such conversion. Before any holder of Common Stock shall be entitled to convert the same into any other series of the same class of stock pursuant to Sections 2(c) and 2(d) hereof, such holder shall surrender the certificate or certificates for such Common Stock at the office of said transfer agent (or other place as provided above). Such certificate(s), if the Corporation shall so request, shall be duly endorsed to the Corporation or in blank or accompanied by proper instruments of transfer to the Corporation or in blank (such endorsements or instruments of transfer to be in form satisfactory to the Corporation).

In addition, if any holder elects to convert shares of Common Stock pursuant to Section 2(c)(1) or 2(d)(1) hereof, the certificates surrendered by such holder shall also be accompanied by a written notice to the Corporation at said office stating that such holder elects to convert all or a specified number of the shares of the Common Stock represented by such certificate(s) in accordance with such Section and stating the name(s) in which such holder desires the certificate(s) representing the stock to be issued. In the case of an election to convert pursuant to Section 2(d)(1), such written notice shall also state the name(s) of the Offeror making the offer entitling such holder to convert such Common Stock.

(5) DELIVERY OF CONVERTED STOCK CERTIFICATES. As promptly as practicable after the time of conversion, upon the delivery to the Corporation of certificates formerly representing shares of Class A Common Stock or Class B Common Stock, as the case may be, the Corporation shall deliver or cause to be delivered, to or upon the written order of the record holder of such surrendered certificates, a certificate or certificates representing the number of fully paid and nonassessable shares of the series in the same class into which such shares were converted in accordance with the provisions of Sections 2(c) and 2(d) hereof.

(6) RECONVERSION LEGEND. Any certificate of Common Stock issued in connection with a conversion pursuant to Section 2(d)(1) hereof shall bear a legend substantially to the effect that any share of Common Stock so converted but not acquired by the Offeror prior to the termination, rescission or completion of the offer will automatically reconvert to a share of the series in the same class from which it was so converted upon such termination, rescission or completion.

(7) TAXES ON CONVERSION. The Corporation will pay any and all documentary, stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of one Class in the same series of Common Stock on the conversion of shares of the other Class in the same series of Common Stock pursuant to Sections 2(d)(1) and 2(d)(2); provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any registration of transfer involved in the issue or delivery of shares of one Class in the same series of Common Stock in a name other than that of the registered holder of the other Class in the same series of Common Stock converted, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(f) VOTING. Holders of Class A Common Stock shall be entitled to one vote per share while holders of Class B Common Stock shall be entitled to five votes per share on all matters submitted to a vote of the stockholders, including the election of directors; provided, however, that with respect to any proposed conversion of the shares of Class B Common Stock into shares of Class A Common Stock that is submitted to a vote of the holders of the Common Stock pursuant to Section 2(d)(2)(i), every holder of a share of Common Stock, irrespective of class, shall have one vote in person or by proxy for each share of Common Stock standing in his or her name on the transfer books of the Corporation. Except as otherwise required by law or this Article IV, Section 2(f) or provided in any resolution adopted by the Board with respect to any series of Preferred Stock, the holders of Common Stock will possess all voting power and the holders of Class A Common Stock and Class B Common Stock shall vote together as a single class. Except as otherwise provided by law, and subject to any voting rights granted holders of any Preferred Stock, amendments to the Certificate must be approved by a majority of the votes entitled to be cast by all outstanding shares of Class A Common Stock and Class B Common Stock, voting together as a single

class, PROVIDED, HOWEVER, amendments to the Certificate that would alter or change the powers, preferences or special rights of the Class A Common Stock or Class B Common Stock so as to affect them adversely must also be approved by a majority of the outstanding shares of the series in the same class that is adversely affected by such amendment, voting as a separate class.

(g) DIVIDENDS. Subject to any preferential rights of any outstanding series of Preferred Stock created by the Board from time to time, the holders of shares of Class A Common Stock and Class B Common Stock shall be entitled to such cash dividends as may be declared from time to time by the Board from funds available therefor, which dividends are not required to be declared on both such Classes, PROVIDED that holders of shares of Class A Common Stock shall be entitled to receive an equal pro rata share of any amounts received by holders of shares of Class B Common Stock. In addition, in connection with any stock dividend that may be declared by the Board from time to time, holders of Class A Common Stock shall be entitled to receive such dividend only in shares of Class A Common Stock while holders of Class B Common Stock shall be entitled to receive such dividend either in shares of Class A Common Stock or in shares of Class B Common Stock as may be determined by the Board. Neither the shares of Class A Common Stock nor the shares of Class B Common Stock may be reclassified, subdivided or combined unless such reclassification, subdivision or combination occurs simultaneously and in the same proportion for each class.

(h) LIQUIDATION. Subject to any preferential rights of any outstanding series of Preferred Stock created from time to time by the Board, upon liquidation, dissolution or winding up of the Corporation, the holders of shares of Class A Common Stock and Class B Common Stock shall be entitled to receive pro rata all assets of the Corporation available for distribution to such holders.

(i) OTHER RIGHTS. In the event of any merger or consolidation of the Corporation with or into another company in connection with which shares of Common Stock are converted into or exchangeable for shares of stock, other securities or property (including cash), all holders of Common Stock, regardless of series, will be entitled to receive the same kind and amount of shares of stock and other securities and property (including cash).

SECTION 3. PREFERRED STOCK. The Preferred Stock may be issued from time to time in one or more series. The Board is hereby authorized to provide for the issuance of shares of Preferred Stock in one or more series and, by filing a certificate of designations pursuant to the DGCL (hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, privileges, preferences and rights of the shares of each such series and the qualifications, limitations and restrictions thereof. The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(a) the designation of the series, which may be by distinguishing number, letter or title;

(b) the number of shares of the series, which number the Board may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);

(c) whether dividends, if any, shall be cumulative or noncumulative, and, in the case of shares of any series having cumulative dividend rights, the date or dates or method of determining the date or dates from which dividends on the shares of such series shall be cumulative;

(d) the rate of any dividends (or method of determining such dividends) payable to the holders of the shares of such series, any conditions upon which such dividends shall be paid and the date or dates or the method for determining the date or dates upon which such dividends shall be payable;

(e) the price or prices (or method of determining such price or prices) at which, the form of payment of such price or prices (which may be cash, property or rights, including securities of the same or another corporation or other entity) for which, the period or periods within which and the terms and conditions upon which the shares of such series may be redeemed, in whole or in part, at the option of the Corporation or at the option of the holder or holders thereof or upon the happening of a specified event or events, if any;

(f) the obligation, if any, of the Corporation to purchase or redeem shares of such series pursuant to a sinking fund or otherwise and the price or prices at which, the form of payment of such price or prices (which may be cash, property or rights, including securities of the same or another corporation or other entity) for which, the period or periods within which and the terms and conditions upon which the shares of such series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(g) the amount payable out of the assets of the Corporation to the holders of shares and preferences, if any, of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(h) provisions, if any, for the conversion or exchange of the shares of such series, at any time or times at the option of the holder or holders thereof or at the option of the Corporation or upon the happening of a specified event or events, into shares of any other class or classes or any other series of the same or any other class or classes of stock, or any other security, of the Corporation, or any other corporation or other entity, and the price or prices or rate or rates of conversion or exchange and any adjustments applicable thereto, and all other terms and conditions upon which such conversion or exchange may be made;

(i) restrictions on the issuance of shares of the same series or of any other class or series, if any; and

(j) the voting rights, if any, of the holders of shares of the series.

ARTICLE V
BOARD OF DIRECTORS

The Board of Directors shall consist of one or more members. The number of directors shall be fixed by, or in the manner provided in, the Bylaws. At the first annual meeting of stockholders and at each annual meeting of stockholders thereafter, the respective terms of all of the directors then serving in office shall expire at the meeting, and successors to the directors shall be elected to hold office until the next succeeding annual meeting. Election of directors need not be by written ballot. Existing directors may be nominated for election each year for a successive term, in the manner provided in the Bylaws. Each director shall hold office for the term for which such director is elected and qualified or until the successor of such director shall have been elected and qualified or until his earlier resignation, disqualification, removal from office or death. The Board of Directors shall have all powers and authority which may be granted to a board of directors of a corporation under the DGCL, including but not limited to the following:

(a) to adopt, amend or repeal the Bylaws of the Corporation;

(b) to authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation;

(c) to set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created;

(d) to designate one or more committees;

(e) to sell, lease or exchange all or substantially all of the property and assets of the Corporation, including its goodwill and its corporate franchises, upon such terms and conditions and for such consideration, which may consist in whole or in part of money of property including shares of stock in, and/or other securities of, any other corporation or corporations, as the Board of Directors shall deem expedient and for the best interest of the Corporation, when and as authorized by the shareholders entitled to vote thereon;

(f) to provide indemnification for directors, officers, employees, and/or agents of the Corporation to the fullest extent permitted by law, subject however, to the rules against limitation on liability of directors as set forth in the DGCL, as amended form time to time; and

(g) to determine from time to time whether and to what extent, and at what times and places and under what conditions and regulations, the accounts and books of the Corporation or any of them, shall be opened to the inspection of the stockholders, and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by the DGCL or authorized by the Board of Directors, or by a resolution of the stockholders.

ARTICLE VI
LIMITED LIABILITY; INDEMNIFICATION

SECTION 1. LIMITED LIABILITY OF DIRECTORS. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except, if required by the DGCL, as amended from time to time, for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. Neither the amendment nor repeal of Section 1 of this Article VI shall eliminate or reduce the effect of Section 1 of this Article VI in respect of any matter occurring, or any cause of action, suit or claim that, but for Section 1 of this Article VI would accrue or arise, prior to such amendment or repeal.

SECTION 2. INDEMNIFICATION AND INSURANCE.

(a) RIGHT TO INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense (including attorney's fees), liability and loss reasonably incurred or suffered by such person in connection therewith.

(b) PAYMENT OF EXPENSES. The right to indemnification conferred in this Section shall be a contract right and shall include the right to have the Corporation pay the expenses incurred in defending any such proceeding in advance of its final disposition, PROVIDED, HOWEVER, that to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the indemnified person to repay all amounts advanced if it should be ultimately determined that he or she is not entitled to the requested indemnification or advancement of expenses under applicable law; any advance payments shall be paid by the Corporation within 20 calendar days after the receipt by the

Corporation of a statement or statements from the claimant requesting such advance or advances from time to time. The Corporation may grant rights to indemnification, and rights to have the Corporation pay the expenses incurred in defending any proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

(c) NON-EXCLUSIVITY OF RIGHTS. Any right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of this Certificate, bylaw, agreement, vote of stockholders or disinterested directors or otherwise. No repeal or modification of this Article shall in any way diminish or adversely affect the rights of any director, officer, employee or agent of the Corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

(d) INSURANCE. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

(e) SEVERABILITY. If any provision or provisions of this Article VI shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Article VI (including, without limitation, each portion of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Article VI (including, without limitation, each such portion of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

IN WITNESS WHEREOF, said Republic Services, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by its Vice Chairman and attested by its Assistant Secretary this 30th day of June, 1998.

By: /s/ Harris W. Hudson

Name: Harris W. Hudson

Title: Vice Chairman

ATTEST:

By: /s/ David Barclay

Name: David Barclay

Title: Assistant Secretary

EXHIBIT 3.2

AMENDED AND RESTATED

BYLAWS

OF

REPUBLIC SERVICES, INC.

ARTICLE I

OFFICES

SECTION 1.1 REGISTERED OFFICE. The registered office of Republic Services, Inc., a Delaware corporation (the "Corporation"), shall be located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

SECTION 1.2 OFFICES. The Corporation may establish or discontinue, from time to time, such other offices and places of business within or without the State of Delaware as the Board of Directors deems proper for the conduct of the Corporation's business.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 2.1 ANNUAL MEETING. An annual meeting of stockholders for the purpose of electing directors and transacting such other business as may come before it shall be held at such place, within or without the State of Delaware, on such date and at such time as shall be designated by the Board of Directors or the President.

SECTION 2.2 SPECIAL MEETINGS. Special meetings of stockholders, unless otherwise prescribed by statute, may be called by the Board of Directors or by the President. Business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice.

SECTION 2.3 NOTICE OF MEETINGS. Written notice of each meeting of stockholders shall be given to each stockholder of record entitled to vote at the meeting at the stockholder's address as it appears on the stock books of the Corporation. The notice shall state the time and the place of the

meeting and shall be given not less than ten (10) nor more than sixty (60) days before the day of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. In the case of a special meeting, the notice shall state the purpose or purposes for which the meeting is being called. Whenever notice is required to be given hereunder, a written waiver of notice signed by the stockholder entitled to notice, whether before or after the time stated in the notice, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when a person attends for the express purpose of objecting, at the beginning of the meeting, to the transaction or any business because the meeting is not lawfully called or convened.

SECTION 2.4 QUORUM AND ADJOURNMENT. The presence, in person or by proxy, of the holders of a majority of the voting power of the outstanding shares of stock entitled to vote on every matter that is to be voted on, without regard to class or series, shall constitute a quorum at all meetings of the stockholders. In the absence of a quorum, the holders of a majority of the voting power of such shares of stock present in person or by proxy may adjourn such meeting, from time to time, without notice other than announcement at the meeting (unless otherwise required by law), until a quorum shall attend. At any meeting reconvened after such adjournment at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called, but only those stockholders entitled to vote at the meeting as originally called shall be entitled to vote at any reconvened meeting, unless a new record date for such meeting is fixed.

SECTION 2.5 OFFICERS AT STOCKHOLDERS' MEETINGS. The Chairman of the Board of Directors shall preside at all meetings of stockholders. In his absence, the chairman shall be elected as the first order of business by the holders of a majority of the shares of stock in attendance and entitled to vote at the meeting.

SECTION 2.6 LIST OF STOCKHOLDERS ENTITLED TO VOTE. At least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be prepared by or for the Secretary and shall be open to the examination of any stockholder for any purpose germane to the meeting, during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. Such list shall be available for inspection at the meeting.

SECTION 2.7 FIXING DATE FOR STOCKHOLDERS OF RECORD. In order that the Corporation may identify the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which

shall not be less than ten (10) days nor more than sixty (60) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice of the meeting is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or any officer or agent of the Corporation having custody of the minute books of the Corporation. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 2.8 VOTING AND PROXIES. Subject to the provisions for fixing the date for stockholders of record:

(a) Except as otherwise specified in the Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), each stockholder shall at every meeting of the stockholders be entitled to one vote for each share of stock held by that stockholder having voting rights as to the matter being voted upon.

(b) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for that stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy expressly provides for a longer period.

(c) Each matter properly presented to any meeting of stockholders shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares of stock present in person or by proxy and entitled to vote on the matter.

SECTION 2.9 INSPECTORS OF ELECTION. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting

and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

SECTION 2.10 CONDUCT OF MEETINGS. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 2.11 CONSENT OF STOCKHOLDERS IN LIEU OF MEETING. Any action that may be taken at any annual or special meeting of stockholders may be taken without a meeting, without a prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the stockholders having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of such action without a meeting by less than unanimous written consent shall be given to each stockholder who did not consent thereto in writing.

ARTICLE III

DIRECTORS

SECTION 3.1 NUMBER AND TERM OF OFFICE. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. The number of directors that

shall constitute the whole Board shall be fixed from time to time by resolution of the stockholders or the Board of Directors and shall consist of not more than twelve (12) members. At the first annual meeting of stockholders and at each annual meeting of stockholders thereafter, the respective terms of all of the directors then serving in office shall expire at the meeting, and successors to the directors shall be elected to hold office until the next succeeding annual meeting. Existing directors may be nominated for election each year for a successive term, in the manner provided in these Amended and Restated Bylaws (the "Bylaws"). Each director shall hold office for the term for which he is elected and qualified or until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death. The Board of Directors may from time to time establish minimum qualifications for eligibility to become a director. Those qualifications may include, but shall not be limited to, a prerequisite stock ownership in the Corporation.

SECTION 3.2 PLACE OF MEETINGS. Meetings of the Board of Directors may be held at any place, within or without the State of Delaware, from time to time as designated by the Chairman of the Board or by the body or person calling such meeting.

SECTION 3.3 ANNUAL MEETINGS. As soon as practicable after each annual meeting of stockholders and without further notice, the directors elected at such meeting shall hold the annual meeting of the Board of Directors at the place at which such meeting of stockholders took place, provided a majority of the whole Board of Directors is present. If such a majority is not present, such meeting may be held at any other time or place which may be specified in a notice given in the manner provided for special meetings of the Board of Directors or in a waiver of notice thereof.

SECTION 3.4 REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at such times as may be determined by the Board of Directors. No notice shall be required for any regular meeting.

SECTION 3.5 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Chief Executive Officer or the President. Notice of any special meeting shall be mailed to each director at that director's residence or usual place of business not later than three (3) days before the day on which the meeting is to be held, or shall be given to that director by telegraph, telecopier or other method of electronic transmission, by overnight express mail service, personally, or by telephone, not later than twenty-four (24) hours before the time of such meeting. Notice of any meeting of the Board of Directors need not be given to any director if that director signs a written waiver thereof either before or after the time stated therein. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 3.6 ACTION WITHOUT MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto

in writing, and the writing or writings are filed with the minutes of the Board of Directors or of such committee.

SECTION 3.7 PRESIDING OFFICER AND SECRETARY AT MEETINGS. Each meeting of the Board of Directors shall be presided over by the Chairman of the Board of Directors, or in his or her absence, by the Vice Chairman of the Board, the Chief Executive Officer or the President, in that order, and if none is present, then by such member of the Board of Directors as shall be chosen at the meeting.

SECTION 3.8 QUORUM. A majority of the total authorized number of directors shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of those present (or if only one be present, then that one) may adjourn the meeting, without notice other than announcement at the meeting, until such time as a quorum is present. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 3.9 MEETING BY TELEPHONE. Members of the Board of Directors or of any committee thereof may participate in a meeting of the Board of Directors or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person at such meeting.

SECTION 3.10 COMPENSATION. Directors shall receive such compensation and expense reimbursements for their services as directors or as members of committees as set by the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

SECTION 3.11 RESIGNATIONS. Any director, member of a committee or officer of the Corporation may resign at any time by giving written notice thereof to the Chairman of the Board or the President. Such resignation shall be effective at the time of its receipt, unless a date certain is specified for it to take effect. Acceptance of any resignation shall not be necessary to make it effective.

SECTION 3.12 REMOVAL OF DIRECTORS. No director may be removed without cause before the expiration of his or her term of office except by vote of the stockholders at a meeting called for such a purpose.

SECTION 3.13 FILLING OF VACANCIES. In case of a vacancy created by an increase in the number of directors or any vacancy created by death, removal, or resignation, the vacancy or vacancies may be filled either (a) by the Board of Directors, or (b) by the stockholders. In the case of a director appointed to fill a vacancy created by an increase in the number of directors, the director so appointed shall hold office for the term to which his predecessor was elected or until his successor is elected. In the case of a director appointed to fill a vacancy created by the death, removal or

resignation of a director, the newly appointed director shall hold office for the term to which his predecessor was elected or until his successor is elected.

ARTICLE IV

COMMITTEES

The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each such committee to consist of one or more directors of the Corporation. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in such resolution or resolutions and to the extent permitted by law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matter: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporation Law of the state of Delaware to be submitted to stockholders for approval or (ii) adopting, amending or repealing the Bylaws of the Corporation.

ARTICLE V

THE OFFICERS

SECTION 5.1 DESIGNATION. The Corporation shall have such officers with such titles and duties as set forth in these Bylaws or in a resolution of the Board of Directors adopted on or after the effective date of these Bylaws.

SECTION 5.2 ELECTION AND QUALIFICATION. The officers of the Corporation shall be elected by the Board of Directors and, if specifically determined by the Board of Directors, may consist of a Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, one or more Vice Presidents, a Secretary, a Treasurer, one or more Assistant Secretaries and Assistant Treasurers, and such other officers and agents as the Board of Directors may deem advisable. None of the officers of the Corporation need be directors.

SECTION 5.3 TERM OF OFFICE. Officers shall be chosen in such manner and shall hold their office for such term as determined by the Board of Directors. Each officer shall hold office from the time of his or her election and qualification to the time at which his or her successor is elected and qualified, or until his or her earlier resignation, removal or death.

SECTION 5.4 RESIGNATION. Any officer of the Corporation may resign at any time by giving written notice of such resignation to the Chairman of the Board of Directors or to the President. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon receipt thereof by the Chairman of the Board of Directors or the President. The acceptance of such resignation shall not be necessary to make it effective.

SECTION 5.5 REMOVAL. Any officer may be removed at any time, with or without cause, by the Board of Directors.

SECTION 5.6 COMPENSATION. The compensation of each officer shall be determined by the Board of Directors.

SECTION 5.7 THE CHAIRMAN AND THE VICE CHAIRMAN OF THE BOARD OF DIRECTORS. Unless otherwise specifically determined by resolution by the Board of Directors, the Chairman of the Board and the Vice Chairman of the Board shall be officers of the Corporation. The Chairman of the Board shall, subject to the direction and oversight of the Board, oversee the business plans and policies of the Corporation, and shall oversee the implementation of those business plans and policies. The Chairman shall report to the Board, shall preside at meetings of the Board of Directors and of its Executive Committee, and shall have general authority to execute bonds, deeds and contracts in the name of and on behalf of the Corporation. In the absence or disability of the Chairman, the Vice Chairman shall be vested with and shall perform all powers and duties of the Chairman.

SECTION 5.8 CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall, subject to the direction of the Board, establish and implement the business plans, policies and procedures of the Corporation. The Chief Executive Officer shall report to the Chairman of the Board, shall preside over meetings of the Board in the absence of the Chairman or Vice Chairman of the Board, and shall have general authority to execute bonds, deeds and contracts in the name of and on behalf of the Corporation and in general to exercise all the powers generally appertaining to the Chief Executive Officer of a corporation.

SECTION 5.9 PRESIDENT, CHIEF OPERATING OFFICER AND CHIEF FINANCIAL OFFICER. The President, the Chief Operating Officer and the Chief Financial Officer shall have such duties as shall be assigned to each from time to time by the Chairman of the Board, the Chief Executive Officer and by the Board. During the absence of the Chairman of the Board or the Vice Chairman of the Board or during their inability to act, the President shall exercise the powers and shall perform the duties of the Chairman of the Board, subject to the direction of the Board of Directors.

SECTION 5.10 VICE PRESIDENT. Each Vice President shall have such powers and shall perform such duties as shall be assigned to him or her by the Board of Directors.

SECTION 5.11 SECRETARY. The Secretary shall attend meetings of the Board of Directors and stockholders and record votes and minutes of such proceedings, subject to the direction of the Chairman; assist in issuing calls for meetings of stockholders and directors; keep the seal of the Corporation and affix it to such instruments as may be required from time to time; keep the stock transfer books and other books and records of the Corporation; act as stock transfer agent for the Corporation; attest the Corporation's execution of instruments when requested and appropriate; make such reports to the Board of Directors as are properly requested; and perform such other duties incident to the office of Secretary and those that may be otherwise assigned to the Secretary from time to time by the President or the Chairman of the Board of Directors.

SECTION 5.12 TREASURER. The Treasurer shall have custody of all corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit or disburse all moneys and other property in the name and to the credit of the Corporation as may be designated by the President or the Board of Directors. The Treasurer shall render to the President and the Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall perform other duties incident to the office of Treasurer as the President or the Board of Directors shall from time to time designate.

SECTION 5.13 OTHER OFFICERS. Each other officer of the Corporation shall have such powers and shall perform such duties as shall be assigned to him or her by the Board of Directors.

ARTICLE VI

CERTIFICATES OF STOCK, TRANSFER OF STOCK AND REGISTERED STOCKHOLDERS

SECTION 6.1 STOCK CERTIFICATES. The interest of each holder of stock of the Corporation shall be evidenced by a certificate or certificates signed by or in the name of the Corporation by the Chairman of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation certifying the number of shares owned by the holder thereof in the Corporation. Any of or all of the signatures on the certificate may be a facsimile. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, the certificate may be issued by the Corporation with the same effect as if he/she were such officer, transfer agent or registrar at the date of issuance.

SECTION 6.2 CLASSES/SERIES OF STOCK. The Corporation may issue one or more classes of stock or one or more series of stock within any class thereof, as stated and expressed in the Certificate of Incorporation or of any amendment thereto, any or all of which classes may be stock with par value or stock without par value. The powers, designations, preferences and relative,

participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, in accordance with the General Corporation Law of the State of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

SECTION 6.3 TRANSFER OF STOCK. Subject to the transfer restrictions permitted by Section 202 of the General Corporation Law of the State of Delaware and to stop transfer orders directed in good faith by the Corporation to any transfer agent to prevent possible violations of federal or state securities laws, rules or regulations, the shares of stock of the Corporation shall be transferable upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other persons as the directors may designate, by whom they shall be cancelled, and new certificates shall be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

SECTION 6.4 HOLDERS OF RECORD. Prior to due presentment for registration of transfer, the Corporation may treat the holder of record of a share of its stock as the complete owner thereof exclusively entitled to vote, to receive notifications and otherwise entitled to all the rights and powers of a complete owner thereof, notwithstanding notice of the contrary.

SECTION 6.5 LOST, STOLEN, DESTROYED, OR MUTILATED CERTIFICATES. A new certificate of stock may be issued to replace a certificate theretofore issued by the Corporation, alleged to have been lost, stolen, destroyed or mutilated, and the Board of Directors or the President may require the owner of the lost or destroyed certificate or his or her legal representatives, to give such sum as they may direct to indemnify the Corporation against any expense or loss it may incur on account of the alleged loss of any such certificate.

SECTION 6.6 DIVIDENDS. Subject to the provisions of the Certificate of Incorporation and applicable law, the directors may, out of funds legally available therefor at any annual, regular, or special meeting, declare dividends upon the capital stock of the Corporation as and when they deem expedient. Dividends may be paid in cash, in property, or in shares of stock of the Corporation. Before declaring any dividends there may be set apart out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time in their discretion deem proper working capital to serve as a reserve fund to meet contingencies or as equalizing dividends or for such other purposes as the directors shall deem in the best interest of the Corporation.

ARTICLE VII

MISCELLANEOUS

SECTION 7.1 FISCAL YEAR. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

SECTION 7.2 CORPORATE SEAL. The corporate seal shall be in such form as the Board of Directors may from time to time prescribe and the same may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 7.3 SEVERABILITY. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of the remaining provisions hereof.

ARTICLE VIII

AMENDMENT OF BYLAWS

These Bylaws may be made, altered, or repealed, or new bylaws may be adopted by the stockholders or the Board of Directors.

EXHIBIT 4.1

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LONG TERM CREDIT AGREEMENT

Dated as of July 10, 1998

among

REPUBLIC SERVICES, INC.,

THE CHASE MANHATTAN BANK,
THE FIRST NATIONAL BANK OF CHICAGO,
AND
NATIONSBANK, N.A.,

as Documentation Agents,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,

as Administrative Agent,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

Arranged by

BANCAMERICA ROBERTSON STEPHENS
CHASE SECURITIES INC.
FIRST CHICAGO CAPITAL MARKETS, INC.
and
NATIONSBANK MONTGOMERY SECURITIES, INC.

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LONG TERM CREDIT AGREEMENT

This LONG TERM CREDIT AGREEMENT is entered into as of July 10, 1998, among REPUBLIC SERVICES, INC., a Delaware corporation (the "COMPANY"), the several financial institutions from time to time party to this Agreement (collectively the "LENDERS"; individually each a "LENDER") and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as administrative agent for the Lenders.

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

ARTICLE I

DEFINITIONS

1.1 CERTAIN DEFINED TERMS. The following terms have the following meanings:

ABSOLUTE RATE - see SUBSECTION 2.6(c)(ii)(D).

ABSOLUTE RATE AUCTION means a solicitation of Competitive Bids setting forth Absolute Rates pursuant to SECTION 2.6.

ABSOLUTE RATE BID LOAN means a Bid Loan that bears interest at a rate determined with reference to the Absolute Rate.

ACQUIRED PLAN means any Plan which was originally established and maintained by a Person other than the Company or an ERISA Affiliate and which became, or hereafter becomes, a Plan as a result of an Acquisition by the Company or any Subsidiary.

ACQUISITION means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of all or substantially all of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Company or the Subsidiary is the surviving entity.

ADJUSTED PRO RATA SHARE means for any Lender at any time the proportion (expressed as a decimal, rounded to the ninth decimal place) which such Lender's Commitment constitutes of the combined Commitments (or, after the Commitments have terminated, which (i) the principal amount of such Lender's Loans PLUS (without duplication) the participation of such Lender in (or in the case of an Issuing Lender or the Swing Line Lender, its unparticipated portion of) the Effective Amount of all L/C Obligations and the principal amount of all Swing Line Loans constitutes of (ii) the aggregate principal amount of all Loans PLUS (without duplication) the Effective Amount of all L/C Obligations).

ADMINISTRATIVE AGENT means BofA in its capacity as agent for the Lenders hereunder, and any successor agent arising under SECTION 10.9.

ADMINISTRATIVE AGENT-RELATED PERSONS means BofA and any successor agent arising under SECTION 10.9 and any successor letter of credit issuing bank hereunder, together with their respective Affiliates (including, in the case of BofA, BRS), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

ADMINISTRATIVE AGENT'S PAYMENT OFFICE means the address for payments set forth on SCHEDULE 11.2 or such other address as the Administrative Agent may from time to time specify by notice to the Company and the Lenders.

AFFILIATE means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities or membership interests, by contract or otherwise.

AGREEMENT means this Credit Agreement.

APPLICABLE MARGIN - see SCHEDULE 1.1.

ASSIGNEE - see SUBSECTION 11.8(a).

ASSIGNMENT AND ACCEPTANCE - see SUBSECTION 11.8(a).

ATTORNEY COSTS means and includes all reasonable fees and disbursements of any law firm or other external counsel and, without duplication, the allocated cost of internal

legal services and all reasonable disbursements of internal counsel.

BANKRUPTCY CODE means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. Section 101, ET SEQ.).

BASE RATE means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; or (b) the rate of interest in effect for such day as publicly announced from time to time by BofA in San Francisco, California, as its "reference rate." (The "reference rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate.) Any change in the reference rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change.

BASE RATE COMMITTED LOAN means a Committed Loan, or an L/C Advance, that bears interest based on the Base Rate.

BID BORROWING means a Borrowing hereunder consisting of one or more Bid Loans made to the Company on the same day by one or more Lenders.

BID LOAN means a Loan by a Lender to the Company under SECTION 2.6, which may be a LIBOR Bid Loan or an Absolute Rate Bid Loan.

BOFA means Bank of America National Trust and Savings Association, a national banking association.

BORROWING means a borrowing hereunder consisting of Committed Loans of the same Type, or Bid Loans, made to the Company on the same day by one or more Lenders under ARTICLE II and, other than in the case of Base Rate Committed Loans, having the same Interest Period. A Borrowing may be a Bid Borrowing or a Committed Borrowing.

BORROWING DATE means any date on which a Borrowing occurs under SECTION 2.3 or 2.6 or a Swing Line Loan is made under SECTION 2.16.

BRS means BancAmerica Robertson Stephens, a Delaware corporation.

BUSINESS DAY means any day other than a Saturday, Sunday or other day on which commercial banks in New York City, Chicago or San Francisco are authorized or required by law to close and, if the applicable Business Day relates to

any Offshore Rate Loan, means such a day on which dealings in Dollars are carried on in the London interbank market.

CAPITAL ADEQUACY REGULATION means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

CAPITAL LEASE means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property by such Person that, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of such Person.

CASH COLLATERALIZE means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent, the Issuing Lenders and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Administrative Agent and the Required Lenders. Derivatives of such term shall have corresponding meanings. Cash collateral shall be maintained in blocked accounts at the Administrative Agent or, with the Administrative Agent's consent, the applicable Issuing Lender.

CHANGE OF CONTROL means (i) if any Person or group of Persons acting in concert (other than a Specified Person) shall own or control, directly or indirectly, more than 20% (or, if greater, the percentage owned by the Specified Person holding the largest percentage) of the outstanding securities (on a fully diluted basis and taking into account any securities or contract rights exercisable, exchangeable or convertible into equity securities) of the Company having voting rights in the election of directors; or (ii) at any time after the Divestiture Date, a majority of the members of the Board of Directors of the Company shall cease to be Continuing Members. For purposes of CLAUSE (i) above, "Specified Person" means Republic Industries, Inc. or a Subsidiary thereof or any Person or group of Persons which, as of the date of this Agreement, owns and controls more than 20% of the outstanding securities (on a fully diluted basis and taking into account any securities or contract rights exercisable, exchangeable or convertible into equity securities) of Republic Industries, Inc. having voting rights in the election of directors.

CODE means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

COMMITMENT - see SECTION 2.1. As of the Effective Date, the amount of the combined Commitments of all Lenders is $500,000,000.

COMMITTED BORROWING means a Borrowing hereunder consisting of Committed Loans made by the Lenders ratably according to their respective Pro Rata Shares.

COMMITTED LOAN means a Loan by a Lender to the Company under SECTION 2.1, which may be a Base Rate Committed Loan or an Offshore Rate Committed Loan (each a "TYPE" of Committed Loan).

COMPANY - see the PREAMBLE.

COMPETITIVE BID means an offer by a Lender to make a Bid Loan in accordance with SUBSECTION 2.6(c).

COMPETITIVE BID REQUEST - see SUBSECTION 2.6(a).

COMPLIANCE CERTIFICATE means a certificate substantially in the form of EXHIBIT F.

COMPUTATION PERIOD means any period of four consecutive fiscal quarters ending on the last day of a fiscal quarter.

CONSOLIDATED EBITDA means, with respect to the Company and its Subsidiaries for any period of computation thereof during such period, the sum of, without duplication, (i) Consolidated Net Income, plus (ii) Consolidated Interest Expense during such period, plus (iii) taxes on income during such period, plus (iv) amortization during such period, plus (v) depreciation during such period, determined, to the extent applicable as a result of Acquisitions during such period, on a pro forma basis in accordance with Article 11 of Regulation S-X of the SEC.

CONSOLIDATED INTEREST EXPENSE means, with respect to any period of computation thereof, the gross interest expense of the Company and its Subsidiaries, including, without limitation, (i) the amortization of debt discounts, (ii) the amortization of all fees payable in connection with the incurrence of Indebtedness to the extent included in interest expense, (iii) the portion of any liabilities incurred in connection with Capital Leases allocable to interest expense and (iv) consolidated yield or discount accrued on the aggregate outstanding investment or claim held by purchasers, assignees or other transferees of (or of interests in) receivables of the Company and its Subsidiaries in connection with any Securitization Transaction (regardless of the accounting treatment of such Securitization Transaction).

CONSOLIDATED NET INCOME means, for any period of computation thereof, the gross revenues from operations of the Company and its Subsidiaries, less all operating and non-operating expenses of the Company and its Subsidiaries, including taxes on income but excluding all non-cash, non-recurring and all extraordinary gains or losses.

CONSOLIDATED SHAREHOLDERS' EQUITY means consolidated shareholder's equity as shown on the Company's balance sheet, EXCLUDING the amount of any foreign currency translation adjustment which is included in the equity section of such balance sheet (whether positive or negative) and MINUS all loans and advances by the Company or any Subsidiary to any Affiliate (other than the Company or a Subsidiary).

CONSOLIDATED TANGIBLE ASSETS means the consolidated total assets of the Company and its Subsidiaries but excluding goodwill, franchises, licenses, patents, trademarks, trade names, copyrights and any other intangible assets.

CONTINGENT OBLIGATION means, as to any Person, any direct or indirect liability of such Person, whether or not contingent, (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of such Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each a "GUARANTY OBLIGATION"); (b) with respect to any Surety Instrument issued for the account of such Person or as to which such Person is otherwise liable for reimbursement of drawings or payments; or (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered. The amount of any Contingent Obligation shall

(a) in the case of Guaranty Obligations, be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and (b) in the case of other Contingent Obligations, be equal to the maximum reasonably anticipated liability in respect thereof.

CONTINUING MEMBER means a member of the Board of Directors of the Company who either (a) was a member of the Company's Board of Directors on the day before the Divestiture Date and has been such continuously thereafter or (b) became a member of such Board of Directors after the day before the Divestiture Date and whose election or nomination for election was approved by a vote of the majority of the Continuing Members then members of the Company's Board of Directors.

CONTRACTUAL OBLIGATION means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other document to which such Person is a party or by which it or any of its property is bound.

CONVERSION/CONTINUATION DATE means any date on which, under SECTION 2.4, the Company (a) converts Committed Loans of one Type to the other Type or (b) continues Offshore Rate Committed Loans for a new Interest Period.

CREDIT EXTENSION means and includes (a) the making of any Loan hereunder and (b) the Issuance of any Letter of Credit hereunder.

CUMULATIVE CONSOLIDATED NET INCOME means the total of Consolidated Net Income for all fiscal quarters ending after March 31, 1998 EXCLUDING any fiscal quarter in which Consolidated Net Income is negative.

DIVESTITURE DATE means the date on which Republic Industries, Inc. and/or its Subsidiaries cease to own and control more than 50% of the outstanding securities (on a fully diluted basis and taking into account any securities or contract rights exercisable, exchangeable or convertible into equity securities) of the Company having voting rights in the election of directors.

DOLLARS, dollars and $ each mean lawful money of the United States.

EFFECTIVE AMOUNT means, with respect to any outstanding L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any

Issuances of Letters of Credit occurring on such date, any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letter of Credit or any reduction in the maximum amount available for drawing under Letters of Credit taking effect on such date.

EFFECTIVE DATE - see SECTION 5.1.

ELIGIBLE ASSIGNEE means (a) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least $500,000,000; (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the OECD), or a political subdivision of any such country, and having a combined capital and surplus of at least $500,000,000, provided that such bank is acting through a branch or agency located in the United States; and (c) a Person that is primarily engaged in the business of commercial lending and that is (i) a Lender, (ii)a Subsidiary of a Lender, (iii) a Subsidiary of a Person of which a Lender is a Subsidiary, or (iv) a Person of which a Lender is a Subsidiary.

ENVIRONMENTAL CLAIMS means all written claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

ENVIRONMENTAL LAWS means all federal, state, local or municipal laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative or judicial orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental matters.

ERISA means the Employee Retirement Income Security Act of 1974, and the regulations promulgated thereunder.

ERISA AFFILIATE means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

ERISA EVENT means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a

substantial cessation of operations which is treated as such a withdrawal; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate a Pension Plan under Section 4041(c) of ERISA, the termination of a Multiemployer Plan under 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

EVENT OF DEFAULT means any of the events or circumstances specified in SECTION 9.1; provided that any requirement of notice or lapse of time (or both) has been satisfied.

EXISTING LETTERS OF CREDIT means the letters of credit listed on SCHEDULE 3.3.

FACILITY FEE RATE - see SCHEDULE 1.1.

FEDERAL FUNDS RATE means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

FRB means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

FURTHER TAXES means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges (including net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amounts payable or paid pursuant to SECTION 4.1.

GAAP means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

GOVERNMENTAL AUTHORITY means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

GUARANTY OBLIGATION has the meaning specified in the definition of Contingent Obligation.

HONOR DATE has the meaning specified in SUBSECTION 3.3(b).

INDEBTEDNESS of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money; (b) all obligations issued, undertaken or assumed by such Person as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all reimbursement or payment obligations of such Person with respect to Surety Instruments; (d) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments; (e) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (f) all obligations of such Person with respect to Capital Leases; (g) all indebtedness of the types referred to in CLAUSES (a) through (f) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, provided that the amount of any such Indebtedness shall be deemed to be the lesser of the face principal amount thereof and the fair market value of the property subject to such Lien; and (h) all Guaranty

Obligations of such Person in respect of Indebtedness of the types described above; PROVIDED that Indebtedness shall not include obligations arising out of the endorsement of instruments for deposit or collection in the ordinary course of business. For all purposes of this Agreement, the Indebtedness of any Person shall include all Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer (other than any such Indebtedness which is expressly non-recourse to such Person).

INDEMNIFIED LIABILITIES - see SECTION 11.5.

INDEMNIFIED PERSON - see SECTION 11.5.

INDEPENDENT AUDITOR - see SUBSECTION 7.1(a).

INSOLVENCY PROCEEDING means, with respect to any Person, (a) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case undertaken under any U.S. Federal, state or foreign law, including the Bankruptcy Code.

INTEREST PAYMENT DATE means, as to any Loan other than a Base Rate Committed Loan or Swing Line Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Committed Loan or Swing Line Loan, the last Business Day of each calendar quarter, PROVIDED that if any Interest Period for an Offshore Rate Committed Loan exceeds three months, each three-month anniversary of the first day of such Interest Period also shall be an Interest Payment Date.

INTEREST PERIOD means, (a) as to any Offshore Rate Loan, the period commencing on the Borrowing Date of such Loan or on the date on which such Loan is converted into or continued as an Offshore Rate Loan, and ending on the date seven days, one, two, three or six months thereafter as selected by the Company in its Notice of Committed Borrowing, Notice of Conversion/Continuation or Competitive Bid Request, as the case may be; and (b) as to any Absolute Rate Bid Loan,

a period not less than 7 days and not more than 183 days as selected by the Company in the applicable Competitive Bid Request; PROVIDED that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period for an Offshore Rate Committed Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period for any Loan shall extend beyond the Termination Date.

INVITATION FOR COMPETITIVE BIDS means a solicitation for Competitive Bids, substantially in the form of EXHIBIT D.

IPO means the initial public offering of common stock of the Company.

IRS means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

ISSUANCE DATE has the meaning specified in SUBSECTION 3.1(a).

ISSUE means, with respect to any Letter of Credit, to issue or to extend the expiry of, or to renew or increase the amount of, such Letter of Credit; and the terms "ISSUED," "ISSUING" and "ISSUANCE" have corresponding
meanings.

ISSUING LENDER means each of BofA and The First National Bank of Chicago in its capacity as issuer of one or more Letters of Credit hereunder, together with (i) any replacement letter of credit issuer arising under SUBSECTION 10.1(b) or SECTION 10.9 and (ii) any other Lender or any Affiliate of a Lender which, with the written consents of the Administrative Agent (which consent will not be unreasonably withheld) and the Company, has agreed in writing to become an "Issuing Lender" hereunder.

L/C ADVANCE means each Lender's participation in any L/C Borrowing in accordance with its Pro Rata Share.

L/C AMENDMENT APPLICATION means an application form for amendment of an outstanding standby letter of credit as shall at any time be in use by the applicable Issuing Lender, as such Issuing Lender shall request.

L/C APPLICATION means an application form for issuance of a standby letter of credit as shall at any time be in use by the applicable Issuing Lender, as such Issuing Lender shall request.

L/C BORROWING means an extension of credit resulting from a drawing under any Letter of Credit which shall not have been reimbursed on the date when made nor converted into a Borrowing of Committed Loans under SUBSECTION 3.3(d).

L/C COMMITMENT means the commitment of the Issuing Lenders to Issue, and the commitment of the Lenders severally to participate in, Letters of Credit from time to time Issued or outstanding under ARTICLE III (including the Existing Letters of Credit) in an aggregate amount not to exceed on any date the lesser of (a) $250,000,000 or (b) the combined Commitments; it being understood that the L/C Commitment is a part of the combined Commitments rather than a separate, independent commitment.

L/C FEE RATE - see SCHEDULE 1.1.

L/C OBLIGATIONS means at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit then outstanding, plus (b) the amount of all unreimbursed drawings under all Letters of Credit, including all outstanding L/C Borrowings.

L/C-RELATED DOCUMENTS means the Letters of Credit, the L/C Applications, the L/C Amendment Applications and any other document relating to any Letter of Credit, including any of the applicable Issuing Lender's standard form documents for letter of credit issuances.

LENDER - see the PREAMBLE. References to the "Lenders" shall include BofA in its capacity as Swing Line Lender and each Issuing Lender in its capacity as such; for purposes of clarification only, to the extent that the Swing Line Lender or any Issuing Lender may have any rights or obligations in addition to those of the other Lenders due to its status as Swing Line Lender or Issuing Lender, its status as such will be specifically referenced.

LENDING OFFICE means, as to any Lender, the office or offices of such Lender specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on SCHEDULE 11.2, or such other office or

offices as such Lender may from time to time notify the Company and the Administrative Agent.

LETTER OF CREDIT means each Existing Letter of Credit and any other standby letter of credit Issued by an Issuing Lender pursuant to ARTICLE III.

LIBOR - see the definition of Offshore Rate.

LIBOR AUCTION means a solicitation of Competitive Bids setting forth a LIBOR Bid Margin pursuant to SECTION 2.6.

LIBOR BID LOAN means any Bid Loan that bears interest at a rate based upon the Offshore Rate.

LIBOR BID MARGIN - see SUBSECTION 2.6(c)(ii)(C).

LIEN means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease, or any financing lease having substantially the same economic effect as any of the foregoing, but not including the interest of a lessor under an operating lease).

LOAN means an extension of credit by a Lender to the Company under ARTICLE II or ARTICLE III in the form of a Committed Loan, Bid Loan, Swing Line Loan or L/C Advance.

LOAN DOCUMENTS means this Agreement, any Notes, the L/C-Related Documents and all other documents delivered to the Administrative Agent or any Lender in connection herewith.

MARGIN STOCK means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

MATERIAL ADVERSE EFFECT means a material adverse change in, or a material adverse effect upon, the operations, business, properties, assets or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

MATERIAL FINANCIAL OBLIGATIONS means Indebtedness or Contingent Obligations of the Company or any Subsidiary, or obligations of the Company or any Subsidiary in respect of any Securitization Transaction, in an aggregate amount (for all applicable Indebtedness, Contingent Obligations and

obligations in respect of Securitization Transactions, but without duplication) equal to $25,000,000 or more.

MULTIEMPLOYER PLAN means a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, with respect to which the Company or any ERISA Affiliate may have any liability.

NOTE means a promissory note executed by the Company in favor of a Lender pursuant to SUBSECTION 2.2(b), in substantially the form of EXHIBIT I.

NOTICE OF COMMITTED BORROWING means a notice in substantially the form of EXHIBIT A.

NOTICE OF CONVERSION/CONTINUATION means a notice in substantially the form of EXHIBIT B.

NOTICE OF SWING LINE LOAN means a notice substantially in the form of EXHIBIT J.

OBLIGATIONS means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document owing by the Company to any Lender, the Administrative Agent or any other Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, or now existing or hereafter arising.

OFFSHORE RATE means, for any Interest Period, with respect to Offshore Rate Committed Loans comprising part of the same Borrowing, the rate of interest per annum (rounded upward to the next 1/32nd of 1%) determined by the Administrative Agent as follows:

$$\text{Offshore Rate} = \frac{\text{LIBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

"EURODOLLAR RESERVE PERCENTAGE" means for any day for any Interest Period the maximum reserve percentage (expressed as a decimal, rounded upward, if necessary, to an integral multiple of 1/100th of 1%) in effect on such day (whether or not applicable to any Lender) under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"); and

"LIBOR" means the rate of interest per annum determined by the Administrative Agent to be the rate of interest at which dollar deposits in the approximate amount of the Loan to be made or continued as, or converted into, an Offshore Rate Committed Loan by BofA (or, in the case of a Borrowing of LIBOR Bid Loans in which BofA is not participating, the largest such LIBOR Bid Loan) and having a maturity comparable to such Interest Period would be offered to prime banks in the London interbank market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

The Offshore Rate shall be adjusted automatically as to all Offshore Rate Committed Loans then outstanding as of the effective date of any change in the Eurodollar Reserve Percentage.

OFFSHORE RATE COMMITTED LOAN means a Committed Loan that bears interest based on the Offshore Rate.

OFFSHORE RATE LOAN means any LIBOR Bid Loan or any Offshore Rate Committed Loan.

ORGANIZATION DOCUMENTS means (i) for any corporation, the certificate of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation, (ii) for any partnership or joint venture, the partnership or joint venture agreement and any other organizational document of such entity, (iii) for any limited liability company, the certificate or articles of organization, the operating agreement and any other organizational document of such limited liability company, (iv) for any trust, the declaration of trust, the trust agreement and any other organizational document of such trust and (v) for any other entity, the document or agreement pursuant to which such entity was formed and any other organizational document of such entity.

OTHER CREDIT AGREEMENT means the Short Term Credit Agreement dated as of July 10, 1998 among the Company, certain financial institutions as lenders and documentation agents and BofA as administrative agent, issuing lender and swing line lender.

OTHER TAXES means any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery, performance,

enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Document.

PARTICIPANT - see SUBSECTION 11.8(d).

PAYMENT SHARING NOTICE means a written notice from the Company or any Lender informing the Administrative Agent that an Event of Default has occurred and is continuing and directing the Administrative Agent to allocate payments received from the Company in accordance with SUBSECTION 2.15(b).

PBGC means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

PENSION PLAN means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA, other than a Multiemployer Plan, with respect to which the Company or any ERISA Affiliate may have any liability.

PERMITTED LIENS - see SECTION 8.2.

PERSON means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

PLAN ACQUISITION DATE means, with respect to any Acquired Plan, the first date on which the Company or any ERISA Affiliate may have any liability with respect to such Acquired Plan.

PLAN means an employee benefit plan (as defined in Section 3(3) of ERISA), other than a Multiemployer Plan, with respect to which the Company or any ERISA Affiliate may have any liability, and includes any Pension Plan.

PRO RATA SHARE means for any Lender at any time the proportion (expressed as a decimal, rounded to the ninth decimal place) which such Lender's Commitment constitutes of the combined Commitments (or, after the Commitments have terminated, which (i) the principal amount of such Lender's Committed Loans PLUS (without duplication) the participation of such Lender in (or in the case of an Issuing Lender or the Swing Line Lender, the unparticipated portion of) the Effective Amount of all L/C Obligations and the principal amount of all Swing Line Loans constitutes of (ii) the aggregate principal amount of all Committed Loans and Swing Line Loans PLUS (without duplication) the Effective Amount of all L/C Obligations).

REPORTABLE EVENT means, any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

REQUIRED LENDERS means Lenders holding Adjusted Pro Rata Shares aggregating more than 50%; PROVIDED that if and so long as any Lender fails to fund any Committed Loan when required by SECTION 2.18 or SECTION 3.3 or a participation in a Swing Line Loan or an L/C Borrowing pursuant to SECTION 2.19 or SECTION 3.3, as the case may be, such Lender's Adjusted Pro Rata Share shall be deemed for purposes of this definition to be reduced by the percentage which the defaulted amount constitutes of the combined Commitments (or, if the Commitments have terminated, the Total Outstandings), and the Adjusted Pro Rata Share of the applicable Issuing Lender or the Swing Line Lender, as the case may be, shall be deemed for purposes of this definition to be increased by such percentage.

REQUIREMENT OF LAW means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

RESPONSIBLE OFFICER means the chief executive officer, the president or any vice president of the Company, or any other officer having substantially the same authority and responsibility; or, with respect to financial matters, the chief financial officer, the vice president - finance, the treasurer or any assistant treasurer of the Company, or any other officer having substantially the same authority and responsibility.

SEC means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

SECURITIZATION TRANSACTION means any sale, assignment or other transfer by the Company or any Subsidiary of accounts receivable, lease receivables or other payment obligations owing to the Company or any Subsidiary or any interest in any of the foregoing, together in each case with any collections and other proceeds thereof, any collection or deposit accounts related thereto, and any collateral, guaranties or other property or claims in favor of the Company or such Subsidiary supporting or securing payment by the obligor thereon of, or otherwise related to, any such receivables.

SUBSIDIARY of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 50% of the voting stock, membership interests or other equity interests is owned or controlled directly or indirectly by such Person, or one or more of the Subsidiaries of such Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

SURETY INSTRUMENTS means all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

SWAP CONTRACT means any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

SWING LINE COMMITMENT means the commitment of the Swing Line Lender to make Swing Line Loans hereunder.

SWING LINE LENDER means BofA in its capacity as swing line lender hereunder, together with any replacement swing line lender arising under SECTION 10.9.

SWING LINE LOAN - see SECTION 2.16.

TAXES means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of each Lender and the Administrative Agent, taxes imposed on or measured by its net income.

TERMINATION DATE means the earlier to occur of:

(a) July 10, 2003; and

(b) the date on which the Commitments terminate in accordance with the provisions of this Agreement.

TOTAL DEBT means, at any time, the sum (determined on a consolidated basis and without duplication) of all Indebtedness of the Company and its Subsidiaries, excluding contingent obligations with respect to Surety Instruments (other than any letter of credit issued for the account of the Company or any Subsidiary to support Indebtedness of a Person other than the Company or any Subsidiary).

TOTAL DEBT TO EBITDA RATIO means in respect of any Computation Period the ratio of (a) Total Debt, as at the end of such Computation Period, to (b) Consolidated EBITDA for such Computation Period.

TOTAL OUTSTANDINGS means the sum of the aggregate principal amount of all outstanding Loans (whether Committed Loans, Bid Loans or Swing Line Loans) plus the Effective Amount of all L/C Obligations.

TYPE has the meaning specified in the definition of "Committed Loan."

UNFUNDED PENSION LIABILITY means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of such Plan's assets, determined in accordance with the assumptions used for funding such Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

UNITED STATES and U.S. each means the United States of America.

UNMATURED EVENT OF DEFAULT means any event or circumstance which, with the giving of notice, the lapse of time or both, will (if not cured or otherwise remedied during such time) constitute an Event of Default.

UTILIZATION FEE RATE means

(a) when

(i) the sum of (A) the Total Outstandings plus (B) the "Total Outstandings" under and as defined in the Other Credit Agreement,

exceeds

(ii) 50% of the sum of (A) the aggregate Commitments, plus (B) the aggregate "Commitments" under and as defined in the Other Credit Agreement,

then, 0.05%, and

(b) at all other times, zero.

WHOLLY-OWNED SUBSIDIARY means any Subsidiary in which (other than directors' qualifying shares required by law) 100% of the capital stock, membership interests or other equity interests of each class having ordinary voting power, and 100% of the capital stock, membership interests or other equity interests of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.2 OTHER INTERPRETIVE PROVISIONS.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms. Unless otherwise expressly provided herein, any reference to any action of the Administrative Agent, the Lenders or the Required Lenders by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their reasonable discretion."

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Administrative Agent, the Company and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Lenders or the Administrative Agent merely because of the Administrative Agent's or Lenders' involvement in their preparation.

1.3 ACCOUNTING PRINCIPLES.

(a) Unless the context otherwise requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied, but without giving effect to any change in GAAP which would require the Company to "mark-to-market" its obligations under Swap Contracts (unless the Company and the Required Lenders agree to give effect to such change); PROVIDED that if the Company notifies the Administrative Agent that the Company wishes to amend any covenant in ARTICLE VIII to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Company that the Required Lenders wish to amend ARTICLE VIII for such purpose), then the Company's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Lenders.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II

THE CREDITS

2.1 AMOUNTS AND TERMS OF COMMITMENTS. Each Lender severally agrees, on the terms and conditions set forth herein, to make Committed Loans to the Company from time to time on any Business Day during the period from the Effective Date to the

Termination Date, in an aggregate amount not to exceed at any time outstanding the amount set forth on SCHEDULE 2.1 (such amount, as reduced pursuant to SECTION 2.7, or changed by one or more assignments under SECTION 11.8, such Lender's "COMMITMENT"); PROVIDED, HOWEVER, that, after giving effect to any Committed Borrowing, the Total Outstandings shall not exceed the combined Commitments; AND PROVIDED, FURTHER, that the aggregate principal amount of the Committed Loans of any Lender PLUS the participation of such Lender in the principal amount of all outstanding Swing Line Loans and in the Effective Amount of all L/C Obligations shall not at any time exceed such Lender's Commitment. Within the limits of each Lender's Commitment, and subject to the other terms and conditions hereof, the Company may borrow under this SECTION 2.1, prepay under SECTION 2.8 and reborrow under this SECTION 2.1.

2.2 LOAN ACCOUNTS. (a) The Loans made by each Lender and the Letters of Credit Issued by each Issuing Lender shall be evidenced by one or more accounts or records maintained by such Lender or Issuing Lender, as the case may be, in the ordinary course of business. The accounts or records maintained by the Administrative Agent, each Issuing Lender and each Lender shall be rebuttable presumptive evidence of the amount of the Loans made by the Lenders to the Company and the Letters of Credit Issued for the account of the Company, and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans or any Letter of Credit.

(b) Upon the request of any Lender made through the Administrative Agent, the Loans made by such Lender may be evidenced by one or more Notes, instead of or in addition to loan accounts. Each such Lender shall endorse on the schedules annexed to its Note(s) the date, amount and maturity of each Loan evidenced thereby and the amount of each payment of principal made by the Company with respect thereto. Each such Lender is irrevocably authorized by the Company to endorse its Note(s) and each Lender's record shall be rebuttable presumptive evidence of the amount of the Loans evidenced thereby, and the interest and payments thereon; PROVIDED, HOWEVER, that the failure of a Lender to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Lender.

2.3 PROCEDURE FOR COMMITTED BORROWING. (a) Each Committed Borrowing shall be made upon the Company's irrevocable written notice delivered to the Administrative Agent in the form of a Notice of Committed Borrowing, which notice must be received by the Administrative Agent prior to (i) 10:30 a.m. (Chicago time) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Committed Loans, and (ii) 10:30 a.m.

(Chicago time) on the requested Borrowing Date, in the case of Base Rate Committed Loans, specifying:

(A) the amount of the Committed Borrowing, which shall be in an aggregate amount of $10,000,000 or a higher multiple of $1,000,000;

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type of Loans comprising such Committed Borrowing; and

(D) in the case of Offshore Rate Committed Loans, the duration of the initial Interest Period applicable to such Loans.

(b) The Administrative Agent will promptly notify each Lender of its receipt of any Notice of Committed Borrowing and of the amount of such Lender's Pro Rata Share of such Borrowing.

(c) Each Lender will make the amount of its Pro Rata Share of each Committed Borrowing available to the Administrative Agent for the account of the Company at the Administrative Agent's Payment Office by 12:00 noon (Chicago time) on the Borrowing Date requested by the Company in funds immediately available to the Administrative Agent. The proceeds of all such Loans will then promptly be made available to the Company by the Administrative Agent by wire transfer in accordance with written instructions provided to the Administrative Agent by the Company of like funds as received by the Administrative Agent.

(d) After giving effect to any Committed Borrowing, unless the Administrative Agent otherwise consents, (i) the number of Interest Periods in effect hereunder shall not exceed 10 and (ii) there may not be more than one seven-day Interest Period in effect for all Committed Borrowings hereunder.

2.4 CONVERSION AND CONTINUATION ELECTIONS FOR COMMITTED BORROWINGS. (a) The Company may, upon irrevocable written notice to the Administrative Agent in accordance with SUBSECTION 2.4(b):

(i) elect, as of any Business Day, in the case of Base Rate Committed Loans, or as of the last day of the applicable Interest Period, in the case of Offshore Rate Committed Loans, to convert such Loans (or any part thereof in an aggregate amount of $10,000,000 or a higher integral multiple of $1,000,000) into Committed Loans of the other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Offshore Rate Committed

Loans having Interest Periods expiring on such day (or any part thereof in an aggregate amount of $10,000,000 or a higher integral multiple of $1,000,000) for another Interest Period;

PROVIDED that if at any time the aggregate amount of Offshore Rate Committed Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of any part thereof, to be less than $10,000,000, such Offshore Rate Committed Loans shall automatically convert into Base Rate Committed Loans.

(b) The Company shall deliver a Notice of Conversion/Continuation to be received by the Administrative Agent not later than 10:30 a.m. (Chicago time) (i) three Business Days in advance of the Conversion/Continuation Date, if the Committed Loans are to be converted into or continued as Offshore Rate Committed Loans; and (ii) on the Conversion/Continuation Date, if the Committed Loans are to be converted into Base Rate Committed Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount of Committed Loans to be converted or continued;

(C) the Type of Committed Loans resulting from the proposed conversion or continuation; and

(D) in the case of conversion into or continuation of Offshore Rate Committed Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Committed Loans, the Company has failed to select timely a new Interest Period to be applicable to such Offshore Rate Committed Loans (or any Event of Default or Unmatured Event of Default exists and the Required Lenders have not given the consent referred to in SUBSECTION (e) below), such Offshore Rate Committed Loans shall automatically convert into Base Rate Committed Loans effective as of the expiration date of such Interest Period.

(d) The Administrative Agent will promptly notify each Lender of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Company, the Administrative Agent will promptly notify each Lender of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Committed Loans with respect to which the notice was given held by each Lender.

(e) Unless the Required Lenders otherwise consent, the Company may not elect to have a Loan converted into or continued as an Offshore Rate Committed Loan during the existence of an Event of Default or Unmatured Event of Default.

(f) After giving effect to any conversion or continuation of Loans, unless the Administrative Agent shall otherwise consent, the number of Interest Periods in effect hereunder shall not exceed 10 and (ii) there may not be more than one seven-day Interest Period in effect for all Committed Borrowings.

2.5 BID BORROWINGS. In addition to Committed Borrowings pursuant to SECTION 2.3, each Lender severally agrees that the Company may, as set forth in SECTION 2.6, from time to time request the Lenders prior to the Termination Date to submit offers to make Bid Loans to the Company; PROVIDED that the Lenders may, but shall have no obligation to, submit such offers and the Company may, but shall have no obligation to, accept any such offers; and PROVIDED, FURTHER, that after giving effect to any Bid Borrowing, (a) the Total Outstandings shall not exceed the combined Commitments and (b) the number of Interest Periods in effect hereunder shall not exceed 10.

2.6 PROCEDURE FOR BID BORROWINGS.

(a) When the Company wishes to request the Lenders to submit offers to make Bid Loans hereunder, it shall transmit to the Administrative Agent by telephone call followed promptly by facsimile transmission a notice in substantially the form of EXHIBIT C (a "COMPETITIVE BID REQUEST") so as to be received no later than 10:30 a.m. Chicago time (x) four Business Days prior to the date of a proposed Bid Borrowing in the case of a LIBOR Auction or (y) one Business Day prior to the date of a proposed Bid Borrowing in the case of an Absolute Rate Auction, specifying:

(i) the date of such Bid Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Bid Borrowing, which shall be $10,000,000 or a higher integral multiple of $1,000,000;

(iii) whether the Competitive Bids requested are to be for LIBOR Bid Loans or Absolute Rate Bid Loans or both; and

(iv) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period" herein.

Subject to SUBSECTION 2.6(c), the Company may not request Competitive Bids for more than three Interest Periods in a single Competitive Bid Request and may not request Competitive Bids more than once in any period of five consecutive Business Days.

(b) Upon receipt of a Competitive Bid Request, the Administrative Agent will promptly send to the Lenders by facsimile transmission an Invitation for Competitive Bids, which shall constitute an invitation by the Company to each Lender to submit Competitive Bids offering to make the Bid Loans to which such Competitive Bid Request relates in accordance with this SECTION 2.6.

(c) (i) Each Lender may at its discretion submit a Competitive Bid containing an offer or offers to make Bid Loans in response to any Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this SUBSECTION 2.6(c) and must be submitted to the Administrative Agent by facsimile transmission at the Administrative Agent's office for notices not later than (1) 8:30 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or (2) 8:30 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction; PROVIDED that Competitive Bids submitted by the Administrative Agent (or any Affiliate of the Administrative Agent) in the capacity of a Lender may be submitted, and may only be submitted, if the Administrative Agent or such Affiliate notifies the Company of the terms of the offer or offers contained therein not later than (A) 8:15 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or (B) 8:15 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction.

(ii) Each Competitive Bid shall be in substantially the form of EXHIBIT E, specifying therein:

(A) the proposed date of Borrowing;

(B) the principal amount of each Bid Loan for which such Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the Commitment of the quoting Lender, (y) must be $10,000,000 or a higher integral multiple of $1,000,000 and (z) may not exceed the principal amount of Bid Loans for which Competitive Bids were requested;

(C) if the Company elects a LIBOR Auction, the margin above or below the Offshore Rate (the "LIBOR BID MARGIN") offered for each such Bid Loan, expressed as a percentage (rounded to the nearest 1/32nd of 1%)

to be added to or subtracted from the applicable Offshore Rate, and the Interest Period applicable thereto;

(D) if the Company elects an Absolute Rate Auction, the rate of interest per annum (which shall be an integral multiple of 1/10,000th of 1%) (the "ABSOLUTE RATE") offered for each such Bid Loan; and

(E) the identity of the quoting Lender.

A Competitive Bid may contain up to three separate offers by the quoting Lender with respect to each Interest Period specified in the related Invitation for Competitive Bids.

(iii) Any Competitive Bid shall be disregarded if it:

(A) is not substantially in conformity with EXHIBIT E or does not specify all of the information required by SUBSECTION (c)(ii) of this Section;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bids; or

(D) arrives after the time set forth in SUBSECTION (c)(i) of this Section.

(d) Promptly on receipt and not later than 9:00 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing in the case of a LIBOR Auction, or 9:00 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Administrative Agent will notify the Company of the terms (i) of any Competitive Bid submitted by a Lender that is in accordance with SUBSECTION 2.6(c) and (ii) of any Competitive Bid that amends, modifies or is otherwise inconsistent with a previous Competitive Bid submitted by such Lender with respect to the same Competitive Bid Request. Any such subsequent Competitive Bid shall be disregarded by the Administrative Agent unless such subsequent Competitive Bid is submitted solely to correct a manifest error in such former Competitive Bid and only if received within the times set forth in SUBSECTION 2.6(c). The Administrative Agent's notice to the Company shall specify (1) the aggregate principal amount of Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid request; and (2) the respective principal amounts and LIBOR Bid Margins or Absolute Rates, as the case may be, so offered. Subject only to

the provisions of SECTIONS 4.2 and 4.5 and ARTICLE V hereof and the provisions of this SUBSECTION (d), any Competitive Bid shall be irrevocable except with the written consent of the Administrative Agent given on the written instructions of the Company.

(e) Not later than 9:30 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or 9:30 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Company shall notify the Administrative Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to SUBSECTION 2.6(d). The Company shall be under no obligation to accept any offer and may choose to reject all offers. In the case of acceptance, such notice shall specify the aggregate principal amount of offers for each Interest Period that is accepted. The Company may accept any Competitive Bid in whole or in part; PROVIDED that:

(i) the aggregate principal amount of each Bid Borrowing may not exceed the applicable amount set forth in the related Competitive Bid Request;

(ii) the principal amount of each Bid Borrowing must be $10,000,000 or a higher integral multiple of $1,000,000;

(iii) acceptance of offers may only be made on the basis of ascending LIBOR Bid Margins or Absolute Rates, as the case may be, within each Interest Period; and

(iv) the Company may not accept any offer that is described in SUBSECTION 2.6(c)(iii) or that otherwise fails to comply with the requirements of this Agreement.

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

(g) (i) The Administrative Agent will promptly notify each Lender having submitted a Competitive Bid if its offer has been accepted and, if its offer has been accepted, of

the amount of the Bid Loan to be made by it on the date of the applicable Bid Borrowing.

(ii) Each Lender which has received notice pursuant to SUBSECTION 2.6(g)(i) that its Competitive Bid has been accepted shall make the amounts of such Bid Loans available to the Administrative Agent for the account of the Company at the Administrative Agent's Payment Office by 1:00 p.m. Chicago time on such date of Bid Borrowing, in immediately available funds.

(iii) Promptly following each Bid Borrowing, the Administrative Agent shall notify each Lender of the ranges of bids submitted and the highest and lowest Bids accepted for each Interest Period requested by the Company and the aggregate amount borrowed pursuant to such Bid Borrowing.

(iv) From time to time, the Company and the Lenders shall furnish such information to the Administrative Agent as the Administrative Agent may request relating to the making of Bid Loans, including the amounts, interest rates, dates of borrowings and maturities thereof, for purposes of the allocation of amounts received from the Company for payment of all amounts owing hereunder.

(h) If, on the proposed date of Borrowing, the Commitments have not been terminated and all applicable conditions to funding referenced in SECTIONS 4.2 and 4.5 and ARTICLE V hereof are satisfied, the Lender or Lenders whose offers the Company has accepted will fund each Bid Loan so accepted. Nothing in this SECTION 2.6 shall be construed as a right of first offer in favor of the Lenders or to otherwise limit the ability of the Company to request and accept credit facilities from any Person (including any of the Lenders), provided that no Event of Default or Unmatured Event of Default would result from the Company executing, delivering or performing under such credit facilities.

2.7 VOLUNTARY TERMINATION OR REDUCTION OF COMMITMENTS. The Company may, upon not less than three Business Days' prior notice to the Administrative Agent, terminate the Commitments, or permanently reduce the Commitments by a minimum amount of $10,000,000 or a higher integral multiple of $1,000,000; UNLESS, after giving effect thereto and to any prepayments of Loans made on the effective date thereof, the Total Outstandings would exceed the amount of the combined Commitments then in effect. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to reduce the Commitment of each Lender according to its Pro Rata Share. If the Company terminates the Commitments or reduces the Commitments to zero, the Company shall pay all

accrued and unpaid interest, fees and other amounts payable hereunder on the date of such termination.

2.8 OPTIONAL PREPAYMENTS. (a) Subject to the proviso to SUBSECTION 2.4(a) and to SECTION 4.4, the Company may, from time to time, upon irrevocable notice to the Administrative Agent, which notice must be received by the Administrative Agent prior to 10:30 a.m. Chicago time (i) three Business Days prior to the date of prepayment, in the case of Offshore Rate Committed Loans, and (ii) on the date of prepayment, in the case of Base Rate Committed Loans, ratably prepay Committed Loans in whole or in part, in an aggregate amount of $10,000,000 or a higher integral multiple of $1,000,000 (or, if any Base Rate Committed Loans have been made pursuant to SUBSECTION 3.3(c), in an aggregate amount equal to the aggregate amount of such Base Rate Committed Loans). Such notice of prepayment shall specify the date and amount of such prepayment and the Committed Loans to be prepaid. The Administrative Agent will promptly notify each Lender of its receipt of any such notice and of such Lender's Pro Rata Share of such prepayment. If such notice is given by the Company, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with, in the case of Offshore Rate Committed Loans, accrued interest to such date on the amount prepaid and any amounts required pursuant to SECTION 4.4.

(b) No Bid Loan may be voluntarily prepaid without the written consent of the applicable Lender.

2.9 REPAYMENT. The Company shall repay each Bid Loan on the last day of the Interest Period therefor. The Company shall repay all Loans (including any outstanding Bid Loans and Swing Line Loans) on the Termination Date.

2.10 INTEREST. (a) Each Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to (i) the Offshore Rate plus the Applicable Margin or (ii) the Base Rate, as the case may be (and subject to the Company's right to convert to the other Type of Committed Loan under SECTION 2.4). Each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Base Rate or such other rate as may be agreed to from time to time by the Company and the Swing Line Lender; provided that after any purchase by the Lenders of a participation in a Swing Line Loan, the rate of interest on such Swing Line Loan shall not be less than the Base Rate. Each Bid Loan shall bear interest on the outstanding principal amount thereof from the relevant Borrowing Date at the applicable Absolute Rate or at LIBOR for the applicable Interest Period plus or minus the LIBOR Bid Margin.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest also shall be paid on the date of any conversion of Offshore Rate Committed Loans under SECTION 2.4 and prepayment of Offshore Rate Committed Loans under SECTION 2.8, in each case for the portion of the Loans so converted or prepaid.

(c) Notwithstanding the foregoing provisions of this Section, upon notice to the Company from the Agent (acting at the request or with the consent of the Required Lenders) during the existence of any Event of Default, and for so long as such Event of Default continues, the Company shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Loans and, to the extent permitted by applicable law, on any other amount payable hereunder or under any other Loan Document, at a rate per annum which is determined by adding 2% per annum to the rate otherwise applicable thereto pursuant to the terms hereof or such other Loan Document (or, if no such rate is specified, the Base Rate). All such interest shall be payable on demand.

(d) Anything herein to the contrary notwithstanding, the obligations of the Company to any Lender hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Lender would be contrary to the provisions of any law applicable to such Lender limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Lender, and in such event the Company shall pay such Lender interest at the highest rate permitted by applicable law.

2.11 FEES. In addition to certain fees described in SECTION 3.8:

(a) ARRANGEMENT, AGENCY FEES. The Company agrees to pay to the Administrative Agent and BRS such fees at such times and in such amounts as are mutually agreed to from time to time by the Company, the Administrative Agent and BRS.

(b) FACILITY FEES. The Company shall pay to the Administrative Agent for the account of each Lender a facility fee computed at the Facility Fee Rate per annum on the amount of such Lender's Commitment as in effect from time to time (whether used or unused) or, if the Commitments have terminated, on the sum (without duplication) of (i) the principal amount of such Lender's Committed Loans plus (ii) the participation of such Lender in (or in the case of an Issuing Lender or the Swing Line Lender, its unparticipated portion of) the Effective Amount of all L/C Obligations and the principal amount of all Swing Line Loans. Such facility fee shall accrue from the Effective Date to

the Termination Date, and thereafter until all Committed Loans are paid in full, and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter, with the final payment to be made on the Termination Date (or, if later, on the date all Committed Loans and L/C Obligations are paid in full).

(c) UTILIZATION FEES. The Company shall pay to the Administrative Agent for the account of each Lender a utilization fee for any period computed at a rate per annum equal to the Utilization Fee Rate on the sum (without duplication) of (i) the principal amount of such Lender's Committed Loans and L/C Obligations plus (ii) the participation of such Lender in (or in the case of an Issuing Lender or the Swing Line Lender, its unparticipated portion of) the Effective Amount of all L/C Obligations and the principal amount of all Swing Line Loans. Such utilization fee shall accrue from the Effective Date to the Termination Date, and thereafter until all Committed Loans are paid in full, and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter, with the final payment to be made on the Termination Date (or, if later, on the date all Committed Loans and L/C Obligations are paid in full).

2.12 COMPUTATION OF FEES AND INTEREST. (a) All computations of interest for Base Rate Committed Loans (and Swing Line Loans bearing interest at the Base Rate) when the Base Rate is determined by BofA's "reference rate", and all computations of facility fees and utilization fees, shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of interest and fees shall be made on the basis of a 360-day year and actual days elapsed. Interest and fees shall accrue during each period during which such interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Administrative Agent shall be conclusive and binding on the Company and the Lenders in the absence of manifest error. The Administrative Agent will, at the request of the Company or any Lender, deliver to the Company or such Lender, as the case may be, a statement showing the quotations used by the Administrative Agent in determining any interest rate and the resulting interest rate.

2.13 PAYMENTS BY THE COMPANY. (a) All payments to be made by the Company shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Company shall be made to the Administrative Agent for the account of the Lenders at the Administrative Agent's Payment Office, and shall be made in Dollars and in immediately available funds, no later than 1:00 p.m. (Chicago time) on the date specified herein. The Administrative Agent will promptly

distribute to each Lender its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Administrative Agent later than 1:00 p.m. (Chicago time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day (unless, in the case of a payment with respect to an Offshore Rate Committed Loan, the following Business Day is in another calendar month, in which case such payment shall be made on the preceding Business Day), and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Administrative Agent receives notice from the Company prior to the date on which any payment is due to the Lenders that the Company will not make such payment in full as and when required, the Administrative Agent may assume that the Company has made such payment in full to the Administrative Agent on such date in immediately available funds and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Company has not made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent on demand such amount distributed to such Lender, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Lender until the date repaid.

2.14 PAYMENTS BY THE LENDERS TO THE ADMINISTRATIVE AGENT. (a) Unless the Administrative Agent receives notice from a Lender at least one Business Day prior to the date of a Borrowing of Offshore Rate Committed Loans or by 11:30 a.m. (Chicago time) on the day of any Borrowing of Base Rate Committed Loans, that such Lender will not make available as and when required hereunder to the Administrative Agent for the account of the Company the amount of such Lender's Pro Rata Share of such Committed Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent in immediately available funds on the Borrowing Date and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent any Lender shall not have made its full amount available to the Administrative Agent in immediately available funds and the Administrative Agent in such circumstances has made available to the Company such amount, such Lender shall on the Business Day following such Borrowing Date make such amount available to the Administrative Agent, together with interest at the Federal Funds

Rate. A notice of the Administrative Agent submitted to any Lender with respect to amounts owing under this SUBSECTION (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Administrative Agent shall constitute such Lender's Committed Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Administrative Agent on the Business Day following the Borrowing Date, the Administrative Agent will notify the Company of such failure to fund and, upon demand by the Administrative Agent, the Company shall pay such amount to the Administrative Agent for the Administrative Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Committed Loans comprising such Committed Borrowing.

(b) The failure of any Lender to make any Loan on any Borrowing Date shall not relieve any other Lender of any obligation hereunder to make a Loan on such Borrowing Date, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on any Borrowing Date.

2.15 SHARING OF PAYMENTS, ETC. (a) Except as otherwise expressly provided herein, whenever any payment received by the Administrative Agent to be distributed to the Lenders is insufficient to pay in full the amounts then due and payable to the Lenders, and the Administrative Agent has not received a Payment Sharing Notice, such payment shall be distributed to the Lenders (and for purposes of this Agreement shall be deemed to have been applied by the Lenders, notwithstanding the fact that any Lender may have made a different application in its books and records) in the following order: FIRST, to the payment of reimbursement obligations of the Company in respect of any Letter of Credit; SECOND, to the payment of the principal amount of the Loans which is then due and payable, ratably among the Lenders in accordance with the aggregate principal amount owed to each Lender; THIRD, to the payment of interest then due and payable on the Loans and on the reimbursement obligations in respect of Letters of Credit, ratably among the Lenders in accordance with the aggregate amount of interest owed to each Lender; FOURTH, to the payment of the facility fees and utilization fees payable under SUBSECTIONS 2.11(b) and (c) and letter of credit fees payable under SECTION 3.8, ratably among the Lenders in accordance with the amount of such fees owed to each Lender; and FIFTH, to the payment of any other amount payable under this Agreement, ratably among the Lenders in accordance with the aggregate amount owed to each Lender.

(b) After the Administrative Agent has received a Payment Sharing Notice, and for so long thereafter as any Event of Default exists, all payments received by the Administrative

Agent to be distributed to the Lenders shall be distributed to the Lenders (and for purposes of this Agreement shall be deemed to have been applied by the Lenders, notwithstanding the fact that any Lender may have made a different application in its books and records) in the following order: FIRST, to the payment of amounts payable under SECTIONS 11.4 and 11.5, ratably among the Lenders in accordance with the aggregate amount owed to each Lender; SECOND, to the payment of facility fees and utilization fees payable under SUBSECTIONS 2.11(b) and (c) and letter of credit fees payable under SECTION 3.8, ratably among the Lenders in accordance with the amount of such fees owed to each Lender; THIRD, to the payment of the interest accrued on and the principal amount of all of the Loans and reimbursement obligations (including contingent reimbursement obligations) regardless of whether any such amount is then due and payable, ratably among the Lenders in accordance with the aggregate accrued interest plus the aggregate principal amount owed to each Lender; and FOURTH, to the payment of any other amount payable under this Agreement, ratably among the Lenders in accordance with the aggregate amount owed to each Lender.

(c) If, other than as expressly provided elsewhere herein, any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of principal of or interest on any Loan, or any other amount payable hereunder, in excess of the share of payments and other recoveries such Lender would have received if such payment or other recovery had been distributed pursuant to the provisions of SUBSECTION 2.15(a) or (b) (whichever is applicable at the time of such payment or other recovery), such Lender shall immediately (i) notify the Administrative Agent of such fact and (ii) purchase from the other Lenders such participations in the Loans made by (or other Obligations owed to) them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery pro rata with each of them in accordance with the order of payments set forth in SUBSECTION 2.15(a) or (b), as the case may be; PROVIDED that if all or any portion of such excess payment or other recovery is thereafter recovered from the purchasing Lender, such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Company agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to SECTION 11.10) with respect to such participation as fully as if such Lender were the direct creditor of the Company in the amount

of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Lenders following any such purchases or repayments.

(d) Any amount that would be applied to a contingent obligation of the Company in respect of a Letter of Credit under CLAUSE THIRD of SUBSECTION 2.15(b) shall be held by the Administrative Agent as Cash Collateral hereunder. If such Letter of Credit is thereafter drawn upon, the Administrative Agent shall pay the applicable Issuing Lender an amount equal to the lesser of the amount of such drawing and the amount of the funds so held as Cash Collateral for such Letter of Credit. If and to the extent that such Letter of Credit expires or terminates (or the maximum amount available for drawing thereunder is reduced), the funds so held as Cash Collateral for such Letter of Credit (or the portion thereof in excess of the maximum amount available for drawing thereunder) shall be applied by the Administrative Agent as set forth in SUBSECTION 2.15(a) or 2.15(b), as applicable.

2.16 SWING LINE COMMITMENT. Subject to the terms and conditions of this Agreement, the Swing Line Lender agrees to make loans to the Company on a revolving basis (each such loan, a "SWING LINE LOAN") from time to time on any Business Day during the period from the Effective Date to the Termination Date in an aggregate principal amount at any one time outstanding not to exceed $50,000,000 MINUS the outstanding principal amount of all "Swing Line Loans" then outstanding under (and as defined in) the Other Credit Agreement; PROVIDED that after giving effect to any proposed Swing Line Loan, the Total Outstandings shall not exceed the combined Commitments.

2.17 BORROWING PROCEDURES FOR SWING LINE LOANS. The Company shall provide a Notice of Swing Line Loan or telephonic notice (followed by a confirming Notice of Swing Line Loan) of a proposed Swing Line Loan to the Administrative Agent and the Swing Line Lender not later than 12:00 noon (Chicago time) on the proposed Borrowing Date. Each such notice shall be effective upon receipt by the Administrative Agent and the Swing Line Lender and shall specify the date and the principal amount of such Swing Line Loan. Unless the Swing Line Lender has received written notice prior to 12:00 noon (Chicago time) on the proposed Borrowing Date from the Administrative Agent or any Lender that one or more of the conditions precedent set forth in ARTICLE V with respect to such Swing Line Loan is not then satisfied, the Swing Line Lender shall pay over the requested principal amount to the Company on the requested Borrowing Date in immediately available funds. Each Swing Line Loan shall be made on a Business Day and shall be in the amount of $1,000,000 or an integral multiple thereof. The Swing Line Lender will promptly

notify the Administrative Agent of the making and amount of each Swing Line Loan.

2.18 PREPAYMENT OR REFUNDING OF SWING LINE LOANS. (a) The Company may, at any time and from time to time, prepay any Swing Line Loan in whole or in part, in an amount equal to $1,000,000 or an integral multiple thereof. The Company shall deliver a notice of prepayment in accordance with SECTION 11.2 to be received by the Administrative Agent and the Swing Line Lender not later than 11:00 a.m. (Chicago time) on the Business Day of such prepayment, specifying the date and amount of such prepayment. If such notice is given by the Company, the payment amount specified in such notice shall be due and payable on the date specified therein.

(b) The Swing Line Lender may, at any time in its sole and absolute discretion, on behalf of the Company (which hereby irrevocably directs the Swing Line Lender to act on its behalf), request each Lender to make a Committed Loan in an amount equal to such Lender's Pro Rata Share of the principal amount of the Swing Line Loans outstanding on the date such notice is given. Unless any of the events described in SUBSECTION 9.1(f) or (g) shall have occurred (in which event the procedures of SECTION 2.19 shall apply), and regardless of whether the conditions precedent set forth in this Agreement to the making of Committed Loans are then satisfied or the aggregate amount of such Committed Loans is not in the minimum or integral amount otherwise required hereunder, each Lender shall make the proceeds of its Committed Loan available to the Administrative Agent for the account of the Swing Line Lender at the Administrative Agent's Payment Office prior to 12:00 noon (Chicago time) in immediately available funds on the Business Day next succeeding the date such notice is given. The proceeds of such Committed Loans shall be immediately applied to repay the outstanding Swing Line Loans. All Committed Loans made pursuant to this SECTION 2.18 shall be Base Rate Committed Loans (but, subject to the other provisions of this Agreement, may be converted to Offshore Rate Loans).

2.19 PARTICIPATIONS IN SWING LINE LOANS. (a) If an event described in SUBSECTION 9.1(f) or (g) exists (or for any reason the Lenders may not make Committed Loans pursuant to SECTION 2.18), each Lender will, upon notice from the Administrative Agent, purchase from the Swing Line Lender (and the Swing Line Lender will sell to each Lender) an undivided participation interest in all outstanding Swing Line Loans in an amount equal to its Pro Rata Share of the outstanding principal amount of the Swing Line Loans (and each Lender will immediately transfer to the Administrative Agent, for the account of the Swing Line Lender, in immediately available funds, the amount of its participation).

(b) Whenever, at any time after the Swing Line Lender has received payment for any Lender's participation interest in the Swing Line Loans pursuant to SUBSECTION 2.19(a), the Swing Line Lender receives any payment on account thereof, the Swing Line Lender will distribute to the Administrative Agent for the account of such Lender its participation interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participation interest was outstanding and funded) in like funds as received; PROVIDED, HOWEVER, that in the event that such payment received by the Swing Line Lender is required to be returned, such Lender will return to the Administrative Agent for the account of the Swing Line Lender any portion thereof previously distributed by the Swing Line Lender to it in like funds as such payment is required to be returned by the Swing Line Lender.

2.20 PARTICIPATION OBLIGATIONS UNCONDITIONAL. (a) Each Lender's obligation to make Committed Loans pursuant to SECTION 2.18 and/or to purchase participation interests in Swing Line Loans pursuant to SECTION 2.19 shall be absolute and unconditional and shall not be affected by any circumstance whatsoever, including (a) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Company or any other Person for any reason whatsoever; (b) the occurrence or continuance of an Event of Default or Unmatured Event of Default; (c) any adverse change in the condition (financial or otherwise) of the Company or any other Person; (d) any breach of this Agreement or any other Loan Document by the Company or any other Person; (e) any inability of the Company to satisfy the conditions precedent to borrowing set forth in this Agreement on the date upon which any such Loan is to be made or any participation interest therein is to be purchased; or (f) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(b) Notwithstanding the provisions of SUBSECTION 2.20(a), no Lender shall be required to make any Committed Loan to the Company to refund a Swing Line Loan pursuant to SECTION 2.18 or to purchase a participation interest in a Swing Line Loan pursuant to SECTION 2.19 if, prior to the making by the Swing Line Lender of such Swing Line Loan, the Swing Line Lender received written notice from any Lender specifying that such Lender believed in good faith that one or more of the conditions precedent to the making of such Swing Line Loan were not satisfied and, in fact, such conditions precedent were not satisfied at the time of the making of such Swing Line Loan; PROVIDED that the obligation of such Lender to make such Committed Loans and to purchase such participation interests shall be reinstated upon the earlier to occur of (i) the date on which such Lender notifies the Swing Line Lender that its prior notice has been withdrawn and (ii) the date on which all

conditions precedent to the making of such Swing Line Loan have been satisfied (or waived by the Required Lenders or all Lenders, as applicable).

2.21 CONDITIONS TO SWING LINE LOANS. Notwithstanding any other provision of this Agreement, the Swing Line Lender shall not be obligated to make any Swing Line Loan if an Event of Default or Unmatured Event of Default exists or would result therefrom.

ARTICLE III

THE LETTERS OF CREDIT

3.1 THE LETTER OF CREDIT SUBFACILITY. (a) On the terms and conditions set forth herein (i) each Issuing Lender agrees, (A) from time to time on any Business Day during the period from the Effective Date to the date which is seven Business Days prior to Termination Date to Issue standby Letters of Credit for the account of the Company, and to amend or renew standby Letters of Credit previously issued by it, in accordance with SUBSECTIONS 3.2(c) and 3.2(d), and (B) to honor properly drawn drafts under the Letters of Credit issued by it; and (ii) the Lenders severally agree to participate in standby Letters of Credit Issued for the account of the Company; provided that no Issuing Lender shall be obligated to Issue, and (subject to SECTION 3.2(b)) no Lender shall be obligated to participate in, any Letter of Credit if as of the date of Issuance of such Letter of Credit (the "ISSUANCE DATE") (1) the Total Outstandings exceed the combined Commitments, (2) the Effective Amount of all L/C Obligations would exceed the L/C Commitment MINUS the "Effective Amount" of all "L/C Obligations" under (and as defined in) the Other Credit Agreement or (3) the participation of any Lender in the Effective Amount of all L/C Obligations plus the participation of such Lender in the principal amount of all outstanding Swing Line Loans plus the outstanding principal amount of the Committed Loans of such Lender would exceed such Lender's Commitment. Within the foregoing limits, and subject to the other terms and conditions hereof, the Company's ability to obtain Letters of Credit shall be fully revolving, and, accordingly, the Company may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit which have expired or which have been drawn upon and reimbursed.

(b) No Issuing Lender shall be under any obligation to Issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Lender from

Issuing such Letter of Credit, or any Requirement of Law applicable to such Issuing Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Lender shall prohibit, or request that such Issuing Lender refrain from, the Issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Lender is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon such Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which such Issuing Lender in good faith deems material to it (it being understood that the applicable Issuing Lender shall promptly notify the Company and the Administrative Agent of any of the foregoing events or circumstances);

(ii) such Issuing Lender has received written notice from any Lender, the Administrative Agent or the Company, on or prior to the Business Day immediately preceding the requested date of Issuance of such Letter of Credit, that one or more of the applicable conditions contained in ARTICLE V is not then satisfied;

(iii) the expiry date of such requested Letter of Credit is after the earlier of the seventh Business Day prior to the Termination Date or the eighteen month anniversary of its issuance (subject to periodic extensions for periods not to exceed one year), unless all of the Lenders have approved such expiry date in writing; or

(iv) such Letter of Credit does not provide for drafts, or is not otherwise in form and substance acceptable to such Issuing Lender, or the Issuance of a Letter of Credit shall violate any applicable policies of such Issuing Lender;

(v) such Letter of Credit is denominated in a currency other than Dollars.

3.2 ISSUANCE, AMENDMENT AND RENEWAL OF LETTERS OF CREDIT. (a) Each Letter of Credit shall be issued upon the irrevocable request of the Company received by the applicable Issuing Lender at least one Business Day (or such shorter time as the applicable Issuing Lender may agree in a particular instance in its sole discretion) prior to the proposed date of issuance. Each such request for issuance of a Letter of Credit shall either (x) be by facsimile, confirmed immediately (by messenger or overnight courier) in an original writing, in the form of an L/C Application, or (y) be made electronically pursuant to procedures agreed upon between the Company and the applicable Issuing Lender

and, in each case, shall specify in form and detail satisfactory to such Issuing Lender: (i) the face amount of the Letter of Credit; (ii) the expiry date of the Letter of Credit; (iii) the name and address of the beneficiary thereof; (iv) the documents to be presented by the beneficiary of the Letter of Credit in case of any drawing thereunder; (v) the full text of any certificate to be presented by the beneficiary in case of any drawing thereunder; and (vi) such other matters as such Issuing Lender may require.

(b) Promptly upon receipt of any L/C Application or L/C Amendment Application, the applicable Issuing Lender will notify the Administrative Agent of its receipt thereof and of the proposed amount and term of the requested Letter of Credit. Unless the applicable Issuing Lender has received on or before the Business Day immediately preceding the date such Issuing Lender is to issue a requested Letter of Credit, (A) notice from the Administrative Agent directing such Issuing Lender not to issue such Letter of Credit because such issuance is not then permitted under SUBSECTION 3.1(a) as a result of the limitations set forth in CLAUSES (1) through (3) thereof or (B) a notice described in SUBSECTION 3.1(b)(ii), then, subject to the terms and conditions hereof, such Issuing Lender shall, on the requested date, issue a Letter of Credit for the account of the Company in accordance with such Issuing Lender's usual and customary business practices.

(c) From time to time while a Letter of Credit is outstanding and prior to seven Business Days prior to the Termination Date, the applicable Issuing Lender will, upon the request of the Company received by such Issuing Lender at least one Business Day (or such shorter time as the applicable Issuing Lender may agree in a particular instance in its sole discretion) prior to the proposed date of amendment, amend any Letter of Credit issued by it. Each such request for amendment of a Letter of Credit shall either (x) be made by facsimile, confirmed immediately (by messenger or overnight courier) in an original writing, made in the form of an L/C Amendment Application or (y) be made electronically pursuant to procedures agreed upon between the Company the applicable Issuing Lender and, in each case, shall specify in form and detail satisfactory to such Issuing Lender: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of such Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as such Issuing Lender may require. No Issuing Lender shall have any obligation to amend any Letter of Credit if: (A) such Issuing Lender would have no obligation at such time to issue such Letter of Credit in its amended form under the terms of this Agreement; or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(d) The Issuing Lenders and the Lenders agree that, while a Letter of Credit is outstanding and prior to seven Business Days prior to the Termination Date, at the option of the Company and upon the request of the Company received by the applicable Issuing Lender at least one Business Day (or such shorter time as the applicable Issuing Lender may agree in a particular instance in its sole discretion) prior to the proposed date of notification of renewal, the applicable Issuing Lender shall be entitled to authorize the automatic renewal of any Letter of Credit issued by it. Each such request for renewal of a Letter of Credit shall either (x) be made by facsimile, confirmed immediately in an original writing, in the form of an L/C Amendment Application, or (y) be made electronically pursuant to procedures agreed upon between the Company the applicable Issuing Lender and, in each case, shall specify in form and detail satisfactory to such Issuing Lender: (i) the Letter of Credit to be renewed; (ii) the proposed date of notification of renewal of such Letter of Credit (which shall be a Business Day); (iii) the revised expiry date of such Letter of Credit (which, unless all Lenders otherwise consent in writing, shall be at least seven Business Days prior to the Termination Date); and (iv) such other matters as such Issuing Lender may require. No Issuing Lender shall be under any obligation to renew any Letter of Credit if: (A) such Issuing Lender would have no obligation at such time to issue or amend such Letter of Credit in its renewed form under the terms of this Agreement; or (B) the beneficiary of such Letter of Credit does not accept the proposed renewal of such Letter of Credit. If any outstanding Letter of Credit shall provide that it shall be automatically renewed unless the beneficiary thereof receives notice from the applicable Issuing Lender that such Letter of Credit shall not be renewed, and if at the time of renewal such Issuing Lender would be entitled to authorize the automatic renewal of such Letter of Credit in accordance with this SUBSECTION 3.2(d) upon the request of the Company but such Issuing Lender shall not have received any L/C Amendment Application from the Company with respect to such renewal or other written direction by the Company with respect thereto, such Issuing Lender shall nonetheless be permitted to allow such Letter of Credit to renew, and the Company and the Lenders hereby authorize such renewal, and, accordingly, such Issuing Lender shall be deemed to have received an L/C Amendment Application from the Company requesting such renewal.

(e) Each Issuing Lender may, at its election (or as required by the Administrative Agent at the direction of the Required Lenders), deliver any notice of termination or other communication to any Letter of Credit beneficiary or transferee, and take any other action as necessary or appropriate, at any time and from time to time, in order to cause the expiry date of such Letter of Credit to be a date not later than seven Business Days prior to the Termination Date.

(f) This Agreement shall control in the event of any conflict with any L/C-Related Document (other than any Letter of Credit).

(g) Each Issuing Lender will deliver to the Administrative Agent, concurrently or promptly following its delivery of a Letter of Credit, or amendment to or renewal of a Letter of Credit, to an advising bank or a beneficiary, a true and complete copy of such Letter of Credit or of such amendment or renewal. Promptly after its receipt thereof, the Administrative Agent will notify each Lender of the Issuance of such Letter of Credit.

3.3 RISK PARTICIPATIONS, DRAWINGS AND REIMBURSEMENTS.

(a) On the Effective Date, the Existing Letters of Credit shall be deemed to be Letters of Credit outstanding hereunder and on the Effective Date, the Company shall assume all obligations of an applicant with respect thereto. Immediately upon the Issuance of each Letter of Credit (or on the Effective Date in the case of each Existing Letter of Credit), each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the applicable Issuing Lender a participation in such Letter of Credit and each drawing thereunder in an amount equal to the product of (i) such Lender's Pro Rata Share times (ii) the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing, respectively. For purposes of SECTION 2.1, each Issuance of a Letter of Credit shall be deemed to utilize the Commitment of each Lender by an amount equal to the amount of such participation.

(b) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the applicable Issuing Lender will promptly notify the Company and the Administrative Agent. The Company shall (subject, if applicable, to its right to obtain Base Rate Committed Loans as provided below) reimburse the applicable Issuing Lender prior to 11:00 a.m. (Chicago time) on each date that any amount is paid by such Issuing Lender under any Letter of Credit (each such date, an "HONOR DATE") in an amount equal to the amount so paid by such Issuing Lender; provided that, to the extent that any Issuing Lender accepts a drawing under a Letter of Credit after 11:00 a.m. (Chicago time), the Company will not be obligated to reimburse such Issuing Lender until the next Business Day and the "Honor Date" for such Letter of Credit shall be such next Business Day. If the Company fails to reimburse an Issuing Lender for the full amount of any drawing under any Letter of Credit by 11:00 a.m. (Chicago time) on the Honor Date, such Issuing Lender will promptly notify the Administrative Agent and the Administrative Agent will promptly notify each Lender thereof, and the Company shall be deemed to have requested that

Base Rate Committed Loans be made by the Lenders to be disbursed on the Honor Date under such Letter of Credit, subject to the amount of the unutilized portion of the combined Commitments and subject to the conditions set forth in SECTION 5.2 other than SECTION 5.2(a). Any notice given by an Issuing Lender or the Administrative Agent pursuant to this SUBSECTION 3.3(b) may be oral if immediately confirmed in writing (including by facsimile); PROVIDED that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(c) Each Lender shall upon any notice pursuant to SUBSECTION 3.3(b) make available to the Administrative Agent for the account of the applicable Issuing Lender an amount in Dollars and in immediately available funds equal to its Pro Rata Share of the amount of the drawing, whereupon the Lenders shall (subject to SUBSECTION 3.3(d)) each be deemed to have made a Committed Loan consisting of a Base Rate Committed Loan to the Company in such amount (it being understood that the requirements for the minimum aggregate amount of a Borrowing of Base Rate Committed Loans shall not be applicable to Loans made pursuant to this SUBSECTION 3.3(c)). If any Lender so notified fails to make available to the Administrative Agent for the account of the applicable Issuing Lender the amount of such Lender's Pro Rata Share of the amount of such drawing by no later than 1:00 p.m. (Chicago time) on the Honor Date, then interest shall accrue on such Lender's obligation to make such payment, from the Honor Date to the date such Lender makes such payment, at a rate per annum equal to the Federal Funds Rate in effect from time to time during such period. The Administrative Agent will promptly give notice of the occurrence of the Honor Date, but failure of the Administrative Agent to give any such notice on the Honor Date or in sufficient time to enable any Lender to effect such payment on such date shall not relieve such Lender from its obligations under this SECTION 3.3.

(d) With respect to any unreimbursed drawing that is not converted into Base Rate Committed Loans in whole or in part, because of the Company's failure to satisfy the conditions set forth in SECTION 5.2 (other than SUBSECTION 5.2(a) which need not be satisfied) or for any other reason, the Company shall be deemed to have incurred from the applicable Issuing Lender an L/C Borrowing in the amount of such drawing, which L/C Borrowing shall be due and payable on demand and shall bear interest (payable on demand) at a rate per annum equal to the Base Rate plus 2%, and each Lender's payment to such Issuing Lender pursuant to SUBSECTION 3.3(c) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this SECTION 3.3.

(e) Each Lender's obligation in accordance with this Agreement to make the Committed Loans or L/C Advances, as contemplated by this SECTION 3.3, as a result of a drawing under a Letter of Credit, shall be absolute and unconditional and without recourse to any Issuing Lender and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the applicable Issuing Lender, the Company or any other Person for any reason whatsoever; (ii) the occurrence or continuance of an Event of Default, an Unmatured Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing including the failure of the Issuing Lender to give any notice required hereunder; PROVIDED that each Lender's obligation to make Committed Loans under this SECTION 3.3 is subject to the conditions set forth in SECTION 5.2 (other than SUBSECTION 5.2(a)).

3.4 REPAYMENT OF PARTICIPATIONS. (a) Upon (and only upon) receipt by the Administrative Agent for the account of an Issuing Lender of immediately available funds from the Company (i) in reimbursement of any payment made by such Issuing Lender under a Letter of Credit with respect to which any Lender has paid the Administrative Agent for the account of such Issuing Lender for such Lender's participation in such Letter of Credit pursuant to SECTION 3.3 or (ii) in payment of interest thereon, the Administrative Agent will pay to each Lender, in the same funds as those received by the Administrative Agent for the account of such Issuing Lender, the amount of such Lender's Pro Rata Share of such funds, and such Issuing Lender shall receive the amount of the Pro Rata Share of such funds of any Lender that did not so pay the Administrative Agent for the account of such Issuing Lender.

(b) If the Administrative Agent or an Issuing Lender is required at any time to return to the Company, or to a trustee, receiver, liquidator or custodian, or to any official in any Insolvency Proceeding, any portion of any payment made by the Company to the Administrative Agent for the account of an Issuing Lender pursuant to SUBSECTION 3.4(a) in reimbursement of a payment made under a Letter of Credit or interest or fee thereon, each Lender shall, on demand of the Administrative Agent, forthwith return to the Administrative Agent or the applicable Issuing Lender the amount of its Pro Rata Share of any amount so returned by the Administrative Agent or such Issuing Lender plus interest thereon from the date such demand is made to the date such amount is returned by such Lender to the Administrative Agent or such Issuing Lender, at a rate per annum equal to the Federal Funds Rate in effect from time to time.

3.5 ROLE OF THE ISSUING LENDERS. (a) Each Lender and the Company agree that, in paying any drawing under a Letter of

Credit, the applicable Issuing Lender shall not have any responsibility to obtain any document (other than any sight draft and certificate expressly required by such Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document.

(b) No Issuing Lender or Administrative Agent-Related Person, nor any of their respective correspondents, participants or assignees, shall be liable to any Lender for: (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders (including the Required Lenders, as applicable); (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any L/C-Related Document.

(c) The Company hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; PROVIDED that this assumption is not intended to, and shall not, preclude the Company's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. No Issuing Lender or Administrative Agent-Related Person, nor any of their respective correspondents, participants or assignees, shall be liable or responsible for any of the matters described in CLAUSES (i) through (vii) of SECTION 3.6; PROVIDED that, anything in such clauses to the contrary notwithstanding, the Company may have a claim against an Issuing Lender, and such Issuing Lender may be liable to the Company, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Company which the Company proves were caused by such Issuing Lender's willful misconduct or gross negligence or such Issuing Lender's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing: (i) an Issuing Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; and (ii) no Issuing Lender shall be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.6 OBLIGATIONS ABSOLUTE. The obligations of the Company under this Agreement and any L/C-Related Document to reimburse the applicable Issuing Lender for a drawing under a Letter of Credit, and to repay any L/C Borrowing and any drawing under a Letter of Credit converted into Committed Loans, shall be

unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and each such other L/C-Related Document under all circumstances, including the following:

(i) any lack of validity or enforceability of this Agreement or any L/C-Related Document;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Company in respect of any Letter of Credit;

(iii) the existence of any breach of contract or other dispute between the Company and any beneficiary or the existence of any claim, set-off, defense or other right that the Company may have at any time against any beneficiary or any transferee of any Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the applicable Issuing Lender or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by any L/C-Related Document or any unrelated transaction;

(iv) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit;

(v) any payment by an Issuing Lender under any Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by an Issuing Lender under any Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of any Letter of Credit, including any arising in connection with any Insolvency Proceeding;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the obligations of the Company in respect of any Letter of Credit;

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise

constitute a defense available to, or a discharge of, the Company or a guarantor;

(viii) any use which may be made of the Letter of Credit or any acts or omissions of the users of any Letter of Credit;

(ix) any particular conditions stipulated in the documents or superimposed thereon;

(x) any failure of any instrument to bear any reference or adequate reference to any Letter of Credit or the failure of any negotiating bank to endorse any draft or other instrument in connection with any Letter of Credit or the failure of any Person to note the amount of any draft on the reverse of any Letter of Credit or to surrender or take up any Letter Credit or to send forward documents apart from drafts as required by the terms of any Letter of Credit (each of which provisions, if contained in any Letter of Credit itself, it is agreed may be waived by the Issuing Lender);

(xi) any error, omission, interruption or delay in

transmission or delivery of any message or advise in connection with any Letter of Credit whether transmitted by courier, mail, cable, telex, telegraph, wireless, any other telecommunications or otherwise and despite any cipher or code which may be employed; or

(xii) any non-documentary conditions that may be stated in this Agreement or any Letter of Credit.

3.7 CASH COLLATERAL PLEDGE. If any Letter of Credit remains outstanding and partially or wholly undrawn as of the Termination Date, then the Company shall immediately Cash Collateralize the L/C Obligations in an amount equal to the maximum amount then available to be drawn under all Letters of Credit.

3.8 LETTER OF CREDIT FEES. (a) The Company shall pay to the Administrative Agent for the account of each Lender a letter of credit fee with respect to each Letter of Credit equal to the L/C Fee Rate (plus, upon notice from the Administrative Agent (acting at the request or with the consent of the Required Lenders) during the existence of an Event of Default, and for so long as such Event of Default shall continue, 2%) per annum of the average daily maximum amount available to be drawn on such Letter of Credit, computed on a quarterly basis in arrears on the last Business Day of each calendar quarter and on the Termination Date (or such later date on which such Letter of Credit shall expire or be fully drawn).

(b) The letter of credit fees payable under SUBSECTION 3.8(a) shall be due and payable quarterly in arrears on the last

Business Day of each calendar quarter during which Letters of Credit are outstanding, commencing on the first such quarterly date to occur after the Closing Date, through the Termination Date (or such later date upon which all outstanding Letters of Credit shall expire or be fully drawn), with the final payment to be made on the Termination Date (or such later date).

(c) The Company shall pay to each Issuing Lender a letter of credit fronting fee at such times and in such amounts as are mutually agreed to from time to time by the Company and such Issuing Lender.

(d) The Company shall pay to each Issuing Lender from time to time on demand the normal issuance, presentation, amendment and other processing fees, and other standard costs and charges, of such Issuing Lender relating to letters of credit as from time to time in effect.

3.9 UNIFORM CUSTOMS AND PRACTICE. The Uniform Customs and Practice for Documentary Credits as published by the International Chamber of Commerce ("UCP") most recently at the time of issuance of any Letter of Credit shall (unless otherwise expressly provided in such Letter of Credit) apply to such Letter of Credit.

ARTICLE IV

TAXES, YIELD PROTECTION AND ILLEGALITY

4.1 TAXES. (a) Any and all payments by the Company to each Lender or the Administrative Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Company shall pay all Other Taxes and Further Taxes.

(b) If the Company shall be required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Lender or the Administrative Agent, then:

(i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section), such Lender or the Administrative Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) the Company shall make such deductions and withholdings; and

(iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law.

(c) The Company agrees to indemnify and hold harmless each Lender and the Administrative Agent for the full amount of Taxes, Other Taxes and Further Taxes in the amount that such Lender specifies as necessary to preserve the after-tax yield such Lender would have received if such Taxes, Other Taxes or Further Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date such Lender or the Administrative Agent makes written demand therefor.

(d) Within 30 days after the date of any payment by the Company of any Taxes, Other Taxes or Further Taxes, the Company shall furnish each applicable Lender and the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to such Lender and the Administrative Agent.

(e) Notwithstanding the foregoing provisions of this SECTION 4.1, (i) if any Lender fails to notify the Company of any event or circumstance which will entitle such Lender to compensation pursuant to this SECTION 4.1 within 60 days after such Lender obtains knowledge of such event or circumstance, then such Lender shall not be entitled to compensation from the Company for any amount arising prior to the date which is 60 days before the date on which such Lender notifies the Company of such event or circumstance; and (ii) the Company shall not be required to pay an additional amount to, or to indemnify, any Lender pursuant to this SECTION 4.1 to the extent that (x) the obligation to withhold or pay such amount existed on the Initial Date (as defined below) or (y) the obligation to withhold or pay such amount would not have arisen but for the failure of such Lender to comply with the provisions of SECTION 10.10 of this Agreement. For purposes of CLAUSE (ii) of the foregoing sentence "Initial Date" means (A) in the case of any Lender that is a signatory hereto, the date of this Agreement, (B) in the case of any Person which subsequently becomes a Lender hereunder, the date of the applicable Assignment and Acceptance, and (C) in the case of any Participant, the date on which it becomes a Participant.

4.2 ILLEGALITY. (a) If any Lender reasonably determines that the introduction of any Requirement of Law, or any change in

any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for such Lender or its applicable Lending Office to make Offshore Rate Committed Loans, then, on notice thereof by such Lender to the Company through the Administrative Agent, any obligation of such Lender to make Offshore Rate Committed Loans shall be suspended until such Lender notifies the Administrative Agent and the Company that the circumstances giving rise to such determination no longer exist.

(b) If a Lender reasonably determines that it is unlawful to maintain any Offshore Rate Committed Loan, the Company shall, upon its receipt of notice of such fact and demand from such Lender (with a copy to the Administrative Agent), prepay in full such Offshore Rate Committed Loan of such Lender together with interest accrued thereon and amounts required under SECTION 4.4, either on the last day of the Interest Period thereof, if such Lender may lawfully continue to maintain such Offshore Rate Committed Loan to such day, or immediately, if such Lender may not lawfully continue to maintain such Offshore Rate Committed Loan. If the Company is required to so prepay any Offshore Rate Committed Loan, then concurrently with such prepayment, the Company shall borrow from the affected Lender, in the amount of such repayment, a Base Rate Committed Loan.

(c) If the obligation of any Lender to make or maintain Offshore Rate Committed Loans has been so terminated or suspended, all Loans which would otherwise be made by such Lender as Offshore Rate Committed Loans shall be instead Base Rate Committed Loans.

4.3 INCREASED COSTS AND REDUCTION OF RETURN. (a) If any Lender reasonably determines that, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Offshore Rate) after the date hereof in or in the interpretation of any law or regulation or (ii) compliance by such Lender with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) adopted, issued or delivered after the date hereof, there shall be any increase in the cost to such Lender (excluding any Taxes, Other Taxes, Further Taxes or taxes imposed on or measured by the net income of such Lender) of agreeing to make or making, funding or maintaining any Offshore Rate Committed Loan or participating in any Letter of Credit, or, in the case of an Issuing Lender, any increase in the cost to such Issuing Lender of agreeing to issue, issuing or maintaining any Letter of Credit or of agreeing to make or making, funding or maintaining any unpaid drawing under any Letter of Credit, then the Company shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Administrative Agent), pay

to the Administrative Agent for the account of such Lender, additional amounts as are sufficient to compensate such Lender for such increased cost.

(b) If any Lender shall have reasonably determined that (i) the introduction after the date hereof of any Capital Adequacy Regulation, (ii) any change after the date hereof in any Capital Adequacy Regulation, (iii) any change after the date hereof in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by such Lender (or its Lending Office) or any corporation controlling such Lender with any Capital Adequacy Regulation (excluding any Capital Adequacy Regulation as in effect on the date hereof) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy and such Lender's desired return on capital) reasonably determines that the amount of such capital is increased as a consequence of its Commitment, Loans or obligations under this Agreement, then, upon demand of such Lender to the Company through the Administrative Agent, the Company shall pay to such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender for such increase.

(c) Notwithstanding the foregoing provisions of this SECTION 4.3, if any Lender fails to notify the Company of any event or circumstance which will entitle such Lender to compensation pursuant to this SECTION 4.3 within 60 days after such Lender obtains knowledge of such event or circumstance, then such Lender shall not be entitled to compensation from the Company for any amount arising prior to the date which is 60 days before the date on which such Lender notifies the Company of such event or circumstance.

4.4 FUNDING LOSSES. The Company shall reimburse each Lender and hold each Lender harmless from any loss or expense which the Lender may sustain or incur as a consequence of:

(a) the failure of the Company to borrow, continue or convert a Loan after the Company has given (or is deemed to have given) a Notice of Committed Borrowing or a Notice of Conversion/Continuation or has accepted a Competitive Bid for such Loan;

(b) the failure of the Company to make any prepayment in accordance with any notice delivered under SECTION 2.8;

(c) the prepayment (including after acceleration thereof) of an Offshore Rate Committed Loan or a Bid Loan on a day that is not the last day of the relevant Interest Period; or

(d) the automatic conversion under SUBSECTION 2.4(a) of any Offshore Rate Committed Loan to a Base Rate Committed Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or Bid Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Company to the Lenders under this Section and under SUBSECTION 4.3(a), each Offshore Rate Committed Loan made by a Lender (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBOR used in determining the Offshore Rate for such Offshore Rate Committed Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Committed Loan is in fact so funded.

4.5 INABILITY TO DETERMINE RATES. If (a) the Administrative Agent determines that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Committed Loan, or (b) the Required Lenders determine that the Offshore Rate applicable pursuant to SUBSECTION 2.10(a) for any requested Interest Period with respect to a proposed Offshore Rate Committed Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Company and each Lender. Thereafter, the obligation of the Lenders to make or maintain Offshore Rate Committed Loans hereunder shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders in the case of CLAUSE (b)) revokes such notice in writing. Upon receipt of such notice, the Company may revoke any Notice of Committed Borrowing or Notice of Conversion/Continuation then submitted by it. If the Company does not revoke such Notice, the Lenders shall make, convert or continue the Loans, as proposed by the Company, in the amount specified in the applicable notice submitted by the Company, but such Loans shall be made, converted or continued as Base Rate Committed Loans instead of Offshore Rate Committed Loan.

4.6 CERTIFICATES OF LENDERS. Any Lender claiming reimbursement or compensation under this ARTICLE IV shall deliver to the Company (with a copy to the Administrative Agent) a certificate setting forth in reasonable detail the amount payable to such Lender hereunder and the manner in which such amount has

been calculated, and such certificate shall be conclusive and binding on the Company in the absence of manifest error.

4.7 MITIGATION. Each Lender shall promptly notify the Company and the Administrative Agent of any event of which it has knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Lender's good faith judgment, otherwise disadvantageous to such Lender) to mitigate or avoid, (i) any obligation of the Company to pay any amount pursuant to SECTION 4.1 or 4.3 or (ii) the occurrence of any circumstance of the nature described in SECTION 4.2 or 4.5. Without limiting the foregoing, each Lender will designate a different Lending Office if such designation will avoid (or reduce the cost to the Company of) any event described in CLAUSE (I) or (II) of the preceding sentence and such designation will not, in such Lender's good faith judgment, be otherwise disadvantageous to such Lender.

4.8 SUBSTITUTION OF LENDERS. Upon the receipt by the Company from any Lender of a claim for compensation under SECTION 4.1 or 4.3 or a notice of the type described in SECTION 4.2, the Company may: (i) designate a replacement bank or financial institution satisfactory to the Company (a "REPLACEMENT LENDER") to acquire and assume all or a ratable part of all of such affected Lender's Loans and Commitment; and/or (ii) request one or more of the other Lenders to acquire and assume all or part of such affected Lender's Loans and Commitment. Any designation of a Replacement Lender under CLAUSE (I) shall be subject to the prior written consent of the Administrative Agent (which consent shall not be unreasonably withheld).

4.9 SURVIVAL. The agreements and obligations of the Company in this ARTICLE IV shall survive the termination of this Agreement and the payment of all other Obligations.

ARTICLE V

CONDITIONS PRECEDENT

5.1 CONDITIONS TO EFFECTIVENESS. This Agreement shall become effective on the date (the "EFFECTIVE DATE") on which the Administrative Agent shall have received (i) evidence satisfactory to the Lenders that the Company has completed the IPO, (ii) evidence satisfactory to the Administrative Agent that the Company has paid all fees and other amounts then payable under SUBSECTION 2.11(a) and (ii) all of the following, in form and substance satisfactory to the Administrative Agent and each Lender, and (except for the Notes) in sufficient copies for each Lender:

(a) AGREEMENT AND NOTES. This Agreement and the Notes executed by each party hereto and thereto.

(b) RESOLUTIONS; INCUMBENCY.

(i) Copies of the resolutions of the board of directors of the Company authorizing the execution and delivery of the Loan Documents and the consummation of the transactions contemplated hereby, certified as of the Effective Date by the Secretary or an Assistant Secretary of such Person; and

(ii) a certificate of the Secretary or Assistant Secretary of the Company certifying the names and true signatures of the officers, employees or authorized agents of the Company authorized to execute and deliver the Loan Documents and to deliver Notices of Borrowing, Notices of Conversion/Continuation, Competitive Bid Requests, Notices of Swing Line Loans, Compliance Certificates, L/C Applications, L/C Amendment Applications and similar documents.

(c) ORGANIZATION DOCUMENTS. The articles or certificate of incorporation and the bylaws of the Company as in effect on the Effective Date, certified by the Secretary or Assistant Secretary of the Company as of the Effective Date.

(d) LEGAL OPINIONS. An opinion of Tripp, Scott, P.A., counsel to the Company, substantially in the form of EXHIBIT G and an opinion of Mayer, Brown & Platt, counsel to the Administrative Agent, substantially in the form of EXHIBIT K.

(e) PAYMENT OF FEES. Evidence of payment by the Company of all accrued and unpaid fees, costs and expenses to the extent then due and payable hereunder on the Effective Date, together with Attorney Costs of BofA to the extent invoiced prior to or on the Effective Date, plus such additional amounts of Attorney Costs as shall constitute BofA's reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Company and BofA), including any such costs, fees and expenses arising under or referenced in SECTIONS 2.11 and 11.4.

(f) CERTIFICATE. A certificate signed by a Responsible Officer, dated as of the Effective Date, stating that:

(i) the representations and warranties contained in ARTICLE VI are true and correct on and as of such date, as though made on and as of such date;

(ii) no Event of Default or Unmatured Event of Default exists or would result from the effectiveness of this Agreement; and

(iii) since March 31, 1998, no event or circumstance has occurred that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(g) OTHER DOCUMENTS. Such other approvals, opinions, documents or materials as the Administrative Agent or any Lender may reasonably request.

5.2 CONDITIONS TO ALL CREDIT EXTENSIONS. The obligation of each Lender to make any Loan to be made by it (including the obligation of the Swing Line Lender to make any Swing Line Loan) and the obligation of any Issuing Lender to Issue any Letter of Credit is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date or Issuance Date:

(a) NOTICE, APPLICATION. The Administrative Agent shall have received a Notice of Committed Borrowing or notice of the acceptance by the Company of one or more Competitive Bids or the Swing Line Lender and the Administrative Agent shall have received a Notice of Swing Line Loan or, in the case of the Issuance of any Letter of Credit, the applicable Issuing Lender and the Administrative Agent shall have received an L/C Application or L/C Amendment Application, as required under SECTION 3.2.

(b) CONTINUATION OF REPRESENTATIONS AND WARRANTIES. The representations and warranties in ARTICLE VI (excluding SUBSECTION 6.11(b) shall be true and correct in all material respects on and of such Borrowing Date or Issuance Date with the same effect as if made on and as of such Borrowing Date or Issuance Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date).

(c) NO EXISTING DEFAULT. No Event of Default or Unmatured Event of Default shall exist or shall result from such Borrowing, Swing Line Loan or Issuance.

Each Notice of Committed Borrowing, notice of acceptance of a Competitive Bid, Notice of Swing Line Loan, L/C Application and L/C Amendment Application submitted by the Company hereunder shall constitute a representation and warranty by the Company that, as of the date of each such notice and as of the relevant Borrowing Date or Issuance Date, as applicable, the conditions in this SECTION 5.2 are satisfied.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Administrative Agent and each Lender that:

6.1 CORPORATE EXISTENCE AND POWER. The Company and each of its Subsidiaries:

(a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals (i) to own its assets and to carry on its business and (ii) to execute, deliver and perform its obligations under the Loan Documents to which it is a party;

(c) is duly qualified to do business in each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification; and

(d) is in compliance with all Requirements of Law;

except, in each case referred to in SUBCLAUSE (b)(i), CLAUSE (c) or CLAUSE (d), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.2 CORPORATE AUTHORIZATION; NO CONTRAVENTION. The execution, delivery and performance by the Company of each Loan Document to which such Person is party have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of such Person's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any material Contractual Obligation to which such Person or any of its Subsidiaries is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or any of its Subsidiaries or any of its or their property is subject; or

(c) violate any Requirement of Law.

6.3 GOVERNMENTAL AUTHORIZATION. No approval, consent, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority (other than any of the foregoing which has been obtained or made and is in full force

and effect) is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of the Agreement or any other Loan Document.

6.4 BINDING EFFECT. This Agreement and each other Loan Document constitute the legal, valid and binding obligations of the Company, to the extent such Person is a party thereto, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

6.5 LITIGATION. There are no actions, suits, proceedings, claims or disputes pending or, to the best knowledge of the Company, threatened, at law, in equity, in arbitration or before any Governmental Authority, against the Company or any Subsidiary or any of their respective properties; (a) which purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; or (b) as to which there exists a reasonable likelihood of an adverse determination, which determination would reasonably be expected to have a material adverse effect on the ability of the Company to pay and perform the Obligations. No injunction, writ, temporary restraining order or other order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

6.6 NO DEFAULT. No Event of Default or Unmatured Event of Default exists or would result from the incurring of any Obligations by the Company. As of the Effective Date, neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect.

6.7 ERISA COMPLIANCE. Except as specifically disclosed in SCHEDULE 6.7:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law (or, in the case of an Acquired Plan, can be brought into such compliance without any material fine, penalty or other liability). Except for Acquired Plans with respect to which the failure to have received a qualification letter would not result in any material fine, penalty or other liability, each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS (or will be submitted for a determination letter

within the applicable remedial amendment period), and to the best knowledge of the Company, nothing has occurred which would cause the loss of such qualification. The Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code (except for contributions to Acquired Plans not made prior to the respective Plan Acquisition Dates and which do not in the aggregate exceed $1,000,000 for any Acquired Plan), and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no contribution failure has occurred with respect to a Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA; (iii) no Pension Plan has any Unfunded Pension Liability; (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (v) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (vi) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

6.8 USE OF PROCEEDS; MARGIN REGULATIONS. The proceeds of the Loans will be used solely for the purposes set forth in and permitted by SECTION 7.12 and SECTION 8.8. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

6.9 TITLE TO PROPERTIES. The Company and each Subsidiary have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect. As of the Effective Date, the property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

6.10 TAXES. The Company and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Company or any Subsidiary that would, if made, have a Material Adverse Effect.

6.11 FINANCIAL CONDITION. (a)(1) The audited consolidated financial statements of the Company and its Subsidiaries dated December 31, 1997, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal year ended on that date, and (2) the unaudited interim consolidated financial statements of the Company and its Subsidiaries dated March 31, 1998, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal quarter ended on that date:

(i) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted therein (subject, in the case of the unaudited interim statements, to the absence of footnotes and to ordinary, good faith year-end audit adjustments);

(ii) fairly present (subject, in the case of the unaudited interim statements, to ordinary, good faith year-end audit adjustments) the financial condition of the Company and its Subsidiaries as of the dates thereof and the results of operations for the periods covered thereby; and

(iii) show all material indebtedness and other liabilities, absolute or contingent, of the Company and its consolidated Subsidiaries as of the dates thereof, including liabilities for taxes and material Contingent Obligations.

(b) Since December 31, 1997, there has been no Material Adverse Effect.

6.12 ENVIRONMENTAL MATTERS. The Company conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Company has reasonably concluded that, except as specifically disclosed in SCHEDULE 6.12, such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.13 REGULATED ENTITIES. None of the Company, any Person controlling the Company, or any Subsidiary is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Company is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

6.14 NO BURDENSOME RESTRICTIONS. Neither the Company nor any Subsidiary is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

6.15 COPYRIGHTS, PATENTS, TRADEMARKS AND LICENSES, ETC. The Company or its Subsidiaries own or are licensed or otherwise have the right to use all of the material patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except to the extent failure to own, license or otherwise have the right to use any such item, or any such conflict, could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Company, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Subsidiary, and which is material to the business or operations of the Company and its Subsidiaries, infringes upon any rights held by any other Person (excluding infringements which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect).

6.16 SUBSIDIARIES. As of the Effective Date, the Company has no Subsidiaries other than those specifically disclosed in PART (a) of SCHEDULE 6.16 and has no equity investments in any other corporation or entity other than those specifically disclosed in PART (b) of SCHEDULE 6.16.

6.17 INSURANCE. The properties of the Company and its Subsidiaries are insured with financially sound and reputable insurance companies (or are self-insured) in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Company or such Subsidiary operates.

6.18 YEAR 2000 PROBLEM. The Company and its Subsidiaries have reviewed the areas within their business and operations which could be adversely affected by, and have developed programs to address on a timely basis, the "Year 2000 Problem" (that is,

the risk that computer applications used by the Company may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999). Based on such review and programs, the Company reasonably believes that the "Year 2000 Problem" will not result in a Material Adverse Effect.

6.19 FULL DISCLOSURE. The representations and warranties made by the Company and its Subsidiaries in the Loan Documents as of the date such representations and warranties are made or deemed made, and the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of the Company or any Subsidiary in connection with the Loan Documents, taken as a whole, do not contain any untrue statement of a material fact or omit any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading in any material respect as of the time when made or delivered.

ARTICLE VII

AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Required Lenders waive compliance in writing:

7.1 FINANCIAL STATEMENTS. The Company shall deliver to the Administrative Agent, in form and detail satisfactory to the Administrative Agent and the Required Lenders, with sufficient copies for each Lender:

(a) as soon as available, but not later than 120 days after the end of each fiscal year, a copy of the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of Arthur Andersen LLP or another nationally-recognized independent public accounting firm ("INDEPENDENT AUDITOR"), which opinion (i) shall state that such consolidated financial statements present fairly the Company's consolidated financial position for the periods indicated in conformity with GAAP and (ii) shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Subsidiary's records; and

(b) as soon as available, but not later than 60 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ending September 30, 1998), a copy of the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to the absence of footnotes and to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and its Subsidiaries as of such date and for such period.

7.2 CERTIFICATES; OTHER INFORMATION. The Company shall furnish to the Administrative Agent, with sufficient copies for each Lender:

(a) concurrently with the delivery of the financial statements referred to in SUBSECTIONS 7.1(a) and (b), a Compliance Certificate executed by a Responsible Officer;

(b) promptly after their becoming available, copies of all financial statements and reports that the Company sends to its shareholders, and copies of all financial statements and regular, periodic or special reports (including Forms 10K, 10Q and 8K) that the Company or any Subsidiary may make to, or file with, the SEC;

(c) promptly after their becoming available, any management letter or other material communication regarding the "Year 2000" exposure or programs of the Company and its Subsidiaries; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Administrative Agent, at the request of any Lender, may from time to time reasonably request.

7.3 NOTICES. The Company shall promptly (or, in the case of any event described in CLAUSE (c)(ii) below, not less than 10 days prior to the occurrence of such event) notify the Administrative Agent and each Lender:

(a) of the occurrence of any Event of Default or Unmatured Event of Default known to the Company;

(b) of any of the following matters that has resulted or is reasonably expected to result in a Material Adverse Effect: (i) breach or non-performance of, or any default under, a Contractual Obligation of the Company or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension

between the Company or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Company or any Subsidiary, including pursuant to any applicable Environmental Laws;

(c) of the occurrence of any of the following events known to the Company which affect the Company or any ERISA Affiliate, and deliver to the Administrative Agent and each Lender a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a contribution failure with respect to a Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA;

(iii) a material increase in the Unfunded Pension Liability of any Pension Plan;

(iv) the adoption of, or the commencement of contributions to, any Pension Plan by the Company or any ERISA Affiliate; or

(v) the adoption of any amendment to a Pension Plan if such amendment results in a material increase in contributions or Unfunded Pension Liability; and

(d) of any material change in accounting policies or financial reporting practices by the Company and its consolidated Subsidiaries.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Subsidiary proposes to take with respect thereto. Each notice under SUBSECTION 7.3(a) shall describe with particularity any and all clauses or provisions of this Agreement or any other Loan Document that have been breached or violated.

7.4 PRESERVATION OF CORPORATE EXISTENCE, ETC. The Company shall, and shall cause each Subsidiary to (provided that nothing in this SECTION 7.4 shall prevent the voluntary liquidation, dissolution or winding up, not under any bankruptcy or insolvency law, of any Subsidiary so long as no Event of Default exists and no Event of Default or Unmatured Event of Default will result therefrom):

(a) preserve and maintain in full force and effect its existence and good standing under the laws of its jurisdiction of organization;

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business (except in connection with transactions permitted by SECTION 8.4 and sales of assets permitted by SECTION 8.3);

(c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

7.5 MAINTENANCE OF PROPERTY. The Company shall, and shall cause each Subsidiary to, maintain and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

7.6 INSURANCE. The Company shall, and shall cause each Subsidiary to, maintain, with financially sound and reputable independent insurers (or pursuant to a self-insurance program), insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

7.7 PAYMENT OF OBLIGATIONS. The Company shall, and shall cause each Subsidiary to, pay and discharge, as the same shall become due and payable, all their respective material obligations and liabilities, including: (a) all material tax liabilities, assessments and governmental charges or levies upon it or its properties or assets and (b) all material claims which, if unpaid, would by law become a Lien upon its property, UNLESS, in each case, the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Subsidiary.

7.8 COMPLIANCE WITH LAWS. The Company shall, and shall cause each Subsidiary to, comply with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act) the non-compliance with which might have a Material Adverse Effect.

7.9 COMPLIANCE WITH ERISA. The Company shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required contributions to any Plan subject to Section 412 of the Code, it being understood that any non-compliance with CLAUSE (a), (b) or (c) with respect to an Acquired Plan existing on the Plan Acquisition Date for such Acquired Plan shall not constitute a violation of this SECTION 7.9 so long as (i) the Company is diligently proceeding to remedy such non-compliance and (ii) such non-compliance will not result in any material fine, penalty or other liability.

7.10 INSPECTION OF PROPERTY AND BOOKS AND RECORDS. The Company shall, and shall cause each Subsidiary to, maintain proper books of record and account, in which full, true and correct entries (sufficient to permit the preparation of consolidated financial statements in conformity with GAAP) shall be made of all financial transactions and matters involving the assets and business of the Company and such Subsidiary. The Company shall permit, and shall cause each Subsidiary to permit, the Administrative Agent, any Lender or their respective representatives (in each case at such Person's own expense unless an Event of Default exists), upon reasonable notice at any reasonable time during normal business hours and from time to time at the request of the Administrative Agent or the relevant Lender, to visit and inspect the properties of the Company or any Subsidiary (and, if (i) any Unmatured Event of Default exists and has been continuing for 15 days or (ii) any Event of Default exists to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom), and to discuss the affairs, finances and accounts of the Company or any Subsidiary with the appropriate officers, employees or authorized agents of the Company or such Subsidiary.

7.11 ENVIRONMENTAL LAWS. The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in material compliance with all material Environmental Laws. Without limiting the foregoing, the Company shall, and shall cause each Subsidiary to, (i) maintain all material operating permits for all landfills now owned or hereafter acquired; and (ii) dispose of hazardous waste only at licensed disposal facilities operating, to the best of the Company's or the applicable Subsidiary's knowledge after reasonable inquiry, in material compliance with all material Environmental Laws.

7.12 USE OF PROCEEDS. The Company shall use the proceeds of the Loans for working capital and other general corporate purposes (including Acquisitions) not in contravention of any

Requirement of Law or of any Loan Document; PROVIDED that the Company shall not use the proceeds of any Loan to make any Acquisition if the Board of Directors of the Person to be acquired has not approved such Acquisition.

7.13 EXTINGUISHMENT OF CERTAIN OBLIGATIONS. The Company shall, within 60 days after the consummation of the IPO, repay, or cause to be repaid, all Indebtedness outstanding on the date of consummation of the IPO that the Company or any Subsidiary of the Company owes to Republic Industries, Inc. or to any Subsidiary of Republic Industries, Inc. that is not also a Subsidiary of the Company.

ARTICLE VIII

NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Required Lenders waive compliance in writing:

8.1 FINANCIAL CONDITION COVENANTS.

(a) MINIMUM CONSOLIDATED SHAREHOLDER'S EQUITY. The Company shall not permit its Consolidated Shareholder's Equity as of the last day of any fiscal quarter to be less than the sum of (i) $850,000,000 plus (ii) 50% of Cumulative Consolidated Net Income.

(b) MAXIMUM TOTAL DEBT TO EBITDA RATIO. The Company shall not permit, as of the last day of any fiscal quarter (beginning with the fiscal quarter ending September 30, 1998), the Total Debt to EBITDA Ratio for the Computation Period ending on such day to be greater than 3.25 to 1.

8.2 LIMITATION ON LIENS. The Company shall not, and shall not suffer or permit any Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following ("PERMITTED LIENS"):

(a) any Lien existing on the Effective Date and set forth in SCHEDULE 8.2, and any extension, renewal or replacement of any such Lien so long as the principal amount secured thereby is not increased and the scope of the property subject to such Lien is not extended;

(b) Liens imposed by law for taxes, assessments or charges of any Governmental Authority for claims not yet due or

which are being contested in good faith by appropriate proceedings diligently pursued and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;

(c) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law or created in the ordinary course of business and in existence less than 120 days from the date of creation thereof for amounts not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;

(d) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(e) Liens on the property of the Company or any Subsidiary securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) surety bonds (excluding appeal bonds and other bonds posted in connection with court proceedings or judgments) and (iii) other non-delinquent obligations of a like nature in each case incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(f) Liens consisting of judgment or judicial attachment liens and liens securing contingent obligations on appeal bonds and other bonds posted in connection with court proceedings or judgments, provided that (i) in the case of judgment and judicial attachment liens, the enforcement of such Liens is effectively stayed and (ii) all such liens in the aggregate at any time outstanding for the Company and its Subsidiaries do not exceed $50,000,000;

(g) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, individually or in the aggregate, do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the businesses of the Company and its Subsidiaries;

(h) Liens securing obligations in respect of Capital Leases on assets subject to such leases, provided that such Capital Leases are otherwise permitted hereunder;

(i) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or

other funds maintained with a creditor depository institution; PROVIDED that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depository institution; and

(j) other Liens, in addition to those permitted by CLAUSES (a) through (h), securing Indebtedness or arising in connection with Securitization Transactions; PROVIDED that the sum (without duplication) of all such Indebtedness, plus the aggregate investment or claim held at any time by all purchasers, assignees or other transferees of (or of interests in) receivables and other rights to payment in all Securitization Transactions, shall not at any time exceed in the aggregate 20% of Consolidated Tangible Assets.

8.3 DISPOSITION OF ASSETS. The Company shall not, and shall not permit any Subsidiary to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any property (including accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing (including any sale-leaseback), except:

(a) dispositions of inventory, or used, worn-out or surplus equipment, all in the ordinary course of business;

(b) the sale, assignment or other transfer of accounts receivable, lease receivables or other rights to payment pursuant to any Securitization Transaction; and

(c) dispositions not otherwise permitted hereunder which are made for fair market value; PROVIDED that (i) at the time of any such disposition, no Event of Default shall exist or shall result from such disposition and (ii) the aggregate value of all assets so disposed of by the Company and its Subsidiaries in any one-year period (calculated as of the date of any such disposition) shall not exceed 20% of Consolidated Tangible Assets as of the last day of the most recently ended fiscal quarter.

8.4 CONSOLIDATIONS AND MERGERS. The Company shall not, and shall not permit any Subsidiary to, merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any other Person, except:

(a) any Subsidiary may merge with the Company, provided that the Company shall be the continuing or surviving corporation, or with any one or more Subsidiaries, provided that

if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation;

(b) any Subsidiary may sell all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Company or another Wholly-Owned Subsidiary; and

(c) any merger, consolidation or disposition in connection with a transaction permitted by SECTION 8.3 or an Acquisition permitted by SECTION 8.5.

8.5 LOANS AND INVESTMENTS. The Company shall not, and shall not permit any Subsidiary to, purchase or acquire, or make any commitment to purchase or acquire, any capital stock, equity interest or obligations or other securities of, or any interest in, any Person, or make or commit to make any Acquisition, or make or commit to make any advance, loan, extension of credit or capital contribution to or any other investment in any Person (including any Affiliate of the Company)(any of the foregoing an "INVESTMENT"), except for:

(a) Investments held by the Company or any Subsidiary in the form of cash equivalents or short term marketable securities;

(b) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business;

(c) extensions of credit by the Company to any of its Subsidiaries or by any of its Subsidiaries to the Company or another Subsidiary;

(d) Investments incurred in order to consummate Acquisitions not otherwise prohibited herein, PROVIDED that no Event of Default or (except in the case of an Acquisition where the only consideration given by the Company or any Subsidiary is stock of the Company) Unmatured Event of Default exists or will result therefrom;

(e) Investments (other than extensions of credit) in Subsidiaries;

(f) Investments in Swap Contracts in the ordinary course of business and not for speculative purposes;

(g) pledges or deposits required in the ordinary course of business in connection with workmen's compensation, unemployment insurance and other social security legislation;

(h) advances, loans or extensions of credit to suppliers in the ordinary course of business by the Company and its Subsidiaries;

(i) advances, loans or extensions of credit in the ordinary course of business by the Company and its Subsidiaries to employees of the Company and its Subsidiaries;

(j) repurchases by the Company of its common stock to the extent permitted by SECTION 8.9;

(k) loans to an employee stock ownership plan established by the Company, the proceeds of which are used solely to purchase stock of the Company; and

(l) other Investments, in addition those permitted by CLAUSES (a) through (k) above, not at any time exceeding in the aggregate 20% of Consolidated Tangible Assets.

8.6 LIMITATION ON SUBSIDIARY INDEBTEDNESS. The Company shall not permit the sum of the aggregate amount of all Indebtedness of Subsidiaries (excluding the existing Indebtedness listed on SCHEDULE 8.6 and extensions, renewals and refinancings thereof so long as the principal amount thereof is not increased) to exceed 20% of Consolidated Tangible Assets.

8.7 TRANSACTIONS WITH AFFILIATES. The Company shall not, and shall not permit any Subsidiary to, enter into any transaction with any Affiliate of the Company (other than the Company or a Subsidiary), except upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would obtain in a comparable arm's-length transaction with a Person not an Affiliate of the Company or such Subsidiary.

8.8 USE OF PROCEEDS. The Company shall not, and shall not permit any Subsidiary to, use any portion of the Loan proceeds or any Letter of Credit, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance indebtedness of the Company or others incurred to purchase or carry Margin Stock or (iii) to extend credit for the purpose of purchasing or carrying any Margin Stock.

8.9 RESTRICTED PAYMENTS. The Company shall not (i) declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of its capital stock or (ii) purchase, redeem or otherwise acquire for value, or permit any Subsidiary to purchase or otherwise acquire for value, any shares of the Company's capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding, except that:

(a) the Company may declare and make dividend payments or other distributions payable solely in its common stock;

(b) the Company may purchase, redeem or otherwise acquire shares of its common stock or warrants or options to acquire any such shares with the proceeds received from the substantially concurrent issue of new shares of its common stock; and

(c) so long as no Event of Default or Unmatured Event of Default exists or would result therefrom, the Company may (x) declare and pay cash dividends to its stockholders; and (y) purchase, redeem or otherwise acquire shares of its common stock or warrants or options to acquire such shares, PROVIDED that so long as the Divestiture Date has not occurred, the aggregate amount of all such purchases, redemptions and other acquisitions on or after March 31, 1998 shall not exceed 25% of Cumulative Consolidated Net Income.

8.10 ERISA. The Company shall not, and shall not permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in liability of the Company in an aggregate amount in excess of $15,000,000; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

8.11 CHANGE IN BUSINESS. The Company shall not, and shall not permit any Subsidiary to, engage in any material line of business other than those lines of business carried on by the Company and its Subsidiaries on the date hereof and lines of business complementary thereto; PROVIDED that in no event will the Company permit a material portion of the business of the Company and its Subsidiaries, taken as a whole, to involve or relate to hazardous waste.

8.12 ACCOUNTING CHANGES. The Company shall not, and shall not permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP.

ARTICLE IX

EVENTS OF DEFAULT

9.1 EVENT OF DEFAULT. Any of the following shall constitute an "Event of Default":

(a) NON-PAYMENT. The Company fails to pay, (i) when and as required to be paid herein, any amount of principal of any

Loan or of the principal amount of any L/C Obligation, or (ii) within five days after the same becomes due, any interest, fee or any other amount payable hereunder or under any other Loan Document.

(b) REPRESENTATION OR WARRANTY. Any representation or warranty by the Company or any Subsidiary made or deemed made herein or in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, any Subsidiary or any Responsible Officer furnished at any time under this Agreement or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made.

(c) SPECIFIC DEFAULTS. The Company fails to perform or observe any term, covenant or agreement contained in any of SUBSECTION 7.3(a) or ARTICLE VIII.

(d) OTHER DEFAULTS. The Company fails to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such failure shall continue unremedied for a period of 30 days after the date upon which written notice thereof is given to the Company by the Administrative Agent or any Lender.

(e) CROSS-DEFAULT. (i) The Company or any Subsidiary (A) fails to make any payment of Material Financial Obligations when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise, but after giving effect to any applicable grace or cure period); or (B) fails to perform or observe any other condition or covenant, or any other event shall occur or condition shall exist, under one or more agreements or instruments relating to Material Financial Obligations, if the effect of such failure, event or condition (after giving effect to any applicable grace or cure period) is to cause (or require), or to permit the holder or holders of such Material Financial Obligations or the beneficiary or beneficiaries of such Material Financial Obligations (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause (or require), such Material Financial Obligations to become due and payable (or to be purchased, repurchased, defeased or cash collaterized) prior to the stated maturity thereof.

(f) INSOLVENCY; VOLUNTARY PROCEEDINGS. The Company or any Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; PROVIDED that the foregoing shall not apply to the

voluntary liquidation, dissolution or winding up of a Subsidiary permitted by SECTION 7.4.

(g) INVOLUNTARY PROCEEDINGS. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process is issued or levied against a substantial part of the Company's or any Subsidiary's properties, and such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded, within 60 days after commencement, filing or levy; (ii) the Company or any Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding with respect to the Company or such Subsidiary; or (iii) the Company or any Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business.

(h) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $5,000,000; (ii) a contribution failure shall occur with respect to a Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA; or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period (or any period during which (x) the Company is permitted to contest its obligation to make such payment without incurring any liability (other than interest) or penalty and (y) the Company is contesting such obligation in good faith and by appropriate proceedings), any installment payment with respect to its withdrawal liability under Section 4201 of ERISA or any contribution obligation under Section 4243 of ERISA, in each case under a Multiemployer Plan in an aggregate amount in excess of $5,000,000.

(i) JUDGMENTS. One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Company or any Subsidiary involving in the aggregate a liability (to the extent not covered by insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions of $25,000,000 or more, and the same shall remain unvacated and unstayed pending appeal for a period of 25 days after the entry thereof.

(j) CHANGE OF CONTROL. Any Change of Control occurs.

9.2 REMEDIES. If any Event of Default occurs, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders,

(a) declare the commitment of each Lender to make Loans (including the commitment of the Swing Line Lender to make Swing Line Loans) and any obligation of each Issuing Lender to Issue Letters of Credit to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare an amount equal to the maximum aggregate amount that is or at any time thereafter may become available for drawing under all outstanding Letters of Credit (whether or not any beneficiary shall have presented, or shall be entitled at such time to present, the drafts or other documents required to draw under such Letters of Credit) to be immediately due and payable, and declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company; and

(c) exercise on behalf of itself and the Lenders all other rights and remedies available to it and the Lenders under the Loan Documents or applicable law;

PROVIDED, HOWEVER, that upon the occurrence of any event specified in SUBSECTION (f) or (g) of SECTION 9.1 (in the case of CLAUSE (i) of SUBSECTION (g), upon the expiration of the 60-day period mentioned therein), the obligation of each Lender to make Loans and any obligation of each Issuing Lender to Issue Letters of Credit shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent, the Issuing Lender or any other Lender. The Administrative Agent shall promptly notify the Company of any declaration described in CLAUSE (a) or (b) of the preceding sentence, but failure to give any such notice shall not impair any such declaration or result in any liability to the Administrative Agent.

9.3 RIGHTS NOT EXCLUSIVE. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE X

THE ADMINISTRATIVE AGENT

10.1 APPOINTMENT AND AUTHORIZATION; "ADMINISTRATIVE AGENT". (a) Each Lender hereby irrevocably (subject to SECTION 10.9) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each Issuing Lender shall act on behalf of the Lenders with respect to any Letters of Credit Issued by it and the documents associated therewith until such time and except for so long as the Administrative Agent may agree at the request of the Required Lenders to act for such Issuing Lender with respect thereto; PROVIDED, HOWEVER, that each Issuing Lender shall have all of the benefits and immunities (i) provided to the Administrative Agent in this ARTICLE X with respect to any acts taken or omissions suffered by such Issuing Lender in connection with Letters of Credit Issued by it or proposed to be Issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent", as used in this ARTICLE X, included such Issuing Lender with respect to such acts or omissions, and (ii) as additionally provided in this Agreement with respect to such Issuing Lender.

(c) The Swing Line Lender shall have all of the benefits and immunities (i) provided to the Administrative Agent in this ARTICLE X with respect to any acts taken or omissions suffered by the Swing Line Lender in connection with Swing Line

Loans made or proposed to be made by it as fully as if the term "Administrative Agent", as used in this ARTICLE X, included the Swing Line Lender with respect to such acts or omissions and (ii) as additionally provided in this Agreement with respect to the Swing Line Lender.

10.2 DELEGATION OF DUTIES. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

10.3 LIABILITY OF ADMINISTRATIVE AGENT. None of the Administrative Agent-Related Persons shall (i) be liable to any Lender for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Administrative Agent-Related Person shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

10.4 RELIANCE BY ADMINISTRATIVE AGENT. (a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be

indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

(b) For purposes of determining compliance with the conditions specified in SECTION 5.1, each Lender that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender.

10.5 NOTICE OF DEFAULT. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Unmatured Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Company referring to this Agreement, describing such Event of Default or Unmatured Event of Default and stating that such notice is a "notice of default". If the Administrative Agent receives such a notice, the Administrative Agent will notify the Lenders of its receipt of such notice. The Administrative Agent shall take such action with respect to such Event of Default or Unmatured Event of Default as may be requested by the Required Lenders in accordance with this ARTICLE X; PROVIDED, HOWEVER, that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default or Unmatured Event of Default as it shall deem advisable or in the best interest of the Lenders.

10.6 CREDIT DECISION. Each Lender acknowledges that none of the Administrative Agent-Related Persons has made any representation or warranty to it, and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Administrative Agent-Related Person to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon any Administrative Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other

condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Lender also represents that it will, independently and without reliance upon any Administrative Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly herein required to be furnished to the Lenders by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any Administrative Agent-Related Person.

10.7 INDEMNIFICATION OF ADMINISTRATIVE AGENT. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Administrative Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; PROVIDED, HOWEVER, that no Lender shall be liable for the payment to any Administrative Agent-Related Person of any portion of the Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the termination of this Agreement, the payment of all Obligations and the resignation or replacement of the Administrative Agent.

10.8 ADMINISTRATIVE AGENT IN INDIVIDUAL CAPACITY. BofA and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its

Subsidiaries and Affiliates as though BofA were not the Administrative Agent, the Swing Line Lender or an Issuing Lender hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, BofA or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, BofA shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent, the Swing Line Lender or an Issuing Lender.

10.9 SUCCESSOR ADMINISTRATIVE AGENT. The Administrative Agent may, and at the request of the Required Lenders shall, resign as Administrative Agent upon 30 days' notice to the Lenders. If the Administrative Agent resigns under this Agreement, the Required Lenders (with, so long as no Event of Default exists, the consent of the Company, which shall not be unreasonably withheld or delayed) shall appoint from among the Lenders a successor administrative agent for the Lenders. If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Company, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor administrative agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this ARTICLE X and SECTIONS 11.4 and 11.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor administrative agent as provided for above. Notwithstanding the foregoing, however, BofA may not be removed as the Administrative Agent at the request of the Required Lenders unless BofA and any applicable Affiliate thereof shall also simultaneously be replaced as "Swing Line Lender" and as an "Issuing Lender" hereunder pursuant to documentation in form and substance reasonably satisfactory to BofA.

10.10 WITHHOLDING TAX. (a) If any Lender is a "foreign corporation, partnership or trust" within the meaning of the Code and such Lender claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Lender agrees with and in favor of the Administrative Agent and the Company, to deliver to the Administrative Agent (with a copy to the Company):

(i) if such Lender claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed IRS Forms 1001 and W-8 before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Lender claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Lender, two properly completed and executed copies of IRS Form 4224 before the payment of any interest is due in the first taxable year of such Lender and in each succeeding taxable year of such Lender during which interest may be paid under this Agreement, and IRS Form W-9; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Each such Lender agrees to promptly notify the Administrative Agent and the Company of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Lender claiming exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations owed to such Lender, such Lender agrees to notify the Administrative Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Company to such Lender. To the extent of such percentage amount, the Administrative Agent will treat such Lender's IRS Form 1001 as no longer valid.

(c) If any Lender claiming exemption from United States withholding tax by filing IRS Form 4224 with the Administrative Agent grants a participation in all or part of the Obligations owed to such Lender, such Lender agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Lender is entitled to a reduction in the applicable withholding tax, the Administrative Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by SUBSECTION (a) of this Section are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to such Lender not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Administrative Agent or the Company did not properly withhold tax from amounts paid to or for the account of any Lender because such Lender failed to notify the Administrative Agent or the Company of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective) such Lender shall indemnify the Administrative Agent and the Company fully for all amounts paid, directly or indirectly, by the Administrative Agent or the Company as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent or the Company under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Lenders under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Administrative Agent.

10.11 DOCUMENTATION AGENTS. None of the Lenders identified on the facing page or signature pages of this Agreement or any related document as a "Documentation Agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders so identified as a "Documentation Agent" shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE XI

MISCELLANEOUS

11.1 AMENDMENTS AND WAIVERS. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company or any applicable Subsidiary therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders (or

by the Administrative Agent at the written request of the Required Lenders) and the Company and acknowledged by the Administrative Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; PROVIDED that no such waiver, amendment or consent shall increase or extend the Commitment of any Lender without the written consent of such Lender; and PROVIDED, FURTHER, that no such waiver, amendment or consent shall, unless in writing and signed by all Lenders and the Company and acknowledged by the Administrative Agent, do any of the following:

(a) reinstate any Commitment terminated pursuant to SECTION 9.2;

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on, any Loan, or reduce any fees (other than the fees referred to in SUBSECTION 2.11(a) or SUBSECTIONS 3.8(c) and (d)) or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Lenders or any of them to take any action hereunder; or

(e) amend this Section, or SECTION 2.15, or any provision herein providing for consent or other action by all Lenders;

and PROVIDED, FURTHER, that (i) no amendment, waiver or consent shall, unless in writing and signed by the applicable Issuing Lender in addition to the Required Lenders or all Lenders, as the case may be, affect the rights or duties of such Issuing Lender under this Agreement or any L/C-Related Document relating to any Letter of Credit Issued or to be Issued by it, (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Required Lenders or all Lenders, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document and (iii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Required Lenders or all Lenders, as the case may be, affect the rights or duties of the Swing Line Lender under this Agreement or any other Loan Document.

11.2 NOTICES. (a) All notices, requests, consents, approvals, waivers and other communications shall be in writing

(including, unless the context expressly otherwise provides, by facsimile transmission, provided that any matter transmitted by the Company by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on SCHEDULE 11.2, and (ii) shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on SCHEDULE 11.2 or (x) in the case of the Company or the Administrative Agent, to such other address as shall be designated by such party in a written notice to the other parties and (y) in the case of any other party, at such other address as shall be designated by such party in a written notice to the Company and the Administrative Agent; PROVIDED that, if agreed by any Issuing Lender, notices to such Issuing Lender by the Company pursuant to ARTICLE III may be transmitted electronically to such Issuing Lender.

(b) All such notices, requests, consents, approvals, waivers and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, certified or registered mail, return receipt requested or if delivered, upon delivery; except that notices pursuant to ARTICLE II, III or X to the Administrative Agent or the Swing Line Lender, as the case may be, shall not be effective until actually received by the Administrative Agent or the Swing Line Lender, as the case may be, and notices pursuant to ARTICLE III to the applicable Issuing Lender shall not be effective until actually received by such Issuing Lender at the address specified for such "Issuing Lender" on SCHEDULE 11.2.

(c) Any agreement of the Administrative Agent and the Lenders herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Company. The Administrative Agent and the Lenders shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Company to give such notice and the Administrative Agent and the Lenders shall not have any liability to the Company or any other Person on account of any action taken or not taken by the Administrative Agent or the Lenders in reliance upon such telephonic or facsimile notice. The obligation of the Company to repay the Loans and L/C Obligations shall not be affected in any way or to any extent by any failure by the Administrative Agent and the Lenders to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent and the Lenders of a confirmation which is at variance with the terms understood by the Administrative Agent and the Lenders to be contained in the telephonic or facsimile notice.

11.3 NO WAIVER; CUMULATIVE REMEDIES. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

11.4 COSTS AND EXPENSES. The Company shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BofA (including in its capacity as Administrative Agent, Swing Line Lender and an Issuing Lender) and BRS within five Business Days after demand (subject to SUBSECTION 5.1(e)) for all reasonable costs and expenses incurred by BofA (including in its capacity as Administrative Agent, Swing Line Lender and an Issuing Lender) and BRS in connection with the negotiation, preparation, delivery, documentation and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any other Loan Document and any other document prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including Attorney Costs incurred by BofA (including in its capacity as Administrative Agent, Swing Line Lender and an Issuing Lender) and BRS with respect thereto; and

(b) pay or reimburse the Administrative Agent, BRS and each Lender within five Business Days after demand for all reasonable costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

11.5 COMPANY INDEMNIFICATION. Whether or not the transactions contemplated hereby are consummated, the Company shall indemnify, defend and hold the Administrative Agent-Related Persons and each Lender and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each an "INDEMNIFIED PERSON") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans, the termination of the Letters of Credit and the termination, resignation or replacement of the Administrative Agent or replacement of any Lender) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or

referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or Letters of Credit or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "INDEMNIFIED LIABILITIES"); PROVIDED that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting solely from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section shall survive the termination of this Agreement and the payment of all other Obligations.

11.6 PAYMENTS SET ASIDE. To the extent that the Company makes a payment to the Administrative Agent or the Lenders, or the Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, a receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its pro rata share of any amount so recovered from or repaid by the Administrative Agent.

11.7 SUCCESSORS AND ASSIGNS. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent and each Lender.

11.8 ASSIGNMENTS, PARTICIPATIONS, ETC. (a) Any Lender may, with the written consent of the Company (which consent shall not be required during the existence of an Event of Default), and the Administrative Agent (such consents not to be unreasonably withheld or delayed), at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company or the Administrative Agent shall be required in connection with any assignment and delegation by a Lender to an Eligible Assignee that is an Affiliate of such Lender) (each an "ASSIGNEE") all, or any ratable part of all, of the Committed Loans, the Commitments, the L/C Obligations and the other rights and obligations of such Lender hereunder, in a minimum amount of

$10,000,000 (or, if less, the amount of such Lender's Commitment); PROVIDED, HOWEVER, that the Company and the Administrative Agent may continue to deal solely and directly with such Lender in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Administrative Agent by such Lender and the Assignee; (ii) such Lender and its Assignee shall have delivered to the Company and the Administrative Agent an Assignment and Acceptance in the form of EXHIBIT J ("ASSIGNMENT AND ACCEPTANCE") together with any Note or Notes subject to such assignment and (iii) such Lender or the Assignee has paid to the Administrative Agent a processing fee in the amount of $3,500.

(b) From and after the date that the Administrative Agent notifies the assignor Lender that it has received and provided its consent (and, to the extent required, received the consent of the Company) with respect to an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender under the Loan Documents, and (ii) the assignor Lender shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) As soon as practicable after the effectiveness of any Assignment and Acceptance pursuant to SUBSECTION 11.8(a)), the Company shall, upon request, execute and deliver to the Administrative Agent a new Note evidencing the applicable Assignee's assigned Loans and Commitment. Immediately upon the effectiveness of any Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and/or the resulting adjustment of the Commitments arising therefrom.

(d) Any Lender may at any time sell to one or more commercial banks or other Persons not Affiliates of the Company (a "PARTICIPANT") participating interests in any Loans, the Commitment of such Lender and the other interests of such Lender (the "originating Lender") hereunder and under the other Loan Documents; PROVIDED, HOWEVER, that (i) the originating Lender's obligations under this Agreement shall remain unchanged, (ii) the originating Lender shall remain solely responsible for the performance of such obligations, (iii) the Company, each Issuing Lender, the Swing Line Lender and the Administrative Agent shall continue to deal solely and directly with the originating Lender in connection with the originating Lender's rights and

obligations under this Agreement and the other Loan Documents, and (iv) no Lender shall transfer or grant any participating interest under which a Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Lenders as described in the FIRST PROVISO to SECTION 11.1. In the case of any such participation, the Participant shall be entitled to the benefit of SECTIONS 4.1, 4.3, 4.4 and 11.5 as though it were also a Lender hereunder (provided that no Participant shall be entitled to any greater amount pursuant to such Sections than the originating Lender would have been entitled to receive if no such participation had been sold), and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement.

(e) Notwithstanding any other provision in this Agreement, any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR Section 203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

11.9 CONFIDENTIALITY. Each Lender agrees to take, and to cause its Affiliates to take, normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Company and provided to it by the Company or any Subsidiary, or by the Administrative Agent on the Company's or such Subsidiary's behalf, under this Agreement or any other Loan Document, and neither such Lender nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Company or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by such Lender, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company or any Subsidiary known to such Lender; PROVIDED, HOWEVER, that any Lender may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which such Lender is subject or in connection with an examination of such Lender by any such authority; (B) pursuant to subpoena or other court

process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Administrative Agent or any Lender or any of their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Lender's independent auditors and other professional advisors; (G) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Lenders hereunder; (H) as to any Lender or any of its Affiliates, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Company or any Subsidiary is party or is deemed party with such Lender or such Affiliate; and (I) to its Affiliates.

11.10 SET-OFF. In addition to any rights and remedies of the Lenders provided by law, if any Event of Default exists, each Lender is authorized at any time and from time to time, without prior notice to the Company, any such notice being expressly waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the Company against any and all Obligations owing to such Lender, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured. Each Lender agrees promptly to notify the Company and the Administrative Agent after any such set-off and application made by such Lender; PROVIDED, HOWEVER, that the failure to give such notice shall not affect the validity of such set-off and application.

11.11 NOTIFICATION OF ADDRESSES, LENDING OFFICES, ETC. Each Lender shall notify the Administrative Agent in writing of any change in the address to which notices to such Lender should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Administrative Agent shall reasonably request.

11.12 COUNTERPARTS. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of which taken together shall be deemed to constitute but one and the same instrument.

11.13 SEVERABILITY. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the

legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

11.14 NO THIRD PARTIES BENEFITED. This Agreement is made and entered into for the sole protection and legal benefit of the Company, the Lenders, the Administrative Agent and the Administrative Agent-Related Persons and the Indemnified Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

11.15 GOVERNING LAW AND JURISDICTION. (a) THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE ADMINISTRATIVE AGENT AND THE LENDERS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT AND THE LENDERS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF SUCH COURTS. EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT AND THE LENDERS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE COMPANY, THE ADMINISTRATIVE AGENT AND THE LENDERS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

11.16 WAIVER OF JURY TRIAL. THE COMPANY, THE LENDERS AND THE ADMINISTRATIVE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY ADMINISTRATIVE AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE LENDERS AND THE ADMINISTRATIVE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR

THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENT, RENEWAL, SUPPLEMENT OR MODIFICATION TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

11.17 ENTIRE AGREEMENT. This Agreement, together with the other Loan Documents (and any agreement relating to fees referred in SUBSECTION 2.11(a)), embodies the entire agreement and understanding among the Company, the Lenders and the Administrative Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

REPUBLIC SERVICES, INC.

By: /s/ Kathleen W. Hyle

Kathleen W. Hyle
Vice President and Treasurer

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Administrative Agent

By: /s/ Michelle W. Kacergis

Title: Managing Director

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Swing Line Lender, as an Issuing Lender and as a Lender

By: /s/ Michelle W. Kacergis

Title: Managing Director

THE CHASE MANHATTAN BANK, as Documentation Agent and as a Lender

By: /s/ Peter M. Hayes

Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO,
as Documentation Agent, as an
Issuing Lender and as a Lender

By: /s/ Curtis Price

Title: Managing Director

NATIONSBANK, N.A.,
as Documentation Agent and as a
Lender

By: /s/ [Illegible]

Title: Senior Vice President

ABN-AMRO BANK, NV,
as a Lender

By: /s/ Kathryn C. Toth

Title: Group Vice President

BANCA DI ROMA,
as a Lender

By: /s/ Steven Paley

Title: Vice President

BANKBOSTON, N.A.,
as a Lender

By: /s/ Arthur Oberheim

Title: Vice President

BANK OF NEW YORK,
as a Lender

By: /s/ David Siegel

Title: Vice President

BANKERS TRUST COMPANY,
as a Lender

By: /s/ Gregory P. Shefrin

Title: Vice President

CIBC, INC.,
as a Lender

By: /s/ Cyd Petre

Title: Executive Director,
CIBC Oppenheimer Corp, As Agent

CITIBANK, N.A.,
as a Lender

By: /s/ Marjorie Futornick

Title: Vice President

COMMERZBANK AKTIENGESELLSCHAFT,
as a Lender

By: /s/ Harry P. Yergey

Title: SVP & Manager

By: /s/ Brian J. Campbell

Title: Vice President

DEUTSCHE BANK AG, NEW YORK
AND/OR CAYMAN ISLANDS BRANCH
as a Lender

By: /s/ Jean M. Hannigan

Title: Vice President

By: /s/ Susan L. Pearson

Title: Director

FIRST AMERICAN NATIONAL BANK,
as a Lender

By: /s/ H. Hope Stewart

Title: Assistant Vice President

FIRST UNION NATIONAL BANK,
as a Lender

By: /s/ Michael J. Carlin

Title: Senior Vice President

FLEET BANK, N.A.,
as a Lender

By: /s/ Christopher J. Mayrose

Title: Vice President

SUNTRUST BANK, SOUTH,
as a Lender

By: /s/ [Illegible]

Title: Vice President

WELLS FARGO BANK,
as a Lender

By: /s/ Larry Sheidt

Title: Vice President

WESTDEUTSCHE LANDESBANK,
GIROZENTRALE, New York Branch
as a Lender

By: /s/ Alan S. Bookspan

Title: Vice President

By: /s/ Elisabeth R. Wilds

Title: Associate

SCHEDULE 1.1

PRICING SCHEDULE

The Applicable Margin, the Facility Fee Rate and the L/C Fee Rate, respectively, shall be determined in accordance with the table below and the other provisions of this SCHEDULE 1.1.

	LEVEL I	Level II	Level III	Level IV	Level V
Applicable Margin	0.325%	0.350%	0.375%	0.425%	0.500%
Facility Fee Rate	0.125%	0.150%	0.175%	0.200%	0.250%
L/C Fee Rate	0.325%	0.350%	0.375%	0.425%	0.500%

LEVEL I applies when the Total Debt to EBITDA Ratio is less than 1.00 to 1.0.

LEVEL II applies when the Total Debt to EBITDA Ratio is equal to or greater than 1.00 to 1.0 but less than 1.75 to 1.0.

LEVEL III applies when the Total Debt to EBITDA Ratio is equal to or greater than 1.75 to 1.0 but less than 2.50 to 1.0.

LEVEL IV applies when the Total Debt to EBITDA Ratio is equal to or greater than 2.50 to 1.0 but less than 3.00 to 1.0.

LEVEL V applies when the Total Debt to EBITDA Ratio is equal to or greater than 3.00 to 1.0.

The applicable Level shall be adjusted, to the extent applicable, 60 days (or, in the case of the last fiscal quarter of any year, 120 days) after the end of each fiscal quarter, based on the Total Debt to EBITDA Ratio as of the last day of such fiscal quarter; PROVIDED that if the Company fails to deliver the financial statements required by SUBSECTION 7.1(a) or 7.1(b), as applicable, and the related Compliance Certificate required by SUBSECTION 7.2(a) by the 60th day (or, if applicable, the 120th day) after any fiscal quarter, Level V shall apply until such financial statements and Compliance Certificate are delivered. Notwithstanding the foregoing, Level I shall apply from the Effective Date until November 30, 1998.

EXHIBIT 10.1

SEPARATION AND DISTRIBUTION AGREEMENT

THIS SEPARATION AND DISTRIBUTION AGREEMENT (this "Agreement"), dated as of June 30, 1998 is by and among REPUBLIC INDUSTRIES, INC., a Delaware corporation ("Parent"), and REPUBLIC SERVICES, INC., a Delaware corporation and wholly owned subsidiary of Parent (the "Company"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I hereof.

WHEREAS, the Board of Directors of Parent has determined that it is in the best interests of Parent and its stockholders, pursuant to one overall integrated plan, (i) to separate the Company, which comprises the Parent's solid waste services businesses and operations (the "Solid Waste Services Business"), from Parent's other services and operations (the "Separation"), (ii) to cause the Company to consummate an initial public offering (the "IPO") of the Company's common stock, and (iii) in connection with the IPO, to distribute to Parent's stockholders on a tax-free basis all of the outstanding shares of the Company's common stock owned by Parent at the time of such distribution (the "Distribution"); and

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation, the IPO and the Distribution and certain other agreements that will govern certain matters relating to such transactions and the relationship of Parent and the Company following the consummation of such transactions.

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement the following terms shall have the following meanings:

1.1 "Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

1.2 "Affiliate" of any Person means a Person that controls, is controlled by, or is under common control with such Person. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

1.3 "Ancillary Agreements" means the Employee Benefits Agreement, the Services Agreement, the Tax Indemnification and Allocation Agreement, the Lease and such additional agreements between Parent and the Company and other related documents as may be necessary to complete the Separation, the IPO and the Distribution.

1.4 "Applicable Deadline" has the meaning set forth in Section 11.3(b).

1.5 "Arbitration Act" means the United States Arbitration Act, 9 U.S.C. Sections 1-14, as the same may be amended from time to time.

1.6 "Arbitration Demand Notice" has the meaning set forth in Section 11.3(a).

1.7 "Assets" means assets, properties and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

(a) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;

(b) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, aircraft, rolling stock, vessels, motor vehicles and other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;

(c) all inventories of materials, parts, raw materials, supplies, work-in-process and finished goods and products;

(d) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(e) all interests in any capital stock or other equity interests of any Subsidiary or any other Person, all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person, all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person and all other investments in securities of any Person;

(f) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other contracts, agreements or commitments;

(g) all deposits, letters of credit and performance and surety bonds;

(h) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties;

(i) all domestic and foreign copyrights, trade names, trademarks, service marks and registrations and applications for any of the foregoing, trade secrets, other proprietary information and licenses from third Persons granting the right to use any of the foregoing;

(j) all computer applications, programs and other software, including operating software, network software, systems documentation and instructions;

(k) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vender data, correspondence and lists, product literature, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(l) all prepaid expenses, trade accounts and other accounts and notes receivables;

(m) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(n) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;

(o) all licenses (including radio and similar licenses), permits, approvals and authorizations which have been issued by any Governmental Authority;

(p) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(q) all interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

1.8 "Class A Common Stock" means the Class A Common Stock of the Company, $.01 par value per share, entitled to one vote per share.

1.9 "Class B Common Stock" means the Class B Common Stock of the Company, $.01 par value per share, entitled to five votes per share.

1.10 "Code" means the Internal Revenue Code of 1986, as amended, together with the rules and regulations promulgated thereunder.

1.11 "Commission" means the Securities and Exchange Commission.

1.12 "Consents" means any consents, waivers or approvals from, or notification requirements to, any third parties.

1.13 "Company Assets" has the meaning set forth in Section 2.3.

1.14 "Company Balance Sheet" means the consolidated balance sheet of the Company, including the notes thereto, as of March 31, 1998.

1.15 "Company Business" means: (a) the Solid Waste Services Business, including without limitation, the business and operations of Parent and the Company or Affiliates consisting principally of the solid waste collection and disposal service to municipal, residential, commercial and industrial customers, and the ownership and operation of transfer stations, materials recycling facilities and solid waste landfills; and (b) any terminated, divested or discontinued businesses or operations that at the time of termination, divestiture or discontinuation primarily related to the Solid Waste Service Business as then conducted.

1.16 "Company Common Stock" means collectively the Class A Common Stock and Class B Common Stock.

1.17 "Company Contracts" means the following contracts and agreements relating to the Company Business to which Parent or any of its Affiliates is a party or by which it or any of its Affiliates or any of their respective Assets is bound, whether or not in writing, except for any such contract or agreement that is contemplated to be retained by Parent or any member of the Parent Group pursuant to any provision of this Agreement or any Ancillary Agreement:

(a) any supply or vendor or customer contracts or agreements entered into in the name of, or expressly on behalf of, any division, business unit or member of the Company Group;

(b) any federal, state and local government and other contract and agreement and any other government contract or agreement entered into in the name of, or expressly on behalf of, any division, business unit or member of the Company Group that relates primarily to the Company Business;

(c) any contract or agreement representing capital or operating equipment lease obligations reflected on the Company Balance Sheet, including obligations as lessee;

(d) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to the Company or any member of the Company Group; and

(e) any guarantee, indemnity, representation, warranty or other Liability of any member of the Company Group or the Parent Group in respect of any other Company Contract, any Company Liability or the Company Business (including guarantees of financing incurred by customers or other third parties in connection with purchases of products or services from the Company Business).

1.18 "Company Group" means the Company, each Subsidiary of the Company and each other Person that is controlled directly or indirectly by the Company immediately after the Offerings Closing Date.

1.19 "Company Indemnitees" has the meaning set forth in Section 6.3.

1.20 "Company Liabilities" has the meaning set forth in Section 2.4.

1.21 "Distribution Agent" means the distribution agent to be appointed by Parent to effect the Distribution.

1.22 "Distribution Date" means the date determined pursuant to Section 4.1 on which the Distribution occurs.

1.23 "Distribution Time" means 5:00 p.m., Eastern Standard Time or Eastern Daylight Time (whichever shall be then in effect), on the Distribution Date.

1.24 "Effective Date" means the date on which the Registration Statement is declared effective by the Commission.

1.25 "Employee Benefits Agreement" means the Employee Benefits Agreement, dated as of the date hereof, by and between Parent and the Company.

1.26 "Environmental Law" means any federal, state, local, foreign or international law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, common law (including tort and environmental nuisance law), legal doctrine, order, judgment, decree, injunction, requirement or agreement with any Governmental Authority, now or hereafter in effect relating to health, safety, pollution or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or to emissions, discharges, releases or threatened releases of any substance currently or at any time hereafter listed, defined, designated or classified as hazardous, toxic, waste, radioactive or dangerous, or otherwise regulated, under any of the foregoing, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any such substances, including the Comprehensive Environmental

Response, Compensation and Liability Act, the Superfund Amendments and Reauthorization Act and the Resource Conservation and Recovery Act and comparable provisions in state, local, foreign or international law.

1.27 "Environmental Liabilities" means all Liabilities relating to, arising out of or resulting from any Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, governmental response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses (including allocated costs of in-house counsel and other personnel), interest, fines, penalties or other monetary sanctions in connection therewith.

1.28 "Escalation Notice" has the meaning set forth in Section 11.2.

1.29 "Exchange Act" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

1.30 "Excluded Assets" has the meaning set forth in Section 2.3(b).

1.31 "Excluded Liabilities" has the meaning set forth in Section 2.4(b).

1.32 "Governmental Approvals" means any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

1.33 "Governmental Authority" shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

1.34 "Group" means any of the Parent Group or the Company Group, as the context requires.

1.35 "Indemnifying Party" has the meaning set forth in Section 6.4(a).

1.36 "Indemnitee" has the meaning set forth in Section 6.4(a).

1.37 "Indemnity Payment" has the meaning set forth in Section 6.4(a).

1.38 "Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow

charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

1.39 "Insurance Policies" means the insurance policies written by insurance carriers unaffiliated with Parent pursuant to which the Company or one or more of its Subsidiaries (or their respective officers or directors) will be insured parties after the Offerings Closing Date.

1.40 "Insurance Proceeds" means those monies:

(a) received by an insured from an insurance carrier;

(b) paid by an insurance carrier on behalf of the insured; or

(c) received (including by way of set off) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability; in any such case net of any applicable premium adjustments (including deductibles, reserves and retrospectively rated premium adjustments) and net of any costs or expenses (including allocated costs of in-house counsel and other personnel) paid by such insured or incurred by such insured in the collection thereof.

1.41 "Letter Ruling" means a private letter ruling from the Internal Revenue Service in form and substance satisfactory to Parent to the effect, among other things, that the Distribution will qualify as a tax-free distribution for federal income tax purposes under Section 355 of the Code.

1.42 "Lease" means the lease, dated as of the date hereof, between a Subsidiary of the Parent and the Company for certain space located at 110 S.E. 6th Street, Ft. Lauderdale, FL.

1.43 "Liabilities" means any and all liabilities, including Environmental Liabilities, OFLs, losses, claims, charges, debts, demands, actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exonerations, covenants, contracts, controversies, agreements, promises, doings, omissions, variances, guarantees, make whole agreements and similar obligations, and other liabilities, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any law, rule, regulation, Action, threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all costs and expenses (including allocated costs of in-house counsel and other personnel), whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions), order or consent decree of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, commitment or undertaking, including

those arising under this Agreement or any Ancillary Agreement, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person.

1.44 "Offerings Closing" means the receipt by the Company of the net proceeds of the IPO in accordance with the terms of the Underwriting Agreement.

1.45 "Offerings Closing Date" means the first time at which any shares of the Class A Common Stock are sold to the Underwriters pursuant to the IPO, in accordance with the terms of the Underwriting Agreement.

1.46 "OFLs" mean operating financial liabilities, comprising all liabilities of any Person of a financial nature with third parties existing on the date hereof or entered into or established between the date hereof and the Offerings Closing Date, including any of the following:

(a) foreign exchange contracts;

(b) letters of credit;

(c) guarantees of third party loans to customers;

(d) surety bonds (excluding surety for workers' compensation self-insurance);

(e) interest support agreements on third party loans to customers;

(f) performance bonds or guarantees issued by third parties;

(g) swaps or other derivatives contracts; and

(h) recourse arrangements on the sale of receivables or notes.

1.47 "Parent Business" means (a) the business and operations of the Parent Group, excluding the Company Business; and (b) any terminated, divested or discontinued businesses or operations that at the time of termination, divestiture or discontinuation primarily related to the business and operations set forth in clause (a) above, as then conducted.

1.48 "Parent Common Stock" means the Common Stock, $.01 par value per share, of Parent.

1.49 "Parent Group" means Parent, each Subsidiary of Parent and each other Person that is controlled directly or indirectly by Parent immediately after the Offerings Closing Date, other than any member of the Company Group.

1.50 "Parent Indemnitees" has the meaning set forth in Section 6.2.

1.51 "Person" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

1.52 "Prime Rate" means the rate which Bank of America (or any successor thereto or other major money center commercial bank agreed to by the parties hereto) announces from time to time as its prime lending rate, as in effect from time to time.

1.53 "Prospectus" means each preliminary, final or supplemental prospectus forming a part of the Registration Statement.

1.54 "Record Date" means the close of business on the date to be determined by the Parent Board of Directors as the record date for determining stockholders of Parent entitled to receive shares of the Company Common Stock in the Distribution.

1.55 "Registration Statement" means the registration statement on Form S-1 filed under the Securities Act, pursuant to which the Class A Common Stock to be issued in the IPO will be registered, together with all amendments thereto.

1.56 "Required Distribution Percentage" means in accordance with Section 368(c) of the Code, the stock of the Company (a) possessing at least 80% of the total combined voting power of all classes of voting stock of the Company and (b) equal to at least 80% of the total number of shares of each class of non-voting stock of the Company.

1.57 "Securities Act" means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

1.58 "Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

1.59 "Services Agreement" means the Services Agreement, dated as of the date hereof, by and between Parent and the Company.

1.60 "Subsidiary" of any Person means any corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however that no Person that is not directly

or indirectly wholly owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

1.61 "Tax Indemnification and Allocation Agreement" means the Tax Indemnification and Allocation Agreement, dated as of the date hereof, by and between Parent and the Company.

1.62 "Taxes" has the meaning set forth in the Tax Indemnification and Allocation Agreement.

1.63 "Third Party Claim" has the meaning set forth in Section 6.5(a).

1.64 "Underwriters" means the U.S. Underwriters named in Schedule A to the U.S. Purchase Agreement and the International Managers named in Schedule A to the International Purchase Agreement entered into in connection with the IPO.

1.65 "Underwriting Agreements" means the U.S. Purchase Agreement and the International Purchase Agreement to be entered into among the Company, Parent and the Underwriters with respect to the IPO.

ARTICLE II
THE SEPARATION

2.1 THE SEPARATION. Upon the terms and subject to the conditions contained in this Agreement, Parent and Company shall effect the corporate reorganization transactions set forth on SCHEDULE 2.1 attached hereto as part of one overall integrated plan, the effect of which is intended to be (a) the tax-free distribution pursuant to Section 355 of the Code by the Company to Parent of Republic Resources Company, Inc., a Delaware corporation and indirect wholly owned subsidiary of the Company ("Resources"), (b) the satisfaction of the requirement that the Company and Parent each be engaged in the "active conduct of a trade or business" (as defined in the Code) in order for the Distribution to qualify as a tax-free distribution pursuant to Section 355 of the Code, and (c) the tax-free distribution pursuant to Section 355 of the Code by Parent to Parent's stockholders of all of the Company Common Stock owned by Parent at the time of such distribution (the "Distribution").

2.2 TRANSFER OF ASSETS AND ASSUMPTION OF LIABILITIES.

(a) Effective on or before the Offerings Closing Date, Parent hereby agrees to assign, transfer, convey and deliver to the Company, and agrees to cause each member of the Parent Group to assign, transfer, convey and deliver to the Company, and the Company hereby agrees to accept from Parent and each member of the Parent Group, all of Parent's and Parent Group's respective right, title and interest in all of the Company Assets.

(b) Effective on or before the Offerings Closing Date, the Company hereby agrees to assume and agrees faithfully to perform and fulfill all of the Company Liabilities, in accordance with their respective terms. The Company shall thereafter be responsible for all of the Company Liabilities, regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the date hereof, regardless of where or against whom such Liabilities are asserted or determined (including any Company Liabilities arising out of claims made by Parent's directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the Company Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of law, fraud or misrepresentation by any member of the Parent Group or the Company Group or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(c) Effective on or before the Offerings Closing Date, Company hereby agrees to assign, transfer, convey and deliver to the Parent and agrees to cause each member of the Company Group to assign, transfer, convey and deliver to the Parent, and the Parent hereby agrees to accept from Company and each member of the Company Group, all of the Company's and the Company Group's respective right, title and interest in all of the Excluded Assets.

(d) Effective on or before the Offerings Closing Date, Parent hereby agrees to assume and agrees faithfully to perform and fulfill all of the Excluded Liabilities, in accordance with their respective terms. Parent agrees that it shall thereafter be solely responsible for all of the Excluded Liabilities, regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the date hereof, regardless of where or against whom such Liabilities are asserted or determined (including any Excluded Liabilities arising out of claims made by the Company's directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Company Group or the Parent Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of law, fraud or misrepresentation by any member of the Company Group of the Parent Group or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(e) In the event that at any time or from time to time (whether prior to or after the Offerings Closing Date), any party hereto (or any member of such party's respective Group), shall receive or otherwise possess any Asset that is allocated to any other Person pursuant to this Agreement or any Ancillary Agreement, such party shall promptly transfer, or cause to be transferred, such Asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for any such other Person.

2.3 COMPANY ASSETS AND EXCLUDED ASSETS.

(a) For purposes of this Agreement, "Company Assets" shall mean (without duplication):

(i) any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets to be transferred to the Company or any other member of the Company Group, including without limitation those Assets set forth on SCHEDULE 2.3(a)(i) hereto;

(ii) except as otherwise expressly provided in this Agreement or any Ancillary Agreement, all tenant improvements, fixtures, furniture, office equipment, servers, artwork and other tangible property (other than equipment subject to capital or operating equipment leases, which will be transferred or retained based on whether the associated capital or operating equipment lease is or is not a Company Contract) located as of the date hereof on any real property that is covered by the Lease referred to in Section 2.7(d);

(iii) any and all Company Contracts;

(iv) all issued and outstanding shares of capital stock of the Subsidiaries of Parent listed on SCHEDULE 2.3(a)(iv) hereto;

(v) any and all Assets reflected in the Company Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the Company Balance Sheet;

(vi) any and all Assets owned or held immediately prior to the Offerings Closing Date by Parent or any of its Subsidiaries that are used primarily in the Company Business. The intention of this clause (vi) is only to rectify any inadvertent omission of transfer or conveyance of any Assets that, had the parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as a Company Asset. No Asset shall be deemed to be a Company Asset solely as a result of this clause (vi) if such Asset is within the category or type of Asset expressly covered by the subject matter of an Ancillary Agreement. In addition, no Asset shall be deemed a Company Asset solely as a result of this clause (vi) unless a claim with respect thereto is made by Company on or prior to the first anniversary of the Offerings Closing Date.

Notwithstanding the foregoing, the Company Assets shall not in any event include the Excluded Assets referred to in Section 2.3(b) below.

(b) For the purposes of this Agreement, "Excluded Assets" shall mean any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets to be retained by Parent or any other member of the Parent Group, including without limitation all of the capital stock of Resources owned by the Company and those Assets set forth on SCHEDULE 2.3(b) hereto.

2.4 COMPANY LIABILITIES AND EXCLUDED LIABILITIES.

(a) For the purposes of this Agreement, "Company Liabilities" shall mean (without duplication):

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement as Liabilities to be assumed by the Company or any member of the Company Group, including without limitation those Liabilities set forth on SCHEDULE 2.4(a)(i) hereto, and all agreements, obligations and Liabilities of any member of the Company Group under this Agreement or any of the Ancillary Agreements;

(ii) all Liabilities (other than Taxes dealt with in the Tax Indemnification and Allocation Agreement), whether arising before, on or after the Offerings Closing Date, including any employee-related Liabilities and Environmental Liabilities, primarily relating to, arising out of or resulting from:

(A) the operation of the Company Business, as conducted at any time prior to, on or after the Offerings Closing Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority));

(B) the operation of any business conducted by any member of the Company Group at any time after the Offerings Closing Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(C) any Company Assets (including any Company Contracts and any real property and leasehold interests);

(iii) all Liabilities reflected as liabilities or obligations of the Company in the Company Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Company Balance Sheet.

Notwithstanding the foregoing, the Company Liabilities shall not include the Excluded Liabilities referred to in Section 2.4(b) below.

(b) For the purposes of this Agreement, "Excluded Liabilities" shall mean (i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by Parent or any other member of the Parent Group, including without limitation those Liabilities set forth on SCHEDULE 2.4(b) hereto, (ii) all agreements and obligations of any member of the Parent Group under this Agreement, any of the Ancillary Agreements or the Underwriting Agreements and (iii) all Liabilities relating to, arising out of or resulting from the Parent Business.

2.5 TERMINATION OF AGREEMENTS.

(a) Except as set forth in Section 2.5(b), in furtherance of the releases and other provisions of Section 5.1 hereof, the Company and each member of the Company Group, on the one hand, and Parent and each member of the Parent Group, on the other hand, hereby agrees to terminate, any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among the Company and/or any member of the Company Group, on the one hand, and Parent and/or any member of the Parent Group, on the other hand, on or before the Offerings Closing Date; PROVIDED, HOWEVER, that to the extent any such agreement, arrangement, commitment or understanding is inconsistent with any Ancillary Agreement, such termination shall be effective as of the date of effectiveness of the applicable Ancillary Agreement. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Offerings Closing Date (or, to the extent contemplated by the proviso to the immediately preceding sentence, after the effective date of the applicable Ancillary Agreement). Each party shall, at the reasonable request of any other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.5(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the parties hereto or any of the members of their respective Groups); (ii) any agreements, arrangements, commitments or understandings listed or described on SCHEDULE 2.5(b)(ii); (iii) any agreements, arrangements, commitments or understandings to which any Person other than the parties hereto and their respective Affiliates is a party (it being understood that to the extent that the rights and obligations of the parties and the members of their respective Groups under any such agreements, arrangements, commitments or understandings constitute Company Assets or Company Liabilities, they shall be assigned pursuant to Section 2.2); (iv) any intercompany accounts payable or accounts receivable accrued as of the Offerings Closing Date that are reflected in the books and records of the parties or otherwise documented in writing in accordance with past practices; and (v) any other agreements, arrangements, commitments or understandings that this Agreement or any Ancillary Agreement expressly contemplates will survive the Offerings Closing Date.

2.6 DOCUMENTS RELATING TO OTHER TRANSFERS OF ASSETS AND ASSUMPTION OF LIABILITIES.

(a) COMPANY ASSETS AND COMPANY LIABILITIES. In furtherance of the assignment, transfer and conveyance of the Company Assets and the assumption of the Company Liabilities set forth in Section 2.2 (a) and (b), simultaneously with the execution and delivery hereof or as promptly as practicable thereafter, (i) Parent shall execute and deliver, and shall cause each member of the Parent Group to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Parent's, and Parent Group's

right, title and interest in and to Company Assets to the Company and (ii) the Company shall execute and deliver, to Parent and Parent Group such bills of sale, stock powers, certificates of title, assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of Company Liabilities by the Company.

(b) EXCLUDED ASSETS AND EXCLUDED LIABILITIES. In furtherance of the assignment, transfer and conveyance of the Excluded Assets and the Excluded Liabilities set forth in Section 2.2 (c) and (d), simultaneously with the execution and delivery hereof or as promptly as practicable thereafter, (i) Company shall execute and deliver, and shall cause each member of the Company Group to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of the Company's and the Company Group's right, title and interest in and to the Excluded Assets to Parent and (ii) Parent shall execute and deliver, to the Company and the Company Group such bills of sale, stock powers, certificates of title, assumptions of contracts and other instruments as and to the extent necessary to evidence the valid and effective assumption of Excluded Liabilities by Parent.

2.7 OTHER ANCILLARY AGREEMENTS. Effective on or before the Offerings Closing Date, each of Parent and the Company shall execute and deliver each of the following Ancillary Agreements:

(a) the Services Agreement;

(b) the Employee Benefits Agreement;

(c) the Tax Indemnification and Allocation Agreement; and

(d) the Lease.

2.8 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES.

(a) Each of Parent (on behalf of itself and each member of the Parent Group) and the Company (on behalf of itself and each member of the Company Group) understands and agrees that, except as expressly set forth herein or in any Ancillary Agreement, no party to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement, any Ancillary Agreement or otherwise, is representing or warranting in any way as to (i) the Assets, businesses or Liabilities transferred or assumed as contemplated hereby or thereby, (ii) any consents or approvals required in connection therewith, (iii) the value or freedom from any Security Interests of, or any other matter concerning, any Assets of such party, or as to the absence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other Asset, including any accounts receivable, of any party, or (iv) as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any Asset or thing of value upon the execution, delivery and filing hereof or thereof. Except as may expressly be set forth herein or in any Ancillary

Agreement, all such Assets are being transferred on an "as is," "where is" basis (and, in the case of any real property, by means of a quitclaim or similar form deed or conveyance) and the respective transferees shall bear the economic and legal risks that any conveyance shall prove to be insufficient to vest in the transferee good and marketable title, free and clear of any Security Interest.

2.9 GOVERNMENTAL APPROVALS AND CONSENTS.

(a) Each of Parent and the Company shall use their reasonable best efforts to obtain the Governmental Approvals and Consents as set forth on SCHEDULE 2.9(a) required to assign, transfer, convey and deliver the Company Assets to the Company and the Excluded Assets to Parent.

(b) If and to the extent that the valid, complete and perfected transfer or assignment (or novation of any federal government contract) to the Company Group of any Company Assets (or from the Company Group of any Excluded Assets) would be a violation of applicable laws or require any Consent or Governmental Approval in connection with the Separation, the IPO or the Distribution, then, unless Parent shall otherwise determine, the transfer or assignment to or from the Company Group, as the case may be, of such Company Assets or Excluded Assets, respectively, shall be automatically deemed deferred and any such purported transfer or assignment shall remain pending until such time as all legal impediments are removed and/or such Consents or Governmental Approvals have been obtained. Notwithstanding the foregoing, such Asset shall be deemed a Company Asset for purposes of determining whether any Liability is a Company Liability.

(c) If the transfer or assignment of any Assets intended to be transferred or assigned hereunder, is not consummated prior to or at the Offerings Closing Date, whether as a result of the provisions of Section 2.9(b) or for any other reason, then the Person retaining such Asset shall thereafter hold such Asset for the use and benefit, insofar as reasonably possible, of the Person entitled thereto (at the expense of the Person entitled thereto). In addition, the Person retaining such Asset shall take such other actions as may be reasonably requested by the Person to whom such Asset is to be transferred in order to place such Person, insofar as reasonably possible, in the same position as if such Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Company Assets (or such Excluded Assets, as the case may be), including possession, use, risk of loss, potential for gain, and dominion, control and command over such Assets, are to inure from and after the Offerings Closing Date to the Company Group (or the Parent Group, as the case may be).

(d) If and when the Consents and/or Governmental Approvals, the absence of which caused the deferral of transfer of any Asset pursuant to Section 2.9(b), are obtained, the transfer of the applicable Asset shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(e) The Person retaining an Asset due to the deferral of the transfer of such Asset shall not be obligated, in connection with the foregoing, to expend any money unless the necessary

funds are advanced by the Person entitled to the Asset, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person entitled to such Asset.

2.10 NOVATION OF ASSUMED COMPANY LIABILITIES.

(a) Each of Parent and the Company, at the request of the other, shall use its reasonable best efforts to obtain, or to cause to be obtained, any Consent or Governmental Approval required to novate (including with respect to any Governmental Authority contract) or assign all Company Liabilities, or to obtain in writing the unconditional release of all parties to such Company Liabilities other than any member of the Company Group, so that, in any such case, the members of the Company Group will be solely responsible for such Liabilities; PROVIDED, HOWEVER, that none of Parent or the Company shall be obligated to pay any consideration therefor to any third party from whom such Consents or Governmental Approvals, are requested other than filing and other fees required by applicable law.

(b) If Parent and the Company are unable to obtain, or to cause to be obtained, any such required Consent or Governmental Approval, the applicable member of the Parent Group, as the case may be, shall continue to be bound by such Company Liability and, unless not permitted by law or the terms thereof, the Company shall, as agent or subcontractor for Parent, or such other Person, as the case may be, pay, perform and discharge fully all the obligations or other Liabilities of Parent, or such other Person, as the case may be, thereunder from and after the date hereof, and the Company shall indemnify each Parent Indemnitee and hold each of them harmless against any Liabilities arising in connection therewith. Parent shall, without further consideration, pay and remit, or cause to be paid or remitted, to the Company promptly all money, rights and other consideration received by it or any member of Parent Group in respect of such performance (unless any such consideration is an Excluded Asset). If and when any such Consent or Governmental Approval shall be obtained or such Liability shall otherwise become assignable or able to be novated, Parent shall thereafter assign, or cause to be assigned, such Liability or any rights or obligations of any member of Parent Group to the Company or to another member of the Company Group specified by the Company without payment of further consideration and the Company shall assume, or shall cause such other member of the Company Group to assume, without the payment of any further consideration, such Liability.

2.11 NOVATION OF ASSUMED LIABILITIES OTHER THAN COMPANY LIABILITIES.

(a) Each of Parent and the Company at the request of the other, shall use their reasonable best efforts to obtain, or to cause to be obtained, any Consent or Governmental Approval required to novate (including with respect to any Governmental Authority Contract) or assign all Liabilities of any nature whatsoever that do not constitute Company Liabilities, or to obtain in writing the unconditional release of all parties to such Liabilities other than any member of the Parent Group, so that, in any such case, the members of the Parent Group will be solely responsible for such Liabilities; provided, however, that none of Parent and the Company shall be obligated to

pay any consideration therefor to any third party from whom such consents, approvals, substitutions and amendments are requested other than filing fees required by applicable law.

(b) If Parent and the Company are unable to obtain, or to cause to be obtained, any such required Consent or Governmental Approval, the applicable member of the Company Group shall continue to be bound by such Excluded Liability and, unless not permitted by law or the terms thereof, Parent shall cause a member of the Parent Group, as agent or subcontractor for such member of the Company Group, to pay, perform and discharge fully all the obligations or other Liabilities of such member of the Company Group thereunder from and after the date hereof, and Parent shall indemnify each Company Indemnitee and hold each of them harmless against any Liabilities arising in connection therewith. Company shall cause each member of the Company Group without further consideration, to pay and remit, or cause to be paid or remitted, to Parent or to another member of the Parent Group specified by Parent promptly all money, rights and other consideration received by it or any member of the Company Group in respect of such performance. If and when any such Consent or Governmental Approval shall be obtained or such Liability shall otherwise become assignable or able to be novated, the Company shall promptly assign, or cause to be assigned, such Liability or any rights or obligations of any member of the Company Group to Parent or to another member of the Parent Group specified by Parent without payment of further consideration and Parent, without the payment of any further consideration shall, or shall cause such other member of the Parent Group to, assume such Liability.

ARTICLE III
THE IPO AND ACTIONS PENDING THE IPO

3.1 TRANSACTIONS PRIOR TO THE IPO. Subject to the conditions specified in Section 3.3, Parent and the Company shall use their reasonable best efforts to consummate the IPO of shares of Class A Common Stock, including without limitation, taking the following actions:

(a) The Company shall file such amendments or supplements to the Registration Statement, as may be necessary in order to cause the same to become and remain effective as required by the Underwriters, the Underwriting Agreements, the Commission or federal, state or foreign securities laws. Parent and the Company shall also cooperate in preparing and filing with the Commission and causing to become effective a registration statement registering the Class A Common Stock under the Exchange Act, and any registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the IPO, the Separation, the Distribution or the other transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Parent and the Company shall enter into the Underwriting Agreements, in form and substance reasonably satisfactory to the Company and shall comply with their obligations thereunder.

(c) Parent and the Company shall consult with each other and the Underwriters regarding the timing, pricing and other material matters with respect to the IPO.

(d) The Company shall use its reasonable best efforts to take all such action as may be necessary or appropriate under state securities and blue sky laws of the United States (and any comparable laws under any foreign jurisdictions) in connection with the IPO.

(e) The Company shall prepare, file and use reasonable best efforts to seek to make effective, an application for listing of the Class A Common Stock issued in the IPO on the New York Stock Exchange ("NYSE"), subject to official notice of issuance.

(f) The Company shall participate in the preparation of materials and presentations as the Underwriters shall deem necessary or desirable.

(g) The Company shall pay all third party costs, fees and expenses relating to the IPO, all of the reimbursable expenses of the Underwriters pursuant to the Underwriting Agreements, all of the costs of producing, printing, mailing and otherwise distributing the Prospectus, as well as the Underwriters' discount as provided in the Underwriting Agreements.

(h) The Company shall repay outstanding amounts owed to Resources and an Affiliate of Parent by issuing Class A Common Stock as payment to such parties as set forth on SCHEDULE 2.1 hereto.

3.2 PROCEEDS OF THE IPO. All of the proceeds (net of the underwriting discount) of the IPO received by the Company will be used to prepay to the holders of such notes in part certain amounts outstanding under the Company's $2 billion in aggregate principle amount of unsecured promissory notes issued to Parent in April 1998 (the "Company Notes"). In addition, all of the proceeds (net of underwriting discount) from the exercise of the over allotment options set forth in the Underwriting Agreements shall also be used to prepay the Company Notes. In the event amounts remain outstanding under the Company Notes after the exercise, if any, of the over-allotment options, the Company shall prepay all such remaining amounts by issuing to each holder of Company Notes that number of shares of Class A Common Stock determined by dividing (a) the remaining amount owed to each such holder of Company Notes, by (b) the initial public offering price of the Class A Common Stock.

3.3 CONDITIONS PRECEDENT TO CONSUMMATION OF THE IPO. As soon as practicable after the date of this Agreement, the parties hereto shall use their reasonable best efforts to satisfy the following conditions to the consummation of the IPO. The obligations of Parent to consummate the IPO shall be conditioned on the satisfaction, or waiver by Parent, of the following conditions:

(a) The Registration Statement shall have been filed and declared effective by the Commission, and there shall be no stop-order in effect with respect thereto.

(b) Parent and the Company shall have effected their corporate reorganization transactions set forth on SCHEDULE 2.1 attached hereto.

(c) The actions and filings with regard to state securities and blue sky laws of the United States (and any comparable laws under any foreign jurisdictions) described in Section 3.1(d) shall have been taken and, where applicable, have become effective or been accepted.

(d) The Class A Common Stock to be issued in the IPO shall have been accepted for listing on the NYSE, subject to official notice of issuance.

(e) Parent and the Company shall have executed the Underwriting Agreements and all conditions to the obligations of Parent, the Company and the Underwriters thereunder shall have been satisfied or waived by the Underwriters.

(f) Parent shall be satisfied in its sole discretion that all conditions to permit the Distribution to qualify as a tax-free distribution to Parent, the Company and Parent's stockholders shall, to the extent determinable as of the Offerings Closing Date, be satisfied and there shall be no event or condition that is likely to cause any of such conditions not to be satisfied as of the time of the Distribution or thereafter.

(g) No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the IPO or the Distribution or any of the other transactions contemplated by this Agreement or any Ancillary Agreement shall be in effect.

(h) Such other actions as the parties hereto may, based upon the advice of counsel, reasonably request to be taken prior to the Separation and the IPO in order to assure the successful completion of the Separation and the IPO and the other transactions contemplated by this Agreement shall have been taken.

(i) This Agreement shall not have been terminated.

ARTICLE IV
THE DISTRIBUTION

4.1 THE DISTRIBUTION.

(a) Subject to Section 4.3 hereof, Parent and the Company will take all reasonable steps necessary and appropriate to cause all conditions to the Distribution to be satisfied and to effect the Distribution. The Board of Directors of Parent will have the sole discretion to determine the Distribution Date at any time commencing after the Offerings Closing Date and ending on or prior to such date as is three months following the receipt of the Letter Ruling. Parent will consummate the Distribution no later than December 31, 1999, subject to the satisfaction or waiver by the Parent's Board, in its sole discretion, of the conditions set forth in Section 4.3.

(b) On or prior to the Distribution Date, Parent will deliver to the Agent for the benefit of holders of record of Parent Common Stock on the Record Date, stock certificates, endorsed by Parent in blank, representing all of the outstanding shares of the Company Common Stock then owned by Parent or any member of the Parent Group, and shall cause the transfer agent for the shares of Parent Common Stock to instruct the Distribution Agent to distribute on the Distribution Date the appropriate number of such shares of the Company Common Stock to each such holder or designated transferee or transferees of such holder.

(c) Subject to Section 4.4, each holder of Parent Common Stock on the Record Date (or such holder's designated transferee or transferees) will be entitled to receive in the Distribution a number of shares of such Company Common Stock (rounded down to the nearest whole share) equal to the number of shares of Parent Common Stock held by such holder on the Record Date multiplied by a fraction the numerator of which is the number of shares of the Company Common Stock beneficially owned by Parent or any other member of the Parent Group on the Record Date and the denominator of which is the number of shares of Parent Common Stock plus warrants outstanding on the Record Date.

(d) The Company and Parent, as the case may be, will provide to the Distribution Agent all share certificates and any information required in order to complete the Distribution on the basis specified above.

4.2 ACTIONS PRIOR TO THE DISTRIBUTION.

(a) The Company and Parent agree that, after the Offerings Closing Date and prior to the Distribution Date, none of the parties will take, or permit any of its Affiliates to take, any action which reasonably could be expected to prevent the Distribution from qualifying as a tax-free distribution to Parent and Parent's stockholders pursuant to Section 355 of the Code. The parties will also take any reasonable actions necessary in order for the Distribution to qualify as a tax-free distribution to Parent and Parent's stockholders pursuant to Section 355 of the Code. Without limiting the foregoing, after the Offerings Closing Date and prior to the Distribution Date, the

Company will not issue or grant, directly or indirectly, any shares of its capital stock or any rights, warrants, options or other securities to purchase or acquire (whether upon conversion, exchange or otherwise) any shares of its capital stock (whether or not then exercisable, convertible or exchangeable), without the prior consent of Parent if such issuance or grant would either reduce Parent's ownership of the Company's capital stock below the Required Distribution Percentage or otherwise prevent the Distribution from qualifying as a tax-free distribution to Parent and Parent's stockholders in accordance with Section 355 of the Code.

(b) Parent and the Company shall prepare and mail, prior to the Distribution Date, to the holders of Parent Common Stock, such information concerning the Company, its business, operations and management, the Distribution and such other matters as Parent shall reasonably determine and as may be required by law. Parent and Company will prepare, and the Company will, to the extent required under applicable law, file with the Commission any such documentation that Parent determines is necessary or desirable to effectuate the Distribution and Parent and the Company shall each use its reasonable best efforts to obtain all necessary approvals from the Commission with respect thereto as soon as practicable.

(c) Parent and the Company shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the United States (and any comparable laws under any foreign jurisdiction) in connection with the Distribution.

(d) Parent and Company will cooperate and prepare and file with the Internal Revenue Service the request for the Letter Ruling along with any accompanying statements, financial data or other information deemed necessary or advisable by Parent and the Company. Neither Parent nor the Company may file any supplement or amendment to such request or, if such Letter Ruling is issued, to such Letter Ruling without the consent of the other party, which consent may not be unreasonably withheld.

(e) Parent and the Company shall take all reasonable steps necessary and appropriate to cause the conditions set forth in Section 4.3 (subject to Section 4.3(d)) to be satisfied and to effect the Distribution on the Distribution Date.

(f) The Company shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the listing of the Company Common Stock to be distributed in the Distribution on the NYSE, subject to official notice of distribution.

4.3 CONDITIONS TO DISTRIBUTION. Parent shall be obligated to consummate the Distribution no later than December 31, 1999, subject to the satisfaction, or waiver by the Parent's Board in its sole discretion, of the conditions set forth below.

(a) the Letter Ruling shall have been obtained, and shall continue in effect, to the effect that, among other things, the Distribution will qualify as a tax-free distribution for federal income tax purposes under Section 355 of the Code and the Distribution by Parent of Company

Common Stock to stockholders of Parent will not result in recognition of any income, gain or loss for federal income tax purposes to Parent or Parent's stockholders, and such ruling shall be in form and substance satisfactory to Parent, in its sole discretion, including but not limited to the effect that the general acquisition growth strategies of Parent and the Company would not cause the Distribution to be taxable to Parent or its stockholder and that such growth strategies would not be impeded by completing the Distribution;

(b) any material Governmental Approvals and Consents necessary to consummate the Distribution shall have been obtained and be in full force and effect;

(c) no order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Distribution shall be in effect, and no other event outside the control of Parent shall have occurred or failed to occur that prevents the consummation of the Distribution; and

(d) no other events or developments shall have occurred subsequent to the Offerings Closing Date that, in the judgment of the Parent's Board, would result in the Distribution having a material adverse effect on Parent or on the stockholders of Parent.

The foregoing conditions are for the sole benefit of Parent and shall not give rise to or create any duty on the part of Parent or the Parent's Board of Directors to waive or not waive any such condition.

4.4 FRACTIONAL SHARES. As soon as practicable after the Distribution Date, Parent shall direct the Distribution Agent to determine the number of whole shares and fractional shares of the Company Common Stock allocable to each holder of record or beneficial owner of Parent Common Stock as of the Record Date, to aggregate all such fractional shares and sell the whole shares obtained thereby at the direction of Parent either to Parent, in open market transactions or otherwise, in each case at then prevailing trading prices, and to cause to be distributed to each such holder or for the benefit of each such beneficial owner, in lieu of any fractional share, such holder's or owner's ratable share of the proceeds of such sale, after making appropriate deductions of the amount required to be withheld for federal income tax purposes and after deducting an amount equal to all brokerage charges, commissions and transfer taxes attributed to such sale. Parent and the Agent shall use their reasonable best efforts to aggregate the shares of Parent Common Stock that may be held by any beneficial owner thereof through more than one account in determining the fractional share allocable to such beneficial owner.

4.5 COMPANY BOARD OF DIRECTORS. Parent and the Company shall each take all actions which may be required to elect or otherwise appoint as directors of the Company, on or prior to the Distribution Date, persons to be designated by a nominating committee of the Company's Board of Directors (which nominating committee shall be comprised of individuals, if any, who are at such time not officers of Parent or Company) as additional or substitute members of the Board of Directors of the Company on the Distribution Date.

4.6 TERMINATION OF OBLIGATIONS UNDER THIS ARTICLE IV. Except as provided in Article XIII, the obligations of the Company and Parent under this Article IV, or under any other provision of this Agreement relating to the Distribution or the Letter Ruling shall terminate on the earliest to occur of the following events:

(a) The Distribution Date does not occur on or prior to December 31, 1999, or such other date as determined by Parent and the Company;

(b) The Parent's ownership of shares of Company Common Stock is less than the Required Distribution Percentage or otherwise prevents a distribution of Company Common Stock from qualifying as a tax-free distribution to Parent and Parent's stockholders under Section 355 of the Code; or

(c) The mutual consent of Parent and the Company.

If this Article IV is terminated in accordance with this Section 4.6, the other provisions of this Agreement and any Ancillary Agreement not related to the Distribution or Letter Ruling shall remain in full force and effect, but such termination shall not affect the parties' obligations under Section 14.9.

ARTICLE V
REGISTRATION RIGHTS

5.1 DEMAND REGISTRATION.

(a) GENERAL. At any time commencing after the Offerings Closing Date, upon the request of Parent made at any time after such date but prior to December 31, 2002, the Company shall use its best efforts to file, as promptly as practicable, a registration statement under the Securities Act (the "Demand Registration Statement") including such shares of Company Common Stock then held by Parent or any Subsidiary of Parent, as requested by Parent to be so registered. Parent shall have the right to request up to three Demand Registration Statements, provided that the Company shall have no obligation to file any such Demand Registration Statement on or prior to a sixty (60) day period following the filing of any other registration statement by the Company (other than the Registration Statement or any other registration statements on Form S-4 or Form S-8 or another form available for registration of securities other than for sale to the public for cash). The Company shall use its best efforts to cause each Demand Registration Statement to be declared effective by the Commission as promptly as practicable. If a Demand Registration Statement shall be withdrawn by the Company before effectiveness, it shall not be counted against Parent's right to request three such registrations.

(b) LIMITATIONS OF DEMAND REGISTRATION RIGHTS. The Company may, by written notice to Parent, for a period of up to forty-five (45) days from the date of written notice, delay the filing or effectiveness of any of the Demand Registration Statements in the event that (1) the Company is engaged in any activity or transaction that the Company desires to keep confidential for business reasons, (2) the Company's Board of Directors determines in good faith that the disclosure of such information would be detrimental to the Company, and (3) the Company's Board of Directors determines in good faith that the public disclosure requirements imposed on the Company under the Securities Act in connection with any Demand Registration Statement would require disclosure of such activity or transaction. If the Company delays a Demand Registration Statement, the Company shall, as promptly as practicable following the termination of the circumstances which entitled the Company to do so, provide notice to Parent of the termination of such circumstances and take such actions as necessary to file or reinstate the effectiveness of a Demand Registration Statement. If as a result thereof the prospectus included in a Demand Registration Statement has been amended to comply with the requirements of the Securities Act, the Company shall enclose such revised prospectus with the notice to Parent given pursuant to this paragraph (b), and Parent shall make no offers or sales of shares pursuant to a Demand Registration Statement other than by means of such revised prospectus.

(c) DEMAND REGISTRATION PROCEDURES.

(i) In connection with the filing by the Company of a Demand Registration Statement, the Company shall furnish to Parent as many copies of the prospectus, including each preliminary prospectus, in conformity with the requirements of the Securities act as Parent shall reasonably request for the purpose of effecting the plan of distribution set forth therein.

(ii) The Company shall use its best efforts to register or qualify the shares of Company Common Stock covered by a Demand Registration Statement under the securities laws of such state as Parent shall reasonably request; provided, however, that the Company shall not be required in connection with this paragraph (c) to qualify as a foreign corporation or execute a general consent to service of process in any jurisdiction.

(iii) If the Company has delivered preliminary or final prospectuses to Parent and after having done so the prospectus is amended to comply with the requirements of the Securities Act, the Company shall promptly notify Parent and, if requested by the Company, Parent shall immediately return all prospectuses to the Company. The Company shall promptly provide Parent with revised prospectuses.

(iv) At the request of Parent, the Company shall sign an underwriting agreement in customary for with a managing underwriter selected by Parent and reasonably, satisfactory to the Company, and shall cooperate with such managing underwriter in all reasonable respects to facilitate the distribution contemplated by Parent, including without limitation making available the books, records and personnel of the Company for the purpose of the underwriter's "due diligence" and providing customary legal opinions and auditors' comfort letters.

5.2 INCIDENTAL REGISTRATION. After the IPO, if the Company at any time (other than on Forms S-4 or S-8 or any successors to such forms, pursuant to Section 5.1 hereof) proposes to register any Company Common Stock under the Securities Act for sale to the public (which, for this purpose shall include the registration generally of securities under a universal shelf registration statement), each such time it will give written notice to Parent of its intention so to do. Upon the written request of Parent, received by the Company within 15 days after the giving of any such notice by the Company, the Company will use its best efforts to cause shares of Company Common Stock held by Parent or any Subsidiary of Parent as to which registration shall have been so requested to be included in the securities to be covered by such registration statement (the "Incidental Registration Statement") proposed to be filed by the Company. In the event that any registration pursuant to this Section 5.2 shall be, in whole or in part, an underwritten public offering, the number of such shares held by Parent to be included in such an underwriting may be reduced if and to the extent that the managing underwriter shall be of the opinion that such inclusion would adversely affect the marketing of those securities to be sold by the Company therein. In the event other holders of shares of Company Common Stock also have registration rights as a result of the filing of such Incidental Registration Statement, any such reduction shall be done pro rata with such other holders. Notwithstanding the foregoing provisions, the Company may withdraw any Incidental Registration Statement referred to in this Section without thereby incurring any liability to the Parent, if the Board of Directors of the Company determines in good faith that it is in the Company's best interest to do so.

5.3 REGISTRATION ON FORM S-3. If at any time (i) Parent requests that the Company file a registration statement pursuant to Section 5.1 hereof on Form S-3 (the "Form S-3 Registration Statement") or any successor form thereto for a public offering of all or any portion of the shares of Company Common Stock then held by Parent or a Subsidiary of Parent, and (ii) the Company is a registrant entitled to use Form S-3 or any successor form thereto to register such shares, then the Company shall use its best efforts to register under the Securities Act on Form S-3 or any successor thereto, for public sale in accordance with the method of disposition specified in such notice provided by Parent, the number of shares of Company Common Stock of the Company specified therein. Whenever the Company is required by this Section 5.3 to use its best efforts to effect a Form S-3 Registration Statement, each of the limitations and procedures of Section 5.1 shall apply to such Registration, PROVIDED, HOWEVER, that there shall be no limitation on the number of such registrations on Form S-3 which may be requested and obtained under this Section 5.3.

5.4 EXPENSES. The offering expenses incurred in complying with Sections 5.1, 5.2 and 5.3 shall be paid as follows:

(a) Offering expenses in connection with a Demand Registration Statement shall be paid by Parent; provided, that in the event of any other shares of Company Common Stock are included in a Demand Registration Statement in addition to the shares of Company Common Stock held by Parent, the Company shall pay its pro rata portion of the offering expenses equal to the offering expenses multiplied by a fraction, the numerator of which is the number of any shares of

Company Common Stock included in the Demand Registration Statement other than the shares held by Parent and a denominator of which is the total number of shares of Company Common Stock included in the Demand Registration Statement; and

(b) Offering expenses in connection with an Incidental Registration Statement shall be paid by the Company; provided, that in the event shares of Company Common Stock held by Parent are included in the Incidental Registration Statement, Parent shall pay its pro rata portion of the offering expenses equal to the offering expenses multiplied by a fraction, the numerator of which is the number of such shares of Company Common Stock held by Parent and included in the Incidental Registration Statement and the denominator of which is the total number of shares of Company Common Stock included in such Incidental Registration Statement.

5.5 REQUIREMENTS OF PARENT. The Company shall not be required to include any share of Company Common Stock owned by Parent in a Demand Registration Statement or an Incidental Registration Statement unless:

(a) Parent furnishes to the Company in writing such information regarding the Parent as the Company may reasonably request in writing in connection with such Demand Registration Statement or the Incidental Registration Statement, as the case may be, or as shall be required in connection therewith under applicable securities laws; and

(b) Parent shall have provided to the Company its written agreement to report to the Company sales made pursuant to the Demand Registration Statement or the Incidental Registration Statement, as the case may be.

ARTICLE VI
MUTUAL RELEASES; INDEMNIFICATION

6.1 RELEASE OF PRE-CLOSING CLAIMS.

(a) Except as provided in Section 6.1(c), effective as of the Offerings Closing Date, the Company does hereby, for itself and each other member of the Company Group, their respective Affiliates (other than any member of the Parent Group), successors and assigns, and all Persons who at any time prior to the Offerings Closing Date have been stockholders, directors, officers, agents or employees of any member of the Company Group (in each case, in their respective capacities as such), remise, release and forever discharge Parent, the members of the Parent Group its respective Affiliates (other than any member of the Company Group), successors and assigns, and all Persons who at any time prior to the Offerings Closing Date have been stockholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or

arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Offerings Closing Date, including in connection with the transactions and all other activities to implement any of the Separation, the IPO and the Distribution.

(b) Except as provided in Section 6.1(c), effective as of the Offerings Closing Date, Parent does hereby, for itself and each other member of the Parent Group its respective Affiliates (other than any member of the Company Group), successors and assigns, and all Persons who at any time prior to the Offerings Closing Date have been stockholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), remise, release and forever discharge the Company, the respective members of the Company Group, their respective Affiliates (other than any member of the Parent Group), successors and assigns, and all Persons who at any time prior to the Offerings Closing Date have been stockholders, directors, officers, agents or employees of any member of the Company Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Offerings Closing Date, including in connection with the transactions and all other activities to implement any of the Separation, the IPO and the Distribution.

(c) Nothing contained in Section 6.1(a) or (b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in Section 2.5(b), in each case in accordance with its terms. In addition, nothing contained in Section 6.1(a) or (b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the Parent Group or the Company Group that is specified in Section 2.5(b) or any other Liability specified in such Section 2.5(b);

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of any other Group prior to the Offerings Closing Date;

(iv) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of another Group;

(v) any Liability that the parties may have with respect to indemnification or contribution pursuant to this Agreement for claims brought against the parties by third Persons, which Liability shall be governed by the provisions of this Article VI and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(vi) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 6.1; provided that the parties agree not to bring suit or permit any of their Subsidiaries to bring suit against any Person with respect to any Liability to the extent that such Person would be released with respect to such Liability by this Section 6.1 but for the provisions of this clause (vi).

(d) The Company shall not make, and shall not permit any member of the Company Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Parent, or any member of the Parent Group or any other Person released pursuant to Section 6.1(a), with respect to any Liabilities released pursuant to Section 6.1(a). Parent shall not, and shall not permit any member of the Parent Group, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against the Company or any member of the Company Group, or any other Person released pursuant to Section 6.1(b), with respect to any Liabilities released pursuant to Section 6.1(b).

(e) It is the intent of each of Parent and the Company by virtue of the provisions of this Section 6.1 to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Offerings Closing Date, between or among the Company or any member of the Company Group, on the one hand, and Parent, or any member of the Parent Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Offerings Closing Date), except as expressly set forth in Section 6.1(c). At any time, at the request of any other party, each party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

6.2 INDEMNIFICATION BY COMPANY. Except as provided in Section 6.4, the Company shall indemnify, defend and hold harmless Parent, each member of the Parent Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Parent Indemnitees"), from and against any and all Liabilities of the Parent Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of the Company or any other member of the Company Group or any other Person to pay, perform or otherwise promptly discharge any Company Liabilities, or any of the Company Contract in accordance with their respective terms, whether prior to or after the Offerings Closing Date or the date hereof;

(b) the Company Business, any Company Liability, any Exclusive Contingent Liability of the Company or any Company Contract; and

(c) any breach by the Company or any member of the Company Group of this Agreement or any of the Ancillary Agreements.

6.3 INDEMNIFICATION BY PARENT. Except as provided in Section 6.4, Parent shall indemnify, defend and hold harmless the Company, each member of the Company Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Company Indemnitees"), from and against any and all Liabilities of the Company Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of Parent or any other member of the Parent Group or any other Person to pay, perform or otherwise promptly discharge any Excluded Liability or any Liabilities of the Parent Group other than the Company Liabilities, whether prior to or after the Offerings Closing Date or the date hereof;

(b) the Parent Business, any Excluded Liability, any Exclusive Contingent Liability of Parent or any Liability of the Parent Group other than the Company Liabilities;

(c) any breach by Parent or any member of the Parent Group of this Agreement or any of the Ancillary Agreements; and

(d) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein no misleading, with respect to any information in any Registration Statement, any Demand Registration Statement, Incidental Registration Statement or any prospectus contained therein, or any amendment or supplement to such Registration Statement, Demand Registration Statement, Incidental Registration Statement or prospectus based upon or in conformity with information furnished in writing to the Company by or on behalf of Parent which related to Parent, Parent's business, its operations or its relationship with the Company.

6.4 INDEMNIFICATION OBLIGATIONS NET OF INSURANCE PROCEEDS AND OTHER AMOUNTS.

(a) The parties intend that any Liability subject to indemnification or reimbursement pursuant to this Article VI or Article VII will be net of Insurance Proceeds that actually reduce the amount of the Liability. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in reduction of the related Liability. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any

Liability and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement or any Ancillary Agreement shall obligate any member of any Group to seek to collect or recover any Insurance Proceeds.

6.5 PROCEDURES FOR INDEMNIFICATION OF THIRD PARTY CLAIMS.

(a) If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Parent Group or the Company Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 6.2 or 6.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof within 20 days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee to give notice as provided in this Section 6.5(a) shall not relieve the Indemnifying Party of its obligations under this Article VI, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend (and, unless the Indemnifying Party has specified any reservations or exceptions, to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim. Within 30 days after the receipt of notice from an Indemnitee in accordance with Section 6.5(a) (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election to assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate reasonably in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee. With respect to any such third party action assumed by the Indemnifying Party, the parties agree to provide each other with all material information that they request relating to the handling of such matter.

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 6.5(b), such Indemnitee may defend such Third Party Claim at the cost and expense (including allocated costs of in-house counsel and other personnel) of the Indemnifying Party.

(d) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third Party Claim without the consent of the Indemnifying Party.

(e) Notwithstanding anything to the contrary in this Section 6.5, the Indemnifying Party shall have no right to settle or compromise any action for which it has assumed the defense of (i) to the extent the settlement or compromise provides for any injunctive or other equitable relief against the Indemnified Party or otherwise provides for any continuing obligations of any nature against the Indemnified Party or loss of rights of the Indemnified Party, and (ii) unless such settlement or compromise includes an unconditional release of the Indemnified Party from all liability arising out of such action and does not include a statement as to an admission of fault, culpability or failure to act by or on behalf of the Indemnified Party.

(f) The provisions of this Section 6.5 and Section 6.6 shall not apply to Taxes which are covered by the Tax Indemnification and Allocation Agreement.

6.6 ADDITIONAL MATTERS.

(a) Any claim on account of a Liability which does not result from a Third Party Claim shall be asserted by written notice given by an Indemnitee to an Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense (including allocated costs of in-house counsel and other personnel) of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnified Party or Indemnifying Party shall so request, the parties shall

endeavor to substitute the Indemnifying Party for the named defendant. If such substitution cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts' fees and all other external expenses, and the allocated costs of in-house counsel and other personnel), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement.

6.7 REMEDIES CUMULATIVE. The remedies provided in this Article VI shall be cumulative and, subject to the provisions of Article XI, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

6.8 SURVIVAL OF INDEMNITIES. The rights and obligations of each of Parent and the Company and their respective Indemnitee under this Article VI shall survive the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities.

ARTICLE VII
CONTINGENT LIABILITIES AND CONTINGENT GAINS

7.1 CONTINGENT CLAIMS COMMITTEE. The Company and Parent shall establish a Contingent Claims Committee, comprising one representative designated from time to time by each of Parent and the Company, which Committee shall establish procedures to resolve disagreements among the parties as to contingent gains and contingent liabilities.

7.2 SHARED CONTINGENT LIABILITIES. The Company and Parent will have the exclusive responsibility for any contingent liability that primarily relates to the Company Business or the Parent Business, respectively, or is expressly assigned to the Company or Parent, respectively (an "Exclusive Contingent Liability"). The parties shall share responsibility for the following contingent liabilities (the "Shared Contingent Liabilities"): (i) any contingent liabilities that are not Exclusive Contingent Liabilities and (ii) those liabilities as set forth on SCHEDULE 7.2 hereto. With respect to any Shared Contingent Liability, the Company and Parent shall allocate responsibility therefor based upon their respective market capitalizations (reduced in the case of Parent to reflect Company Common Stock held by Parent) on the Offerings Closing Date or on such other methodology to be established by the Contingent Claims Committee. Parent will assume the defense of, and may seek to settle or compromise, any third party claim that is a Shared Contingent Liability, and the Company and Parent shall share the costs and expenses thereof.

7.3 CONTINGENT GAINS. The Company and Parent will have the exclusive right to any benefit received with respect to any contingent gain that primarily relates to the business of, or that is expressly assigned to, the Company or Parent, respectively (an "Exclusive Contingent Gain"). Each of the Company and Parent will have sole and exclusive authority to manage, control and otherwise determine all matters whatsoever with respect to an Exclusive Contingent Gain that

primarily relates to its respective business. The parties will share any benefit that may be received from any contingent gain other than any Exclusive Contingent Gain (a "Shared Contingent Gain") based upon their respective market capitalizations on the Offerings Closing Date (reduced in the case of Parent to reflect Company Common Stock held by Parent) or on such other methodology to be established by a Contingent Claims Committee. Parent will have the sole and exclusive authority to manage, control and otherwise determine all matters whatsoever with respect to any Shared Contingent Gain. Parent may elect not to pursue any Shared Contingent Gain for any reason whatsoever (including a different assessment of the merits of any action, claim or right or any business reasons that are in the best interest of Parent without regard to the best interests of the Company) and Parent will have no liability to any Person (including the Company) as a result of any such determination.

ARTICLE VIII
INSURANCE MATTERS

8.1 PAYMENTS; TRANSITION COVERAGE. The Company agrees that it will pay to Parent $43,000 per month (prorated on a daily basis for any partial month) in respect of the period from the date hereof until the Distribution Date, such amount to be payable in arrears by the 10th day of the next succeeding month, in respect of Insurance Policies under which the Company will continue to have coverage following the date hereof. The Company further agrees to pay to Parent an amount equal to five percent of incurred losses for claims adjustment services to be rendered by Parent for automobile liability and general liability claims. Parent and the Company agree to cooperate in good faith to provide for an orderly transition of insurance coverage from the date hereof through the Distribution Date and for the treatment of any Insurance Policies that will remain in effect following the Offerings Closing Date on a mutually agreeable basis. In no event shall Parent, any other member of the Parent Group or any Parent Indemnitees have liability or obligation whatsoever to any member of the Company Group in the event that any Insurance Policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the Company Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date.

8.2 SUCCESSORS-IN-INTEREST RIGHTS.

(a) Except as otherwise provided in any Ancillary Agreement, the parties intend by this Agreement that the Company and each other member of the Company Group be successors-in-interest to all rights that any member of the Company Group may have as of the Offerings Closing Date as a subsidiary, affiliate, division or department of Parent prior to the Offerings Closing Date under any policy of insurance issued to Parent by any insurance carrier unaffiliated with Parent or under any agreements related to such policies executed and delivered prior to the Offerings Closing Date, including any rights such member of the Company Group may have, as an insured or additional named insured, subsidiary, affiliate, division or department, to avail itself of any such policy of insurance or any such agreements related to such policies as in effect

prior to the Offerings Closing Date. At the request of the Company, Parent shall take all reasonable steps, including the execution and delivery of any instruments, to effect the foregoing; PROVIDED, HOWEVER, that Parent shall not be required to pay any amounts, waive any rights or incur any Liabilities in connection therewith.

(b) Except as otherwise contemplated by any Ancillary Agreement, after the Offerings Closing Date, none of Parent or the Company or any member of their respective Groups shall, without the consent of the other, provide any such insurance carrier with a release, or amend, modify or waive any rights under any such policy or agreement, if such release, amendment, modification or waiver would adversely affect any rights or potential rights of any member of the other Group thereunder; PROVIDED, HOWEVER, that the foregoing shall not (A) preclude any member of any Group from presenting any claim or from exhausting any policy limit, (B) require any member of any Group to pay any premium or other amount or to incur any Liability, or (C) require any member of any Group to renew, extend or continue any policy in force. Each of the Company and Parent will share such information as is reasonably necessary in order to permit the other to manage and conduct its insurance matters in an orderly fashion.

8.3 NO ASSIGNMENT. This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Parent Group in respect of any Insurance Policy or any other contract or policy of insurance.

8.4 NO LIABILITY. The Company does hereby, for itself and each other member of the Company Group, agree that no member of the Parent Group or any Parent Indemnitees shall have any Liability whatsoever as a result of the insurance policies and practices of Parent and its Affiliates as in effect at any time prior to the Offerings Closing Date, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

8.5 ADDITIONAL INSURANCE. Nothing in this Agreement shall be deemed to restrict any member of the Company Group from acquiring at its own expense any other insurance policy in respect of any Liabilities or covering any period.

ARTICLE IX
CERTAIN BUSINESS MATTERS

9.1 NON-COMPETE; BUSINESS OPPORTUNITIES.

(a) The Parent agrees that neither it or any Parent Subsidiary will, directly or indirectly, compete with the Company in the Company Business (as presently conducted) anywhere

in North America from the Distribution Date until five (5) years after the Distribution Date or, if the Distribution does not occur, until January 1, 2005.

(b) The Company agrees that neither it nor any Company Subsidiary will compete, directly or indirectly, with Parent in the Parent Business (as presently conducted) anywhere in North America from the Distribution Date until five (5) years after the Distribution Date or, if the Distribution does not occur, until January 1, 2005.

(c) No member of either Group shall have any duty to refrain from doing business with any potential or actual supplier or customer of any member of any other Group.

(d) Each of Parent and the Company is aware that from time to time certain business opportunities may arise which either Group may be financially able to undertake, and which are, from their nature, in the line of both Group business and are of practical advantage to both Groups. In connection therewith, the parties agree that if prior to (but not following) the Distribution Date, any of Parent or the Company acquires knowledge of an opportunity that meets the foregoing standard with respect to both Groups, none of Parent or the Company shall have any duty to communicate or offer such opportunity to the other and may pursue or acquire such opportunity for itself, or direct such opportunity to any other Person, unless (i) such opportunity relates primarily to the Parent Business, or the Company Business, in which case the party that acquires knowledge of such opportunity shall use its reasonable best efforts to communicate and offer such opportunity to Parent or the Company, respectively, or (ii) such opportunity relates both to the Parent Business and the Company Business but not primarily to either one, in which case such party shall use its reasonable best efforts to communicate and offer such opportunity to the Company. Notwithstanding the foregoing, no party shall be required to so communicate or offer any such opportunity if it would result in the breach of any contract or agreement or violate any applicable law, rule or regulation of any Governmental Authority, and no party shall have any obligation to finance (or provide any other assistance whatsoever) to any other party in connection with any such opportunity. In the event the foregoing clause (i) or (ii) is applicable, no party, other than the party to whom the opportunity must be offered in accordance with such clauses, shall pursue or acquire such opportunity for itself, or direct such opportunity to any other Person, unless the party to whom the opportunity is required to be offered does not within a reasonable period of time begin to pursue, or does not thereafter continue to pursue, such opportunity diligently and in good faith.

9.2 WARRANTS. Under the terms of certain outstanding warrants to purchase Parent Common Stock, persons who hold such warrants and do not exercise them prior to the record date for the Distribution will be entitled to receive upon exercise of such warrants, in addition to shares of Parent Common Stock, a number of shares of Company Common Stock, based on the same ratio used to determine the number of shares of Company Common Stock to be distributed for each outstanding share of Parent Common Stock on the record date for the Distribution. If necessary, Parent will reserve shares of Company Common Stock held by it at the time of the Distribution to be delivered to holders of warrants upon exercise of such warrants following the record date for the

Distribution Date. The Company will not be required to issue any additional shares of Company Common Stock to such warrant holders.

ARTICLE X
EXCHANGE OF INFORMATION; CONFIDENTIALITY

10.1 AGREEMENT FOR EXCHANGE OF INFORMATION; ARCHIVES.

(a) Each of Parent and the Company, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before or after the Distribution Date, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such respective Group which the requesting party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities or tax laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements, or (iii) to comply with its obligations under this Agreement, any Ancillary Agreement or any Liability; PROVIDED, HOWEVER, that in the event that any party determines that any such provision of Information could be commercially detrimental, violate any law or agreement, or waive any attorney-client privilege, the parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(b) After the Offerings Closing Date, the Company shall have access during regular business hours (as in effect from time to time) to the documents and objects of historic significance that relate to the Company Business that are located in the Parent archives. The Company may obtain copies (but not originals) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes, provided that the Company shall cause any such objects to be returned promptly in the same condition in which they were delivered to the Company and the Company shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to Parent. The Company shall pay $125 per hour for archives research services (subject to increase from time to time to reflect rates then in effect for Parent generally). Nothing herein shall be deemed to restrict the access of any member of the Parent Group to any such documents or objects or to impose any liability on any member of the Parent Group if any such documents or objects are not maintained or preserved by Parent.

(c) After the date hereof, (i) the Company shall maintain in effect at its own cost and expense adequate systems and controls to the extent necessary to enable the members of the Parent Group to satisfy their respective reporting, accounting, audit and other obligations, and (ii) the Company shall provide, or cause to be provided, to Parent in such form as Parent shall request, at no charge to Parent, all financial and other data and information as Parent determines necessary

or advisable in order to prepare Parent financial statements and reports or filings with any Governmental Authority.

10.2 OWNERSHIP OF INFORMATION. Any Information owned by one Group that is provided to a requesting party pursuant to Section 10.1 shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

10.3 COMPENSATION FOR PROVIDING INFORMATION. The party requesting such Information agrees to reimburse the other party for the reasonable costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting party. Except as may be otherwise specifically provided elsewhere in this Agreement or in any other agreement between the parties, such costs shall be computed in accordance with the providing party's standard methodology and procedures.

10.4 RECORD RETENTION. To facilitate the possible exchange of Information pursuant to this Article X and other provisions of this Agreement after the Distribution Date, the parties agree to use their reasonable best efforts to retain all Information in their respective possession or control on the Distribution Date in accordance with the policies of Parent as in effect on the Offerings Closing Date. No party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other party may have the right to obtain pursuant to this Agreement prior to the third anniversary of the date hereof without first using its reasonable best efforts to notify the other party of the proposed destruction and giving the other party the opportunity to take possession of such information prior to such destruction; PROVIDED, HOWEVER, that in the case of any Information relating to Taxes or to Environmental Liabilities, such period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof).

10.5 LIMITATION OF LIABILITY. No party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate, in the absence of willful misconduct by the party providing such Information. No party shall have any liability to any other party if any Information is destroyed after reasonable best efforts by such party to comply with the provisions of Section 10.4.

10.6 OTHER AGREEMENTS PROVIDING FOR EXCHANGE OF INFORMATION. The rights and obligations granted under this Article X are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in any Ancillary Agreement.

10.7 PRODUCTION OF WITNESSES; RECORDS; COOPERATION.

(a) After the Offerings Closing Date, except in the case of an adversarial Action by one party against another party (which shall be governed by such discovery rules as may be

applicable under Article XI or otherwise), each party hereto shall use its reasonable best efforts to make available to the other party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting party shall bear all costs and expenses (including allocated costs of in-house counsel and other personnel) in connection therewith.

(b) If an Indemnifying Party or Parent chooses to defend or to seek to compromise or settle any Third Party Claim, or if any party chooses to prosecute or otherwise evaluate or to pursue any Contingent Gain, the other parties shall make available to such Indemnifying Party, Parent or such other party, as the case may be, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions, Contingent Liabilities and Contingent Gains.

(d) Without limiting any provision of this Section, each of the parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect any intellectual property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any intellectual property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the parties to provide witnesses pursuant to this Section 10.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 10.7(a)).

(f) In connection with any matter contemplated by this Section 10.7, the parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent

practicable any applicable attorney-client privilege or work product immunity of any member of any Group.

10.8 CONFIDENTIALITY.

(a) Subject to Section 10.9, each of Parent and the Company, on behalf of itself and each member of its respective Group, agrees to hold, and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to hold, in strict confidence, with at least the same degree of care that applies to Parent's confidential and proprietary information pursuant to policies in effect as of the Offerings Closing Date, all Information concerning each such other Group that is either in its possession (including Information in its possession prior to any of the date hereof, the Offerings Closing Date or the Distribution Date) or furnished by any such other Group or its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Information has been (i) in the public domain through no fault of such party or any member of such Group or any of their respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives, (ii) later lawfully acquired from other sources by such party (or any member of such party's Group) which sources are not themselves bound by a confidentiality obligation), or (iii) independently generated without reference to any proprietary or confidential Information of the other party.

(b) Each party agrees not to release or disclose, or permit to be released or disclosed, any such Information to any other Person, except its directors, officers, employees, agents, accountants, counsel and other advisors and representatives who need to know such Information (who shall be advised of their obligations hereunder with respect to such Information), except in compliance with Section 10.9. Without limiting the foregoing, when any Information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each party will promptly after request of the other party either return to the other party all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

10.9 PROTECTIVE ARRANGEMENTS. In the event that any party or any member of its Group either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of any other party (or any member of any other party's Group) that is subject to the confidentiality provisions hereof, such party shall notify the other party prior to disclosing or providing such Information and shall cooperate at the expense of the requesting party in seeking any reasonable protective arrangements requested by such other party. Subject to the foregoing, the Person that received such request may thereafter disclose or provide Information to

the extent required by such law (as so advised by counsel) or by lawful process or such Governmental Authority.

ARTICLE XI
ARBITRATION; DISPUTE RESOLUTION

11.1 AGREEMENT TO ARBITRATE; WAIVER OF JURY TRIAL. Except as otherwise specifically provided in any Ancillary Agreement, the procedures for discussion, negotiation and arbitration set forth in this Article XI shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby (including all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the date hereof), or the commercial or economic relationship of the parties relating hereto or thereto, between or among any member of the Parent Group and the Company Group. Each party agrees on behalf of itself and each member of its respective Group that the procedures set forth in this Article XI shall be the sole and exclusive remedy in connection with any dispute, controversy or claim relating to any of the foregoing matters and with respect thereto, hereby irrevocably waives any right to commence any Action in or before any Governmental Authority as well as any right to a trial by jury for any action, except as expressly provided in Sections 11.7(b) and 11.8 and except to the extent provided under the Arbitration Act in the case of judicial review of arbitration results or awards.

11.2 ESCALATION.

(a) It is the intent of the parties to use their respective reasonable best efforts to resolve expeditiously any dispute, controversy or claim between or among them with respect to the matters covered hereby that may arise from time to time on a mutually acceptable negotiated basis. In furtherance of the foregoing, any party involved in a dispute, controversy or claim may deliver a notice (an "Escalation Notice") demanding an in person meeting involving representatives of the parties at a senior level of management of the parties (or if the parties agree, of the appropriate strategic business unit or division within such entity). A copy of any such Escalation Notice shall be given to the General Counsel, or like officer or official, of each party involved in the dispute, controversy or claim (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedures for such discussions or negotiations between the parties may be established by the parties from time to time; PROVIDED, HOWEVER, that the parties shall use their reasonable best efforts to meet within 30 days of the Escalation Notice.

(b) The parties may, by mutual consent, retain a mediator to aid the parties in their discussions and negotiations by informally providing advice to the parties. Any opinion expressed by the mediator shall be strictly advisory and shall not be binding on the parties, nor shall any opinion expressed by the mediator be admissible in any arbitration proceedings. The mediator may be chosen from a list of mediators previously selected by the parties or by other agreement of the

parties. Costs of the mediation shall be borne equally by the parties involved in the matter, except that each party shall be responsible for its own expenses. Mediation is not a prerequisite to a demand for arbitration under Section 11.3.

11.3 DEMAND FOR ARBITRATION.

(a) At any time after the first to occur of (i) the date of the meeting actually held pursuant to the applicable Escalation Notice or (ii) 45 days after the delivery of an Escalation Notice, any party involved in the dispute, controversy or claim (regardless of whether such party delivered the Escalation Notice) may, unless the Applicable Deadline has occurred, make a written demand (the "Arbitration Demand Notice") that the dispute be resolved by binding arbitration, which Arbitration Demand Notice shall be given to the parties to the dispute, controversy or claim in the manner set forth in Section 14.5. In the event that any party shall deliver an Arbitration Demand Notice to another party, such other party may itself deliver an Arbitration Demand Notice to such first party with respect to any related dispute, controversy or claim with respect to which the Applicable Deadline has not passed without the requirement of delivering an Escalation Notice. No party may assert that the failure to resolve any matter during any discussions or negotiations, the course of conduct during the discussions or negotiations or the failure to agree on a mutually acceptable time, agenda, location or procedures for the meeting, in each case, as contemplated by Article XI, is a prerequisite to a demand for arbitration under this Section 11.3. In the event that any party delivers an Arbitration Demand Notice with respect to any dispute, controversy or claim that is the subject of any then pending arbitration proceeding or of a previously delivered Arbitration Demand Notice, all such disputes, controversies and claims shall be resolved in the arbitration proceeding for which an Arbitration Demand Notice was first delivered unless the arbitrator in his or her sole discretion determines that it is impracticable or otherwise inadvisable to do so.

(b) Except as may be expressly provided in any Ancillary Agreement, any Arbitration Demand Notice may be given until one year and 45 days after the later of the occurrence of the act or event giving rise to the underlying claim or the date on which such act or event was, or should have been, in the exercise of reasonable due diligence, discovered by the party asserting the claim (as applicable and as it may in a particular case be specifically extended by the parties in writing, the "Applicable Deadline"). Any discussions, negotiations or mediations between the parties pursuant to this Agreement or otherwise will not toll the Applicable Deadline unless expressly agreed in writing by the parties. Each of the parties agrees on behalf of itself and each member of its Group that if an Arbitration Demand Notice with respect to a dispute, controversy or claim is not given prior to the expiration of the Applicable Deadline, as between or among the parties and the members of their Groups, such dispute, controversy or claim will be barred. Subject to Sections 11.7(d) and 11.8, upon delivery of an Arbitration Demand Notice pursuant to Section 11.3(a) prior to the Applicable Deadline, the dispute, controversy or claim shall be decided by a sole arbitrator in accordance with the rules set forth in this Article XI.

11.4 ARBITRATORS.

(a) Within 15 days after a valid Arbitration Demand Notice is given, the parties involved in the dispute, controversy or claim referenced therein shall attempt to select a sole arbitrator satisfactory to all such parties.

(b) In the event that such parties are not able jointly to select a sole arbitrator within such 15-day period, such parties shall each appoint an arbitrator within 30 days after delivery of the Arbitration Demand Notice. If one party appoints an arbitrator within such time period and the other party or parties fail to appoint an arbitrator within such time period, the arbitrator appointed by the one party shall be the sole arbitrator of the matter.

(c) In the event that a sole arbitrator is not selected pursuant to paragraph (a) or (b) above and, instead, two arbitrators are selected pursuant to paragraph (b) above, the two arbitrators will, within 30 days after the appointment of the later of them to be appointed, select an additional arbitrator who shall act as the sole arbitrator of the dispute. After selection of such sole arbitrator, the initial arbitrators shall have no further role with respect to the dispute. In the event that the arbitrators so appointed do not, within 30 days after the appointment of the later of them to be appointed, agree on the selection of the sole arbitrator, any party involved in such dispute may apply to the Center for Public Resources ("CPR") to select the sole arbitrator, which selection shall be made by such organization within 30 days after such application. Any arbitrator selected pursuant to this paragraph (c) shall be disinterested with respect to any of the parties and the matter and shall be reasonably competent in the applicable subject matter.

(d) The sole arbitrator selected pursuant to paragraph (a), (b) or (c) above will set a time for the hearing of the matter which will commence no later than 90 days after the date of appointment of the sole arbitrator pursuant to paragraph (a), (b) or (c) above and which hearing will be no longer than 30 days (unless in the judgment of the arbitrator the matter is unusually complex and sophisticated and thereby requires a longer time, in which event such hearing shall be no longer than 90 days). The final decision of such arbitrator will be rendered in writing to the parties not later than 60 days after the last hearing date, unless otherwise agreed by the parties in writing.

(e) The place of any arbitration hereunder will be Fort Lauderdale, Florida, unless otherwise agreed by the parties.

11.5 HEARINGS. Within the time period specified in Section 11.4(d), the matter shall be presented to the arbitrator at a hearing by means of written submissions of memoranda and verified witness statements, filed simultaneously, and responses, if necessary in the judgment of the arbitrator or both the parties. If the arbitrator deems it to be essential to a fair resolution of the dispute, live cross-examination or direct examination may be permitted, but is not generally contemplated to be necessary. The arbitrator shall actively manage the arbitration with a view to achieving a just, speedy and cost-effective resolution of the dispute, claim or controversy. The arbitrator may, in his or her discretion, set time and other limits on the presentation of each party's case, its memoranda

or other submissions, and refuse to receive any proffered evidence, which the arbitrator, in his or her discretion, finds to be cumulative, unnecessary, irrelevant or of low probative nature. Except as otherwise set forth herein, any arbitration hereunder will be conducted in accordance with the CPR Rules for Non-Administered Arbitration of Business Disputes then prevailing (except that the fee schedule of CPR will not apply). Except as expressly set forth in Section 11.8(b), the decision of the arbitrator will be final and binding on the parties, and judgment thereon may be had and will be enforceable in any court having jurisdiction over the parties. Arbitration awards will bear interest at an annual rate of the Prime Rate plus 2% per annum. To the extent that the provisions of this Agreement and the prevailing rules of the CPR conflict, the provisions of this Agreement shall govern.

11.6 DISCOVERY AND CERTAIN OTHER MATTERS.

(a) Any party involved in the applicable dispute may request limited document production from the other party or parties of specific and expressly relevant documents, with the reasonable expenses of the producing party incurred in such production paid by the requesting party. Any such discovery (which rights to documents shall be substantially less than document discovery rights prevailing under the Federal Rules of Civil Procedure) shall be conducted expeditiously and shall not cause the hearing provided for in Section 11.5 to be adjourned except upon consent of all parties involved in the applicable dispute or upon an extraordinary showing of cause demonstrating that such adjournment is necessary to permit discovery essential to a party to the proceeding. Depositions, interrogatories or other forms of discovery (other than the document production set forth above) shall not occur except by consent of the parties involved in the applicable dispute. Disputes concerning the scope of document production and enforcement of the document production requests will be determined by written agreement of the parties involved in the applicable dispute or, failing such agreement, will be referred to the arbitrator for resolution. All discovery requests will be subject to the parties' rights to claim any applicable privilege. The arbitrator will adopt procedures to protect the proprietary rights of the parties and to maintain the confidential treatment of the arbitration proceedings (except as may be required by law). Subject to the foregoing, the arbitrator shall have the power to issue subpoenas to compel the production of documents relevant to the dispute, controversy or claim.

(b) The arbitrator shall have full power and authority to determine issues of arbitrability but shall otherwise be limited to interpreting or construing the applicable provisions of this Agreement or any Ancillary Agreement, and will have no authority or power to limit, expand, alter, amend, modify, revoke or suspend any condition or provision of this Agreement or any Ancillary Agreement; it being understood, however, that the arbitrator will have full authority to implement the provisions of this Agreement or any Ancillary Agreement, and to fashion appropriate remedies for breaches of this Agreement (including interim or permanent injunctive relief); provided that the arbitrator shall not have (i) any authority in excess of the authority a court having jurisdiction over the parties and the controversy or dispute would have absent these arbitration provisions or (ii) any right or power to award punitive or treble damages. It is the intention of the parties that in rendering a decision the arbitrator give effect to the applicable provisions of this

Agreement and the Ancillary Agreements and follow applicable law (it being understood and agreed that this sentence shall not give rise to a right of judicial review of the arbitrator's award).

(c) If a party fails or refuses to appear at and participate in an arbitration hearing after due notice, the arbitrator may hear and determine the controversy upon evidence produced by the appearing party.

(d) Arbitration costs will be borne equally by each party involved in the matter, except that each party will be responsible for its own attorney's fees and other costs and expenses, including the costs of witnesses selected by such party.

11.7 CERTAIN ADDITIONAL MATTERS.

(a) Any arbitration award shall be a bare award limited to a holding for or against a party and shall be without findings as to facts, issues or conclusions of law and shall be without a statement of the reasoning on which the award rests, but must be in adequate form so that a judgment of a court may be entered thereupon. Judgment upon any arbitration award hereunder may be entered in any court having jurisdiction thereof.

(b) Prior to the time at which an arbitrator is appointed pursuant to Section 11.4, any party may seek one or more temporary restraining orders in a court of competent jurisdiction if necessary in order to preserve and protect the status quo. Neither the request for, or grant or denial of, any such temporary restraining order shall be deemed a waiver of the obligation to arbitrate as set forth herein and the arbitrator may dissolve, continue or modify any such order. Any such temporary restraining order shall remain in effect until the first to occur of the expiration of the order in accordance with its terms or the dissolution thereof by the arbitrator.

(c) Except as required by law, the parties shall hold, and shall cause their respective officers, directors, employees, agents and other representatives to hold, the existence, content and result of mediation or arbitration in confidence in accordance with the provisions of Article X, except as may be required in order to enforce any award. Each of the parties shall request that any mediator or arbitrator comply with such confidentiality requirement.

(d) In the event that at any time the sole arbitrator shall fail to serve as an arbitrator for any reason, the parties shall select a new arbitrator who shall be disinterested as to the parties and the matter in accordance with the procedures set forth herein for the selection of the initial arbitrator. The extent, if any, to which testimony previously given shall be repeated or as to which the replacement arbitrator elects to rely on the stenographic record (if there is one) of such testimony shall be determined by the replacement arbitrator.

11.8 LIMITED COURT ACTIONS.

(a) Notwithstanding anything herein to the contrary, in the event that any party reasonably determines the amount in controversy in any dispute, controversy or claim (or any series of related disputes, controversies or claims) under this Agreement or any Ancillary Agreement is, or is reasonably likely to be, in excess of $25 million and if such party desires to commence an Action in lieu of complying with the arbitration provisions of this Article, such party shall so state in its Arbitration Demand Notice or by notice given to the other parties within 20 days after receipt of an Arbitration Demand Notice with respect thereto. If the other parties to the arbitration do not agree that the amount in controversy in such dispute, controversy or claim (or such series of related disputes, controversies or claims) is, or is reasonably likely to be, in excess of $25 million, the arbitrator selected pursuant to Section 11.4 hereof shall decide whether the amount in controversy in such dispute, controversy or claim (or such series of related disputes, controversies or claims) is, or is reasonably likely to be, in excess of $25 million. The arbitrator shall set a date that is no later than ten days after the date of his or her appointment for submissions by the parties with respect to such issue. There shall not be any discovery in connection with such issue. The arbitrator shall render his or her decision on such issue within five days of such date so set by the arbitrator. In the event that the arbitrator determines that the amount in controversy in such dispute, controversy or claim (or such series of related disputes, controversies or claims) is or is reasonably likely to be in excess of $25 million, the provisions of Sections 11.4(d) and (e), 11.5, 11.6, 11.7 and 11.10 hereof shall not apply and on or before (but, except as expressly set forth in Section 11.8(b), not after) the tenth business day after the date of such decision, any party to the arbitration may elect, in lieu of arbitration, to commence an Action with respect to such dispute, controversy or claim (or such series of related disputes, controversies or claims) in any court of competent jurisdiction. If the arbitrator does not so determine, the provisions of this Article (including with respect to time periods) shall apply as if no determinations were sought or made pursuant to this Section 11.8(a).

(b) In the event that an arbitration award in excess of $25 million is issued in any arbitration proceeding commenced hereunder, any party may, within 60 days after the date of such award, submit the dispute, controversy or claim (or series of related disputes, controversies or claims) giving rise thereto to a court of competent jurisdiction, regardless of whether such party or any other party sought to commence an Action in lieu of proceeding with arbitration in accordance with Section 11.8(a). In such event, the applicable court may elect to rely on the record developed in the arbitration or, if it determines that it would be advisable in connection with the matter, allow the parties to seek additional discovery or to present additional evidence. Each party shall be entitled to present arguments to the court with respect to whether any such additional discovery or evidence shall be permitted and with respect to all other matters relating to the applicable dispute, controversy or claim (or series of related disputes, controversies or claims).

(c) No party shall raise as a defense the statute of limitations if the applicable Arbitration Demand Notice was delivered on or prior to the Applicable Deadline and, if applicable, if the matter is submitted to a court of competent jurisdiction within the 10-day period or 60-day period specified in Section 11.8(a) or Section 11.8(b), respectively.

11.9 CONTINUITY OF SERVICE AND PERFORMANCE. Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article XI with respect to all matters not subject to such dispute, controversy or claim.

11.10 LAW GOVERNING ARBITRATION PROCEDURES. The interpretation of the provisions of this Article XI, only insofar as they relate to the agreement to arbitrate and any procedures pursuant thereto, shall be governed by the Arbitration Act and other applicable federal law. In all other respects, the interpretation of this Agreement shall be governed as set forth in Section 14.2.

ARTICLE XII
FURTHER ASSURANCES AND ADDITIONAL COVENANTS

12.1 FURTHER ASSURANCES.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall use its reasonable best efforts, prior to, on and after the Offerings Closing Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Offerings Closing Date, each party hereto shall cooperate with the other parties, and without any further consideration, but at the expense of the requesting party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any Consents or Governmental Approvals), and to take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the Company Assets and the assignment and assumption of the Company Liabilities, the transfers of the Excluded Assets and the assignment and assumption of the Excluded Liabilities, and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each party will, at the reasonable request, cost and expense of any other party, take such other actions as may be reasonably necessary to vest in such other party good and marketable title, free and clear of any Security Interest, to Company Assets or Excluded Assets, or as the case may be, if and to the extent it is practicable to do so.

(c) On or prior to the Offerings Closing Date, Parent and the Company in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions which are reasonably necessary or desirable to be taken by Parent or the Company, or any other Subsidiary of Parent, as the case may be, to effectuate the transactions contemplated by this Agreement.

(d) Parent and the Company and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of the Company or any member of the Company Group, on the one hand, or of Parent, or any member of the Parent Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of any other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any third Person arises out of any action or inaction described in clause (i) or (ii) above, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

(e) Prior to the Offerings Closing Date, if one or more of the parties identifies any commercial or other service that is needed to assure a smooth and orderly transition of the businesses in connection with the consummation of the transactions contemplated hereby, and that is not otherwise governed by the provisions of this Agreement or any Ancillary Agreement, the parties will cooperate in determining whether there is a mutually acceptable arm's-length basis on which one or more of the other parties will provide such service.

ARTICLE XIII
TERMINATION

This Agreement may be terminated at any time prior to the Distribution Date as provided in Section 4.6, or by Parent at any time prior to the Offerings Closing Date. If this Agreement is terminated prior to the Offerings Closing Date, no party hereto (or any of its respective directors or officers) will have any liability or further obligation to any other party. In the event of any termination of this Agreement on or after the Offerings Closing Date in accordance with Section 4.6, only the provisions of this Agreement that obligate the parties to pursue the Distribution, or take, or refrain from taking, actions which would or might prevent the Distribution from qualifying for tax-free treatment under Section 355 of the Code, will terminate and the other provisions hereof and of each Ancillary Agreement will remain in full force and effect, including, without limitation Section 14.9.

ARTICLE XIV
MISCELLANEOUS

14.1 COUNTERPARTS; ENTIRE AGREEMENT; CORPORATE POWER.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

(b) This Agreement, and the Ancillary Agreements and the Exhibits, Schedules and Appendices hereto and thereto contain the entire agreement between the parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the parties other than those set forth or referred to herein or therein.

(c) Parent represents on behalf of itself and each other member of the Parent Group, the Company represents on behalf of itself and each other member of the Company Group:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each other Ancillary Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each party hereto acknowledges that it and each other party hereto is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature. Each party hereto expressly adopts and confirms each such facsimile, stamp or mechanical signature made in its respective name as if it were a manual signature, agrees that it will not assert that any such signature is not adequate to bind such party to the same extent as if it were signed manually and agrees that at the reasonable request of any other party hereto at any time it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof).

14.2 GOVERNING LAW. Except as set forth in Section 11.10, this Agreement and, unless expressly provided therein, each Ancillary Agreement, shall be governed by and construed and interpreted in accordance with the laws of the State of Florida.

14.3 ASSIGNABILITY. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the parties hereto and thereto, respectively, and their respective successors and assigns; PROVIDED, HOWEVER, that no party hereto or thereto may assign its respective rights or delegate its respective obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other parties hereto or thereto.

14.4 THIRD PARTY BENEFICIARIES. Except for the indemnification rights under this Agreement of any Parent Indemnitee or Company Indemnitee in their respective capacities as such, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the parties and are not intended to confer upon any Person except the parties any rights or remedies hereunder, and (b) there are no third party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third person with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

14.5 NOTICES. All notices or other communications under this Agreement or any Ancillary Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed to the principal executive office of the other party to the attention of such party's chief executive officer with a copy to such party's general counsel. Any party may, by notice to the other party, change the address to which such notices are to be given.

14.6 SEVERABILITY. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby or thereby, as the case may be, is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

14.7 FORCE MAJEURE. No party shall be deemed in default of this Agreement or any Ancillary Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement or any Ancillary Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

14.8 PUBLICITY. Prior to the Distribution, each of the Company and Parent shall consult with each other prior to issuing any press releases or otherwise making public statements with respect to the IPO, the Distribution or any of the other transactions contemplated hereby and prior to making any filings with any Governmental Authority with respect thereto.

14.9 EXPENSES. Except as expressly set forth in this Agreement (including Section 3.1(g) and Section 5.4 hereof) or in any Ancillary Agreement, whether or not the IPO or the Distribution is consummated, all third party fees, costs and expenses paid or incurred in connection with the Distribution will be paid by Parent. Parent and the Company shall share all of the fees, costs and expenses in connection with the Letter Ruling as if such amounts were Shared Contingent Liabilities subject to Section 7.2 hereof.

14.10 HEADINGS. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

14.11 SURVIVAL. Except as expressly set forth in any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and liability for the breach of any obligations contained herein, shall survive each of the Separation, the IPO and the Distribution.

14.12 WAIVERS OF DEFAULT. Waiver by any party of any default by the other party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of the other party.

14.13 SPECIFIC PERFORMANCE. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the party or parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

14.14 AMENDMENTS.

(a) No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by any party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.

(b) Without limiting the foregoing, the parties anticipate that, prior to the Offerings Closing Date, some or all of the Schedules to this Agreement may be amended or supplemented and, in such event, such amended or supplemented Schedules shall be attached hereto in lieu of the original Schedules.

14.15 INTERPRETATION. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement). Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified. The word "including" and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive.

IN WITNESS WHEREOF, the parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives.

REPUBLIC INDUSTRIES, INC.

By: /s/ James O. Cole

Name: James O. Cole

Title: Senior Vice President

REPUBLIC SERVICES, INC.

By: /s/ Harris W. Hudson

Name: Harris W. Hudson

Title: Vice Chairman

EXHIBIT 10.2

EMPLOYEE BENEFITS AGREEMENT

This EMPLOYEE BENEFITS AGREEMENT (the "Agreement"), dated as of June 30, 1998, between Republic Industries, Inc., a Delaware corporation ("Parent"), and Republic Services, Inc., a Delaware corporation and, as of the date hereof, a wholly owned subsidiary of Parent ("Company").

WHEREAS, Parent and Company have entered into a Separation and Distribution Agreement (the "Distribution Agreement") which contemplates (i) the separation of Company, which comprises Parent's solid waste services businesses and operations (the "Company Business"), from Parent's other businesses and operations (the "Separation"), (ii) the consummation of an initial public offering (the "IPO") of the Company's Class A common stock, and (iii) following the IPO, the distribution by Parent of all shares of common stock of Company owned by Parent to Parent's stockholders at the time of such distribution (the "Distribution"); and

WHEREAS, the Distribution Agreement contemplates the execution and delivery of this Agreement, the purpose of which is to set forth certain matters regarding the treatment of employee benefits as a result of, and in connection with, the Separation.

NOW, THEREFORE, in consideration of the mutual agreement, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, terms shall have the meaning set forth in the Distribution Agreement, unless otherwise expressly provided herein. In addition, the following terms shall have the following meanings:

"Company Employee" means (a) any individual who, on or immediately prior to the Distribution Date, is employed by Parent or any Parent Subsidiary or is on a leave of absence approved by Parent or any Parent Subsidiary and who, immediately after the Distribution Date, is employed by Company or any Company Subsidiary or who is continuing on a leave of absence approved by Company or any Company Subsidiary, and (b) any individual whose employment is transferred from Parent or any Parent Subsidiary to Company or any Company Subsidiary within three hundred and sixty five days after the Distribution Date.

"Company Subsidiary" means any corporation, partnership or other entity directly or indirectly controlled by Company.

"Distribution Date" means the date upon which the Distribution is consummated in accordance with the Distribution Agreement.

"Former Company Employee" means any individual who was an employee of the Company or was engaged in Company Business with Parent but terminated such employment prior to the Distribution Date.

"Parent Subsidiary" means any corporation, partnership or other entity directly or indirectly controlled by Parent, other than Company and Company Subsidiaries.

"Transfer Date" means, (i) with respect to any Company Employee described in clause (a) of the definition of Company Employee, the Distribution Date, and (ii) with respect to any Company Employee described in clause (b) of the definition of Company Employee, the effective date on which such Company Employee's employment is transferred from Parent or any Parent Subsidiary to Company or any Company Subsidiary.

ARTICLE II

CERTAIN BENEFIT PLAN MATTERS

2.1 CERTAIN COMPANY PLANS; ASSUMPTIONS OF OBLIGATIONS BY COMPANY.

(a) Except as otherwise provided herein, Company hereby agrees to establish as of the Distribution Date employee benefit plans (the "Company Plans") having substantially the same terms and provisions as the employee benefit plans of Parent listed on SCHEDULE 2.1 hereto (the "Parent Plans"). Except as otherwise provided herein, the Company agrees to assume and to pay, perform, fulfill and discharge, in accordance with their respective terms, all liabilities relating to each Company Employee and certain Former Company Employees arising under such Parent Plans. The Company acknowledges and agrees that Parent is making no representations or warranties hereunder or otherwise that the costs to Company of providing benefits under the Company Plans (including without limitation costs of premiums and other charges to third party service providers) will be the same as the corresponding costs heretofore incurred by Parent. Nothing in this Agreement shall be construed to prevent the Company from altering or discontinuing any Company Plans established by it pursuant to this Section 2.

(b) Until the Distribution Date, such Company Employees and certain Former Company Employees are referenced in Section 2.1(a) above will continue to participate in the Parent Plans, and the Company shall bear the allocable share of the costs of benefits thereunder.

2.2 CERTAIN PAYMENTS BY PARENT. Parent hereby agrees to pay all insurance premiums or similar plan payments attributable to each participant who will become a Company Employee for the period ending on such participant's Transfer Date (or the end of the month thereafter if insurance premiums or third party administration deposits are paid on a monthly basis) under each Parent Plan listed on Schedule 2.2 hereto.

2.3 CERTAIN MEDICAL CLAIMS. Parent hereby agrees to retain all medical costs, including insurance premiums or the payment and reimbursement of claims, of each Company Employee and his or her covered dependents for claims which relate to conditions incurred on or prior to the Company Employee's Transfer Date with respect to expenses for medical services rendered to such persons during the period ending on such Transfer Date.

2.4 EMPLOYEES ON CERTAIN LEAVE. If any individual who becomes a Company Employee is on a leave of absence approved by Parent or any Parent Subsidiary on his or her Transfer Date, and continues on a leave approved by Company or any Company Subsidiary after the Transfer Date, then such leave shall continue under Company's leave policies; provided that the maximum aggregate amount and duration of such benefits as well as the duration of the leave shall not exceed such limits under the applicable Parent policy.

2.5 SAVINGS PLAN(S). The Company shall participate as a separate employer in the 401(k) plan currently maintained by the Parent. All liabilities associated with plans acquired via previous and current acquisition activity by either Parent and/or the Company related to the Company Business will become the liability of the Company as of the Distribution Date. Each Company Employee who is participating in one of the Parent Savings Plans immediately prior to his or her Transfer Date shall continue to participate in such Parent Savings Plan as of such Transfer Date. Each Company Employee who makes salary reduction contributions to a Parent Savings Plan during the calendar quarter in which his or her Transfer Date occurs, with respect to compensation paid on or before such Transfer Date, and who continues to be employed by Company or a Company Subsidiary at the end of such calendar year, will have matching contributions made to the Parent Savings Plans, by Parent and Company pro rata, with respect to those contributions, as of the end of such calendar quarter.

2.7 INCENTIVE PLAN. Company shall assume certain employee stock incentive obligations, pursuant to its 1998 Stock Incentive Plan (the "Stock Incentive Plan") to be adopted prior to the Offerings Closing Date, a copy of which is attached hereto as SCHEDULE 2.7.

(a) Following the Distribution, the Company intends to issue substitute options under the Stock Incentive Plan (collectively "Substitute Options") in substitution for grants of options to purchase Parent Common Stock granted under Parent's stock option plans as of the Distribution Date (collectively, "Parent Stock Options") which are held by Company Employees on the Distribution Date. With certain exceptions, Parent Stock Options held by individuals employed by Parent as of the Distribution Date and Parent Stock Options held by individuals who will not continue their employment after the Distribution Date with any of Parent, the Company or any of

their subsidiaries, including individuals who have retired prior to such date, will remain outstanding as Parent Stock Options, with an appropriate antidilution adjustment to reflect the Distribution.

(b) The Substitute Options will provide for the purchase of a number of shares of the Class A Common Stock of the Company (the "Class A Common Stock") equal to the number of shares of Parent Common Stock subject to such Parent Stock Options as of the Distribution Date, multiplied by the Ratio (as defined below), rounded down to the nearest whole share. The per share exercise price of the Substitute Options will equal the per share exercise price of such Parent Stock Options as of the Distribution Date divided by the Ratio. Solely for its convenience, the Company will pay the holders of the Substitute Options cash in lieu of any fractional share. The other terms and conditions of such Substitute Options will be substantially the same as those of the surrendered Parent Stock Options subject to the provisions of the Stock Incentive Plan. The "Ratio" means the amount obtained by dividing (i) the average of the daily high and low per share prices of the common stock of Parent as listed on the New York Stock Exchange (the "NYSE") during each of the 30 trading days immediately preceding the ex-dividend date for the Distribution by (ii) the average of the daily high and low per share prices of the Class A Common Stock as listed on the NYSE during each of the 30 trading days immediately preceding the ex-dividend date for the Distribution.

(c) Parent agrees to indemnify, defend and hold harmless the Company Indemnitees from and against any Liabilities relating to, arising out of or resulting from options granted under any of the Parent's stock option plans.

ARTICLE III

MISCELLANEOUS

3.1 RELATIONSHIP OF PARTIES. Nothing in this Agreement shall be deemed or construed by the parties or any third party as creating the relationship of principal and agent, partnership or joint venture between the parties, it being understood and agreed that no provisions contained herein, and no act of the parties, shall be deemed to create any relationship between the parties other than the relationship set forth herein.

3.2 NO THIRD PARTY BENEFICIARIES. This Agreement is solely for the parties hereto and their respective subsidiaries and affiliates and shall not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

3.3 GOVERNING LAW. To the extent not preempted by applicable federal law, this Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of Florida, irrespective of the choice or conflict of law rules or provisions of the State of Florida, as to all matters, including matters of validity, construction, effect, performance and remedies.

3.4 INCORPORATION OF DISTRIBUTION AGREEMENT PROVISIONS. The following provisions of the Distribution Agreement are hereby incorporated herein by reference and, unless otherwise expressly specified herein, such provisions shall apply as if set forth herein: Article VI (relating to Indemnification), Article X (relating to exchange of information, confidentiality) and Section 14.5 (relating to notices).

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date and year first above written.

REPUBLIC INDUSTRIES, INC.

By: /s/ James O. Cole

Name: James O. Cole

Title: Senior Vice President

REPUBLIC SERVICES, INC.

By: /s/ Harris W. Hudson

Name: Harris W. Hudson

Title: Vice Chairman

EXHIBIT 10.3

SERVICES AGREEMENT

This SERVICES AGREEMENT (the "Agreement") is made as of June 30, 1998 by and between Republic Industries, Inc., a Delaware corporation ("Parent") and Republic Services, Inc., a Delaware corporation ("Company").

WHEREAS, the Board of Directors of Parent has determined that it is in the best interests of Parent and its stockholders to separate the Company, which comprises the Parent's solid waste services businesses and operations, from Parent (the "Separation");

WHEREAS, in order to effectuate the Separation, Parent and Company have entered into a Separation and Distribution Agreement, dated as of the date hereof (the "Separation and Distribution Agreement"), which provides, among other things, subject to the terms and conditions thereof, for the Separation, the initial public offering of the common stock of the Company and the distribution of all shares of common stock of the Company held by Parent to the stockholders of Parent; and

WHEREAS, in order to ensure an orderly transition under the Separation and Distribution Agreement it will be necessary for Parent to provide to Company certain services described herein at various levels throughout the term of this Agreement.

NOW, THEREFORE, in consideration of the above premises and the mutual covenants contained herein, it is agreed by and between the parties as follows:

ARTICLE I

FEES AND TERM

1.1 PRICE/PAYMENT. As consideration for the services to be provided to Company by Parent under the terms of this Agreement, Company shall initially pay to Parent a fee (the "Services Fee") of One Million Two Hundred Fifty Thousand Dollars ($1,250,000.00) per month. The Services Fee shall be payable by Company to Parent in arrears 15 days after the close of each month (prorated for any partial month) during the term of this Agreement. Any services provided by Parent to Company beyond the services covered by the Services Fee shall be billed to Company on a cost basis, or on such other basis as the parties may agree from time to time. The Services Fee shall be reviewed and reduced from time to time in accordance with Section 2.3.

1.2 TERM. The term of this Agreement (the "Term") shall commence on the date hereof and shall expire one year after the closing of the initial public offering of the Company.

ARTICLE II

SERVICES

2.1 SERVICES. Parent agrees to provide the following services (subject to such modification or adjustment as may be mutually agreed upon by the parties) to Company during the Term:

(a) CORPORATE COMMUNICATIONS DEPARTMENT: The corporate communications department of Parent shall develop and implement strategic internal and external communication programs for Company, including investor assistance and communications;

(b) CORPORATE DEVELOPMENT DEPARTMENT. The corporate development department of Parent shall assist Company to develop, negotiate and close on acquisition and disposition opportunities.

(c) CORPORATE FINANCE DEPARTMENT: The corporate finance department of Parent shall provide corporate accounting, financial planning and financial reporting systems, processing of Company accounts payable, processing of Company payroll, cash management and treasury functions, and internal audit supervision.

(d) HUMAN RESOURCES DEPARTMENT: The human resources department of Parent shall provide and administer for certain employees, as agreed upon by the parties, all benefit plans and a 401(k) plan consistent with the current plans maintained by Parent, provide salary administration, maintain affirmative action/EEOC programs and compliance, assist in the recruiting and selection of employees, and administer employee relations programs.

(e) LEGAL DEPARTMENT: The legal department of Parent shall provide all legal services requested by Company, including but not limited to: advice and counsel on legal matters, governmental affairs, employee termination issues, Fair Labor Standards Act matters and Service Contract Act matters; preparation, review and negotiation of acquisition agreements and other material contracts; direction and coordination of labor relations and worker's compensation cases and claims; performing corporate secretary functions; preparation and filing of all information, reports and registration statements with the Securities and Exchange Commission and any exchange on which the Company's common stock may be listed; and assisting in any applicable licensing and intellectual property matters.

(f) PURCHASING DEPARTMENT: The purchasing department of Parent shall provide central purchasing programs for Parent and Company and shall provide Company assistance in negotiating contracts with vendors.

(g) RISK MANAGEMENT DEPARTMENT: The risk management department of Parent shall direct and coordinate all risk management activities of the Company, including insurance and surety and general risk management services such as insurance procurement and claims administration.

(h) TAX DEPARTMENT: The tax department of Parent shall provide tax compliance, reporting and planning services for federal, state and local tax matters.

2.2 DETAILS OF PERFORMANCE. Reasonable details of Parent's performance of services hereunder may be specified in one or more memoranda signed by the parties and such memoranda shall be deemed incorporated in this Agreement by reference as if recited herein in their entirety.

2.3 PHASE OUT OF SERVICES; REDUCTION OF SERVICES FEE. The parties hereby acknowledge that Company will promptly take all steps to internalize the services to be provided herein by acquiring its own staff or outsourcing to third parties. The parties agree to periodically review the level of services being utilized by the Company, and from time to time shall reduce the Service Fee proportionately to account for reductions in the level of services being provided hereunder.

ARTICLE III

MISCELLANEOUS

3.1 CONFIDENTIALITY. Parent shall not use or disclose to any other person at any time, any confidential or proprietary information or trade secrets of Company, including, without limitation, its customer lists, programs, pricing and strategies except to those of its employees and those other persons who need to know such information to fulfill Parent's obligations hereunder. Parent shall provide to Company semi-annually upon Company's written request, a list of all employees of Parent whose duties have required access to such information, and any other employees who to the actual knowledge of Parent's officers have had access to such information during the preceding six (6) month period, in each case, designating whether such employees are in the employ of Parent as of the date such list is provided. Parent agrees that all drawings, specifications, data, memoranda, calculations, notes and other materials, including, without limitation, any materials containing confidential or proprietary information or trade secrets of Company, furnished by Company to Parent in connection with this Agreement and any copies thereof are and shall remain the sole and exclusive property of Company and shall be delivered to Company upon its request.

3.2 NO AGENCY. Parent shall perform its services under this Agreement as an independent contractor. Each party acknowledges and agrees that it is not granted any express or implied authority to assume or create any obligation or responsibility on behalf of the other party, or to bind the other party with regard to third parties in any manner.

3.3 NOTICES. Any notices required or permitted to be provided pursuant to this Agreement shall be provided in writing and be deemed received upon delivery by hand or five days after mailing

by certified mail, return receipt requested, addressed to the recipient party at its address set forth above.

3.4 FORCE MAJEURE. In the event that either party is prevented from performing, or is unable to perform, any of its obligations under this Agreement due to any act of God, fire, casualty, flood, war, strike, lock out, failure of public utilities, injunction or any act, exercise, assertion or requirement of governmental authority, epidemic, destruction of production facilities, insurrection, inability to procure materials, labor, equipment, transportation or energy sufficient to meet manufacturing needs, or any other cause beyond the reasonable control of the party invoking this provision, and if such party shall have used its best efforts to avoid such occurrence and minimize its duration and has given prompt written notice to the other party, then the affected party's performance for the period of delay or inability to perform due to such occurrence shall be suspended. Should Parent fail to perform hereunder and shall have provided proper notice to Company that it is unable to perform on account of one or more reasons set forth in this section, Company may obtain replacement services from a third party for the duration of such delay or inability to perform, or for such longer period as Company shall be reasonably required to commit to in order to obtain such replacement services and the Services Fee shall be reduced accordingly.

ARTICLE IV

GENERAL PROVISIONS

4.1 ENTIRE AGREEMENT. Except as contemplated in Section 2.2, this Agreement embodies the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings relative to said subject matter.

4.2 BINDING EFFECT. This Agreement shall be binding upon, and shall inure to the benefit of, Parent, Company and their respective successors and assigns.

4.3 ASSIGNMENT. Neither this Agreement nor any rights or obligations hereunder shall be assignable by either party without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld.

4.4 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the law of the State of Florida applicable to contracts to be performed entirely in that State.

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

4.6 HEADINGS. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first above written.

REPUBLIC INDUSTRIES, INC.

By: /s/ James O. Cole

Name: James O. Cole

Title: Senior Vice President

REPUBLIC SERVICES, INC.

By: /s/ Harris W. Hudson

Name: Harris W. Hudson

Title: Vice Chairman

EXHIBIT 10.4

TAX INDEMNIFICATION AND ALLOCATION AGREEMENT

THIS TAX INDEMNIFICATION AND ALLOCATION AGREEMENT ("Agreement") is entered into as of June 30, 1998 by and between REPUBLIC INDUSTRIES, INC., a Delaware corporation ("Distributing Co.") and REPUBLIC SERVICES, INC., a Delaware corporation ("Controlled Co.") (Distributing Co. and Controlled Co. are sometimes collectively referred to herein as the "Companies"). Capitalized terms used in this Agreement are defined in Section 1 below. Unless otherwise indicated, all "Section" references in this Agreement are to sections of this Agreement.

PRELIMINARY STATEMENTS

A. As of the date hereof, Distributing Co. is the common parent of an affiliated group of corporations, including Controlled Co., which has elected to file consolidated Federal income tax returns.

B. Incident to an initial public offering ("IPO") of Class A Common Stock of Controlled Co. in connection with the separation and distribution of Controlled Co. from Distributing Co. pursuant to one overall integrated plan, the Companies have entered into a Separation and Distribution Agreement (the "Distribution Agreement").

C. As a result of the IPO, Controlled Co. and its subsidiaries (as constituted immediately after the consummation of the IPO) will cease to be members of the affiliated group of which Distributing Co. is the common parent (the "Offerings Closing Date").

D. The Distribution Agreement also sets forth certain transactions whereby certain assets held by the Distributing Group will be transferred in connection with the IPO and separation to Republic Resources and, prior to the Offerings Closing Date, all of the capital stock of Republic Resources held by Controlled Co. will be distributed to Distributing Co. in a transaction intended to qualify as a tax-free distribution by Controlled Co. to Distributing Co. under Section 355 of the Internal Revenue Code of 1986, as amended.

E. The Distribution Agreement also sets forth corporate transactions pursuant to which Distributing Co. may sell capital stock of Controlled Co. and will distribute, subject to the satisfaction of certain terms and conditions, all of the capital stock of Controlled Co. held by Distributing Co. to Distributing Co.'s shareholders in a transaction intended to qualify as a tax-free distribution to Distributing Co. and its shareholders under Section 355 of the Internal Revenue Code of 1986, as amended.

F. The Companies desire to provide for and agree upon the allocation between the parties of liabilities for Taxes arising prior to, as a result of, and subsequent to the transactions contemplated by the Distribution Agreement, and to provide for and agree upon other matters relating to Taxes.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. DEFINITION OF TERMS. For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings:

"Accounting Cutoff Date" means, with respect to Controlled Co., any date as of the end of which there is a closing of the financial accounting records for such entity.

"Accounting Firm" shall have the meaning provided in Section 15.

"Adjustment Request" means any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (a) any amended Tax return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, or (b) any claim for refund or credit of Taxes previously paid.

"Affiliate" means any entity that directly or indirectly is "controlled" by the person or entity in question. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise. Except as otherwise provided herein, the term Affiliate shall refer to Affiliates of a person as determined immediately after the Distribution. The term "Affiliate" includes a Subsidiary of an entity.

"Agreement" shall mean this Tax Indemnification and Allocation Agreement.

"Allocated Federal Tax Liability" shall have the meaning provided in Section 5.1(b)(i).

"Carryback" means any net operating loss, net capital loss, excess tax credit, or other similar Tax item which may or must be carried from one Tax Period to an earlier Tax Period under the Code or other applicable Tax Law.

"Code" means the U.S. Internal Revenue Code of 1986, as amended, or any successor law.

"Companies" means Distributing Co. and Controlled Co., collectively, and "Company" means any one of Distributing Co. and Controlled Co.

"Consolidated or Combined Income Tax" means any Income Tax computed by reference to the assets or activities of members of more than one Group.

"Consolidated or Combined State Income Tax" means any State Income Tax computed by reference to the assets or activities of members of more than one Group.

"Consolidated Tax Liability" means, with respect to any Distributing Co. Federal Consolidated Return, the tax liability of the group as that term is used in Treasury Regulation Section 1.1552-1(a)(1) (including applicable interest, additions to the tax, additional amounts, and penalties as provided in the Code), adjusted as follows:

(i) such tax liability be treated as including any alternative minimum tax liability under Code Section 55; and

(ii) in the case of the Tax Period which includes the Offerings Closing Date, the Consolidated Tax Liability shall be computed as if the Offerings Closing Date were the last day of the Tax Period.

"Controlled Adjustment" means any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent Controlled Co. would be exclusively liable for any resulting Tax under this Agreement and exclusively entitled to receive any resulting Tax Benefit under this Agreement.

"Controlled Group" means Controlled Co. and its Subsidiaries and wholly- owned limited liability companies as determined immediately after the Offerings Closing Date.

"Controlled Group Disqualifying Event" means any event involving the direct or indirect acquisition of shares of the capital stock of any member of the Controlled Group after the Distribution which has the effect of disqualifying the Distribution or any part thereof from tax-free treatment under Code section 355, whether or not such event is the result of direct actions of, or within the control of, the Controlled Co. or its Subsidiaries, or which otherwise is inconsistent with representations relating to Controlled Co. and the ownership of its capital stock, as set forth in the Ruling Request.

"Controlled Group Prior Federal Tax Liability" shall have the meaning provided in Section 2.2(b)(ii).

"Controlled Group Prior State Tax Liability" shall have the meaning provided in Section 2.3(b)(ii)(B).

"Controlled Group Recomputed Federal Tax Liability" shall have the meaning provided in Section 2.2(b)(i).

"Controlled Group Recomputed State Tax Liability" shall have the meaning provided in Section 2.3(b)(ii)(A).

"Cumulative Federal Tax Payment" shall have the meaning provided in Section 5.1(b)(ii).

"Distributing Adjustment" means any proposed adjustment by a Tax Authority or claim for refund asserted in a Tax Contest to the extent Distributing Co. would be exclusively liable for any resulting Tax under this Agreement and exclusively entitled to receive any resulting Tax Benefit under this Agreement.

"Distributing Co. Federal Consolidated Return" means any United States Federal Tax Return for the affiliated group (as that term is defined in Code Section 1504) that includes Distributing Co. as the common parent and any member of the Controlled Group.

"Distributing Group" means Distributing Co. and its Subsidiaries and wholly- owned limited liability companies, excluding any entity that is a member of the Controlled Group.

"Distribution" means the distribution to Distributing Co. shareholders on the Distribution Date of all of the outstanding capital stock of Controlled Co. owned by Distributing Co.

"Distribution Agreement" means the Separation and Distribution Agreement dated as of the date of this Agreement between the Distributing Co. and the Controlled Co.

"Distribution Date" means the Distribution Date as that term is defined in the Distribution Agreement.

"Distribution Tax" means the Taxes described in Section 2.5(a)(ii).

"Federal Allocation Method" shall have the meaning provided in Section 2.2(a).

"Federal Income Tax" means any Tax imposed by Subtitle A or F of the Code.

"Federal Tax Adjustment" shall have the meaning provided in Section 2.2(b).

"Foreign Income Tax" means any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, which is an income tax as defined in Treasury Regulation Section 1.901-2.

"Group" means the Distributing Co. Group or the Controlled Co. Group, as the context requires.

"Income Tax" means any Federal Income Tax, State Income Tax, or Foreign Income Tax.

"Internal Restructuring" means the distribution of all of the shares of capital stock of Republic Resources held by Controlled Co. and/or its Subsidiaries to Distributing Co., all distributions, transfers and exchanges of said capital stock within the Controlled Group in connection with and prior to the distribution of said capital stock by Controlled Co. to Distributing Co., and all transfers and exchanges of assets by members of the Distributing Group or members of the Controlled Group to Republic Resources or entities owned by Republic Resources in connection with the distribution, transfer and exchange of shares of capital stock of Republic Resources within the Controlled Group and the distribution of such stock to the Distributing Co.

"Joint Adjustment" means any proposed adjustment resulting from a Tax Contest that is not a (i) Controlled Adjustment, (ii) a Distributing Adjustment, or (iii) any other type of adjustment that give rise to an indemnification payment by one Company to the other Company pursuant to this Agreement.

"Payment Date" means (i) with respect to any Distributing Co. Federal Consolidated Return, the due date for any required installment of estimated taxes determined under Code Section 6655, the due date (determined without regard to extensions) for filing the return determined under Code Section 6072, and the date the return is filed, and (ii) with respect to any Tax Return for any Consolidated or Combined State Income Tax, the corresponding dates determined under the applicable Tax Law.

"Post-IPO Period" means any Tax Period beginning after the Offerings Closing Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Offerings Closing Date.

"Pre-IPO Period" means any Tax Period ending on or before the Offerings Closing Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Offerings Closing Date.

"Prime Rate" means the base rate on corporate loans charged by Citibank, N.A., New York, New York from time to time, compounded daily on the basis of a year of 365 or 366 (as applicable) days and actual days elapsed.

"Prohibited Action" shall have the meaning provided in Section 11.

"Republic Resources" means Republic Resources Company, Inc., a Delaware corporation.

"Responsible Company" means, with respect to any Tax Return, the Company having responsibility for preparing and filing such Tax Return under this Agreement.

"Ruling Request" means the letter to be filed by Distributing Co. with the Internal Revenue Service requesting a ruling from the Internal Revenue Service regarding certain tax consequences of the Distribution and Transactions (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.

"Separate Company Tax" means any Tax computed by reference to the assets and activities of a member or members of a single Group.

"Straddle Period" means any Tax Period that begins on or before and ends after the Offerings Closing Date.

"State Income Tax" means any Tax imposed by any State of the United States or by any political subdivision of any such State which is imposed on or measured by net income, including state and local franchise or similar Taxes measured by net income.

"Subsidiary" shall have the meaning set forth in Treasury Regulations section 1.1502-1(c).

"Tax" or "Taxes" means any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation,

unemployment, disability, property, ad valorem, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value added, alternative minimum, estimated or other similar tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any governmental entity or political subdivision thereof, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Tax Authority" means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

"Tax Benefit" means any refund, credit, or other reduction in otherwise required Tax payments (including any reduction in estimated tax payments).

"Tax Contest" means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes of any of the Companies or their Affiliates (including any administrative or judicial review of any claim for refund) for any Tax Period ending on or before the Offerings Closing Date or any Straddle Period.

"Tax Contest Committee" shall have the meaning provided in Section 9.2(b).

"Tax Item" means, with respect to any Income Tax, any item of income, gain, loss, deduction, and credit.

"Tax Law" means the law of any governmental entity or political subdivision thereof relating to any Tax.

"Tax Period" means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

"Tax Records" means Tax Returns, Tax Return workpapers, documentation relating to any Tax Contests, and any other books of account or records required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority.

"Tax Return" means any report of Taxes due, any claims for refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, declaration, or document required to be filed under the Code or other Tax Law, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

"Transactions" means the transactions relating to the Internal Restructuring.

"Treasury Regulations" means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

Section 2. ALLOCATION OF TAX LIABILITIES. The provisions of this Section 2 are intended to determine each Company's liability for Taxes with respect to Pre-IPO Periods. The provisions of Section 2.5(a)(ii) and (b) are intended to determine each Company's liability for Distribution Taxes, if any, even though such Taxes arise in a Post-IPO Period. Once the liability has been determined under this Section 2, Section 5 determines the time when payment of the liability is to be made, and whether the payment is to be made to the Tax Authority directly or to the other Company.

2.1 GENERAL RULE

(a) DISTRIBUTING CO. LIABILITY. Distributing Co. shall be liable for Taxes not specifically allocated to the Controlled Co. under this Section 2. Distributing Co. shall indemnify and hold harmless the Controlled Group from and against any liability for Taxes for which Distributing Co. is liable under this Section 2.1(a).

(b) CONTROLLED CO. LIABILITY. Controlled Co. shall be liable for, and shall indemnify and hold harmless the Distributing Group from and against any liability for, Taxes which are allocated to Controlled Co. under this Agreement.

2.2 ALLOCATION OF UNITED STATES FEDERAL INCOME TAX. Except as provided in Section 2.5:

(a) ALLOCATION OF TAX RELATING TO FEDERAL CONSOLIDATED RETURNS. With respect to any Distributing Co. Federal Consolidated Tax Return filed after the Offerings Closing Date, the Consolidated Tax Liability shall be allocated between the Groups in accordance with the method prescribed in Treasury Regulation Section 1.1552-1(a)(1) (as in effect on the date hereof) determined by aggregating the amounts allocable to the members of each respective Group into a single amount for each Group (the "Federal Allocation Method"). For purposes of such allocation, the excess, if any, of (i) Consolidated Tax Liability over (ii) Consolidated Tax Liability determined without regard to any alternative minimum tax liability under Code Section 55, shall be allocated among the Groups in accordance with their respective amounts of alternative minimum taxable income, and any corresponding alternative minimum tax credit shall be allocated in accordance with the allocation of such alternative minimum tax liability. Any amount so allocated to the Controlled Group shall be a liability of Controlled Co. to Distributing Co. under this Section 2. Amounts described in Code Section 1561 (relating to limitations on certain multiple benefits) shall be divided equally among the Distributing Group and Controlled Group to the extent permitted by the Code.

(b) ALLOCATION OF FEDERAL CONSOLIDATED RETURN TAX ADJUSTMENTS. If there is any adjustment to the reported Tax liability with respect to any Distributing Co. Federal Consolidated Return, or to such Tax liability as previously adjusted, Controlled Co. shall be liable to Distributing Co. for the excess (if any) of--

(i) the share of the Consolidated Tax Liability of the Controlled Group computed in accordance with paragraph (a) based on the Tax Items of members of the Controlled Group as so adjusted (the "Controlled Group Recomputed Federal Tax Liability"); minus

(ii) the share of the Consolidated Tax Liability of the Controlled Group computed in accordance with paragraph (a) based on the Tax Items of such members as reported (or, if applicable, as previously adjusted) (the "Controlled Group Prior Federal Tax Liability").

If the Controlled Group Prior Federal Tax Liability exceeds the Controlled Group Recomputed Federal Tax Liability, Distributing Co. shall be liable to Controlled Co. for such excess. For purposes of the preceding sentence, if the Controlled Group has a net operating loss after taking into account the adjustments allocable to such group, the Controlled Group Recomputed Federal Tax Liability shall be less than zero to the extent such net operating loss produces a Tax Benefit for the applicable taxable year, and the amount that Distributing Co. shall be liable to Controlled Co. pursuant to the preceding sentence shall be equal to the sum of the Controlled Group Prior Federal Tax Liability and the amount of such Tax Benefit.

2.3 ALLOCATION OF STATE INCOME TAXES. Except as provided in Section 2.5, State Income Taxes shall be allocated as follows:

(a) SEPARATE COMPANY TAXES. In the case of any State Income Tax which is a Separate Company Tax, Controlled Co. shall be liable for such Tax imposed on any members of the Controlled Group.

(b) CONSOLIDATED OR COMBINED STATE INCOME TAXES. In the case of any Consolidated or Combined State Income Tax, the liability of Controlled Co. with respect to such Tax for any Tax Period shall be computed as follows:

(i) ALLOCATION OF TAX REPORTED ON TAX RETURNS. In the case of any Consolidated or Combined State Income Tax reported on any Tax Return to be filed after the Offerings Closing Date, Controlled Co. shall be liable to Distributing Co. for the State Income Tax liability computed as if all members of the Controlled Group included in the computation of such Tax had filed a consolidated or combined Tax Return for such Controlled Group members based on the income, apportionment factors, and other items of such members.

(ii) ALLOCATION OF COMBINED OR CONSOLIDATED STATE INCOME TAX ADJUSTMENTS. If there is any adjustment to the amount of Consolidated or Combined State Income Tax reported on any Tax Return (or as previously adjusted), the liability of the Controlled Group shall be recomputed as provided in this subparagraph. Controlled Co. shall be liable to Distributing Co. for the excess (if any) of-

(A) the State Income Tax liability computed in accordance with paragraph (b)(i) based on the income, apportionment factors, and other items of such members as so adjusted (the "Controlled Group Recomputed State Tax Liability"); minus

(B) the State Income Tax liability computed in accordance with paragraph (b)(i) based on the income, apportionment factors, and other items of such members as reported (or, if applicable, as previously adjusted) (the "Controlled Group Prior State Tax Liability").

If the Controlled Group Prior State Tax Liability exceeds the Controlled Co. Group Recomputed State Tax Liability, Distributing Co. shall be liable to Controlled Co. for such excess. For purposes of the preceding sentence, if the Controlled Group has a net operating loss after taking into account the adjustments allocable to such group, the Controlled Group Recomputed State Tax Liability shall be less than zero to the extent such net operating loss produces a Tax Benefit in consolidation for the applicable taxable year, and the amount that Distributing Co. shall be liable to Controlled Co. pursuant to the preceding sentence shall be equal to the sum of the Controlled Group Prior State Tax Liability and the amount of such Tax Benefit.

2.4 ALLOCATION OF OTHER TAXES. Except as provided in Section 2.5, all Taxes other than those specifically allocated pursuant to Section 2.3 shall be allocated based on the legal entity on which the legal incidence of the Tax is imposed. As between the parties to this Agreement, Controlled Co. shall be liable for all Taxes imposed on any member of the Controlled Group. The Companies believe that there is no Tax not specifically allocated pursuant to Section 2.3 which is legally imposed on more than one legal entity (e.g., joint and several liability); however, if there is any such Tax, it shall be allocated in accordance with past practices as reasonably determined by the affected Companies, or in the absence of such practices, in accordance with any allocation method agreed upon by the affected Companies.

2.5 TRANSACTION AND OTHER TAXES

(a) DISTRIBUTING CO. LIABILITY. Except as otherwise provided in this Section 2.5, Distributing Co. shall be liable for, and shall indemnify and hold harmless the Controlled Group from and against any liability for, all Taxes resulting from the Distribution and the Transactions, including:

(i) Any sales and use, gross receipts, or other similar transfer Taxes imposed on the transfers occurring pursuant to the Transactions and the Distribution;

(ii) any Federal Income Tax or State Income Tax resulting from any income or gain recognized by Distributing Co. as a result of the Distribution or the distribution to Distributing Co. of all of the shares of capital stock of Republic Resources held by Controlled Co. failing to qualify for tax-free treatment pursuant to Section 355 of the Code and related provisions;

(iii) any Tax resulting from the Internal Restructuring.

(b) INDEMNITY FOR CERTAIN ACTS. Controlled Co. shall be liable for, and shall indemnify and hold harmless the Distributing Group from and against any liability for, any Distribution Tax (described in subparagraph (ii) above) to the extent arising as a result after the Distribution Date of Controlled Co.'s engaging in any Prohibited Action, the occurrence of a Controlled Group Disqualifying Event, or a breach by Controlled Co. of its representations, warranties and covenants set forth in Section 11.

Section 3. PRORATION OF TAXES FOR STRADDLE PERIODS

3.1 GENERAL METHOD OF PRORATION. In the case of any Straddle Period, Tax Items shall be apportioned between Pre-IPO Periods and Post-IPO Periods in accordance with the principles of Treasury Regulation Section 1.1502-76(b) as reasonably interpreted and applied by the Companies.

3.2 TRANSACTION TREATED AS EXTRAORDINARY ITEM. In determining the apportionment of Tax Items between Pre-IPO Periods and Post-IPO Periods, any Tax Items relating to the Transactions shall be treated as extraordinary items described in Treasury Regulation Section 1.1502-76(b)(2)(ii)(C) and shall be allocated to Pre-IPO Periods.

Section 4. PREPARATION AND FILING OF TAX RETURNS

4.1 GENERAL. Except as otherwise provided in this Section 4, Tax Returns shall be prepared and filed when due (including extensions) by the person obligated to file such Tax Returns under the Code or applicable Tax Law. The Companies shall provide, and shall cause their Affiliates to provide, assistance and cooperate with one another in accordance with Section 7 with respect to the preparation and filing of Tax Returns, including providing information required to be provided in Section 7.

4.2 DISTRIBUTING CO.'S RESPONSIBILITY. Distributing Co. has the exclusive obligation and right to prepare and file, or to cause to be prepared and filed:

(a) Distributing Co. Federal Consolidated Returns for any Periods ending on, before or after the Offerings Closing Date.

(b) Consolidated or Combined State Income Tax Returns for Tax Periods ending on or before the Offerings Closing Date or for any Straddle Period.

(c) Tax Returns for State Income Taxes (including Tax Returns with respect to State Income Taxes that are Separate Company Taxes) for members of the Distributing Group.

4.3 CONTROLLED CO. RESPONSIBILITY. Controlled Co. shall prepare and file, or shall cause to be prepared and filed, all Tax Returns required to be filed by or with respect to the Controlled Co.

or members of the Controlled Group other than those Tax Returns which Distributing Co. is required to prepare and file under Section 4.2.

4.4 TAX ACCOUNTING PRACTICES

(a) GENERAL RULE. Except as otherwise provided in this Section 4.4, any Tax Return for any Pre-IPO Period or any Straddle Period, and any Tax Return for any Post-IPO Period to the extent items reported on such Tax Return might reasonably affect items reported on any Tax Return for any Pre-IPO Period or any Straddle Period, shall be prepared in accordance with past Tax accounting practices used with respect to the Tax Returns in question (unless such past practices are no longer permissible under the Code or other applicable Tax Law), and to the extent any items are not covered by past practices (or in the event such past practices are no longer permissible under the Code or other applicable Tax Law), in accordance with reasonable Tax accounting practices selected by the Responsible Company.

(b) REPORTING OF TRANSACTION TAX ITEMS. The tax treatment reported on any Tax Return of Tax Items relating to the Transactions shall be consistent with the treatment of such item in the IRS Ruling Letter (as such term is defined in the Distribution Agreement) (unless such treatment is not permissible under the Code). To the extent there is a Tax Item relating to the Transactions which is not covered by the IRS Ruling Letter, the Companies shall agree on the tax treatment of any such Tax Item reported on any Tax Return. For this purpose, the tax treatment of such Tax Items on a Tax Return shall be determined by the Responsible Company with respect to such Tax Return and shall be agreed to by the other Company unless either (i) there is no reasonable basis as defined under Section 6662 of the Code for such tax treatment, or (ii) such tax treatment would have a material impact on the other Company or the Ruling Request. Such Tax Return shall be submitted for review pursuant to Section 4.6(a), and any dispute regarding such proper tax treatment shall be referred for resolution pursuant to Section 15, sufficiently in advance of the filing date of such Tax Return (including extensions) to permit timely filing of the return.

4.5 CONSOLIDATED OR COMBINED RETURNS. The Companies will elect and join, and will cause their respective Affiliates to elect and join, in filing consolidated, unitary, combined, or other similar joint Tax Returns, to the extent each entity is eligible to join in such Tax Returns, if the Companies reasonably determine that the filing of such Tax Returns is consistent with past reporting practices, or in the absence of applicable past practices, will result in the minimization of the net present value of the aggregate Tax to the entities eligible to join in such Tax Returns.

4.6 RIGHT TO REVIEW TAX RETURNS

(a) GENERAL. The Responsible Company with respect to any Tax Return shall make such Tax Return and related workpapers available for review by the other Companies, if requested, to the extent (i) such Tax Return relates to Taxes for which the requesting party may be liable, (ii) such Tax Return relates to Taxes for which the requesting party may be liable in whole or in part or for any additional Taxes owing as a result of adjustments to the amount of Taxes

reported on such Tax Return, (iii) such Tax Return relates to Taxes for which the requesting party may have a claim for Tax Benefits under this Agreement, or (iv) the requesting party reasonably determines that it must inspect such Tax Return to confirm compliance with the terms of this Agreement. The Responsible Company shall use its reasonable best efforts to make such Tax Return available for review as required under this paragraph sufficiently in advance of the due date for filing such Tax Returns to provide the requesting party with a meaningful opportunity to analyze and comment on such Tax Returns and have such Tax Returns modified before filing, taking into account the person responsible for payment of the tax (if any) reported on such Tax Return and the materiality of the amount of Tax liability with respect to such Tax Return. The Companies shall attempt in good faith to resolve any issues arising out of the review of such Tax Returns. Issues that cannot be resolved by the Companies shall be resolved in the manner set forth in Section 15.

(b) EXECUTION OF RETURNS PREPARED BY OTHER PARTY. In the case of any Tax Return which is required to be prepared and filed by one Company under this Agreement and which is required by law to be signed by another Company (or by its authorized representative), the Company which is legally required to sign such Tax Return shall not be required to sign such Tax Return under this Agreement if there is no reasonable basis for the tax treatment of any material items reported on the Tax Return.

4.7 CLAIMS FOR REFUND, CARRYBACKS, AND SELF-AUDIT ADJUSTMENTS ("ADJUSTMENT REQUESTS")

(a) CONSENT REQUIRED FOR ADJUSTMENT REQUESTS RELATED TO CONSOLIDATED OR COMBINED INCOME TAXES. Except as provided in paragraph (b) below, each of the Companies hereby agrees that, unless each of the other Companies consents in writing, which consent shall not be unreasonably withheld, (i) no Adjustment Request with respect to any Consolidated or Combined Income Tax for a Pre- IPO Period shall be filed, and (ii) any available elections to waive the right to claim in any Pre-IPO Period with respect to any Consolidated or Combined Income Tax any Carryback arising in a Post-IPO Period shall be made, and no affirmative election shall be made to claim any such Carryback. Any Adjustment Request which the Companies consent to make under this Section 4.7 shall be prepared and filed by the Responsible Company under Section 4.2 for the Tax Return to be adjusted. The Company requesting the Adjustment Request shall provide to the Responsible Company all information required for the preparation and filing of such Adjustment Request in such form and detail as reasonably requested by the Responsible Company. Notwithstanding anything to the contrary in this paragraph (a), the consent of the Controlled Co. shall not be necessary for any Carryback by Distributing Co. or any member of the Distributing Group provided such Carryback constitutes a Distributing Adjustment in the year (or years) such Carryback is absorbed.

(b) EXCEPTION FOR ADJUSTMENT REQUESTS RELATED TO AUDIT ADJUSTMENTS. Controlled Co. shall be entitled, without the consent of Distributing Co., to require Distributing Co. to file an Adjustment Request to take into account any net operating loss, net capital loss, deduction, credit, or other adjustment attributable to such Controlled Co. or any member of its Group corresponding

to any adjustment resulting from any audit by the Internal Revenue Service or other Tax Authority with respect to Consolidated or Combined Income Taxes for any Pre-IPO Tax Period. For example, if the Internal Revenue Service requires Controlled Co. to capitalize an item deducted for the taxable year 1996, Controlled Co. shall be entitled, without the consent of Distributing Co., to require Distributing Co. to file an Adjustment Request for the taxable year 1997 (and later years) to take into account any depreciation or amortization deductions in such years directly related to the item capitalized in 1996.

(c) OTHER ADJUSTMENT REQUESTS PERMITTED. Nothing in this Section 4.7 shall prevent any Company or its Affiliates from filing any Adjustment Request with respect to Income Taxes which are not Consolidated or Combined Income Taxes or with respect to any Taxes other than Income Taxes. Any refund or credit obtained as a result of any such Adjustment Request (or otherwise) shall be for the account of the person liable for the Tax under this Agreement.

(d) PAYMENT OF REFUNDS. Any refunds or other Tax Benefits received by any Company (or any of its Affiliates) as a result of any Adjustment Request which are for the account of another Company (or member of such other Company's Group) shall be paid by the Company receiving (or whose Affiliate received) such refund or Tax Benefit to such other Company in accordance with Section 6.

Section 5. TAX PAYMENTS AND INTERCOMPANY BILLINGS

5.1 PAYMENT OF TAXES WITH RESPECT TO DISTRIBUTING CO. FEDERAL CONSOLIDATION RETURNS FILED AFTER THE OFFERINGS CLOSING DATE. In the case of any Distributing Co. Federal Consolidated Return the due date for which (including extensions) is after the Offerings Closing Date:

(a) COMPUTATION AND PAYMENT OF TAX DUE. At least three business days prior to any Payment Date, Distributing Co. shall compute the amount of Tax required to be paid to the Internal Revenue Service (taking into account the requirements of Section 4.4 relating to consistent accounting practices) with respect to such Tax Return on such Payment Date and shall pay such amount to the Internal Revenue Service on or before such Payment Date.

(b) COMPUTATION AND PAYMENT OF CONTROLLED CO. LIABILITY WITH RESPECT TO TAX DUE. Within 90 days following any Payment Date, Controlled Co. will pay to Distributing Co. the excess (if any) of --

(i) the Consolidated Tax Liability determined as of such Payment Date with respect to the applicable Tax Period allocable to the members of the Controlled Group as determined by the Distributing Co. in a manner consistent with the Section 2.2(a) (relating to allocation of the Consolidated Tax Liability in accordance with the Federal Allocation Method) (the "Allocated Federal Tax Liability"), over

(ii) the cumulative net payment with respect to such Tax Return prior to such Payment Date by the members of the Controlled Group (the "Cumulative Federal Tax Payment").

If the Controlled Group Cumulative Federal Tax Payment is greater than the Controlled Group Allocated Federal Tax Liability as of any Payment Date, then Distributing Co. shall pay such excess to Controlled Co. within 90 days of Distributing Co.'s receipt of the corresponding Tax Benefit (i.e., through either a reduction in Distributing Co.'s otherwise required Tax payment or a credit or refund of prior tax payments).

(c) DEEMED CUMULATIVE FEDERAL TAX PAYMENTS; AMOUNT DUE FOR PRIOR PERIODS. For purposes of Section 5.1(b)(ii) with respect to the Distributing Co. Federal Consolidated Tax Return for the taxable year ending on the dates set forth below, the Controlled Co. Group's Cumulative Federal Tax Payment through the date of this Agreement is equal to the amounts set forth below:

Taxable Year Ending December 31	Controlled Group's Cumulative Federal Tax Payment
1997	See Schedule 5.1(c)
1998	See Schedule 5.1(c)

Subject to adjustments as set forth in Sections 2.2(b) and 2.3(b)(ii), no amounts are currently due and owing by the Controlled Co. to the Distributing Co. with respect to any Consolidated or Combined Income Tax or Consolidated or Combined State Income Tax for periods prior to the year ended on December 31, 1997.

(d) INTEREST ON INTERGROUP TAX ALLOCATION PAYMENTS. In the case of any payments to Distributing Co. required under paragraph (b) of this subsection 5.1, Controlled Co. shall also pay to Distributing Co. an amount of interest computed at the Prime Rate on the amount of the payment required based on the number of days from the applicable Payment Date to the date of payment. In the case of any payments by Distributing Co. required under paragraph (b) of this subsection 5.1, Distributing Co. shall also pay to Controlled Co. an amount of interest computed at the Prime Rate on the amount of the payment required based on the number of days from the date of receipt of the Tax Benefit to the date of payment of such amount to Controlled Co.

5.2 PAYMENT OF FEDERAL INCOME TAX RELATED TO ADJUSTMENTS

(a) ADJUSTMENTS RESULTING IN UNDERPAYMENTS. Distributing Co. shall pay to the Internal Revenue Service when due any additional Federal Income Tax required to be paid as a result of adjustment to the Tax liability with respect to any Distributing Co. Federal Consolidated Return. The Distributing Co. shall compute the amount attributable to the Controlled Group in accordance

with Section 2.2(b) and Controlled Co. shall pay to Distributing Co. any amount due Distributing Co. under Section 2.2(b) within ninety (90) days from the later of (i) the date the additional Tax was paid by Distributing Co. or (ii) the date of receipt by Controlled Co. of a written notice and demand from Distributing Co. for payment of the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. Any payments required under this Section 5.2(a) shall include interest computed at the Prime Rate based on the number of days from the date the additional Tax was paid by Distributing Co. to the date of the payment under this Section 5.2(a).

(b) ADJUSTMENTS RESULTING IN OVERPAYMENTS. Within ninety (90) days of receipt by Distributing Co. of any Tax Benefit resulting from any adjustment to the Consolidated Tax Liability with respect to any Distributing Co. Federal Consolidated Return, Distributing Co. shall pay to Controlled Co., or Controlled Co. shall pay to Distributing Co. (as the case may be), their respective amounts due from or to Distributing Co. as determined by the Responsible Company in accordance with Section 2.2(b). Any payments required under this Section 5.2(b) shall include interest computed at the Prime Rate based on the number of days from the date the Tax Benefit was received by Distributing Co. to the date of payment to Controlled Co. under this Section 5.2(b).

5.3 PAYMENT OF STATE INCOME TAX WITH RESPECT TO RETURNS FILED AFTER THE OFFERINGS CLOSING DATE

(a) COMPUTATION AND PAYMENT OF TAX DUE. At least three business days prior to any Payment Date for any Tax Return with respect to any State Income Tax, the Responsible Company shall compute the amount of Tax required to be paid to the applicable Tax Authority (taking into account the requirements of Section 4.4 relating to consistent accounting practices) with respect to such Tax Return on such Payment Date and -

(i) If such Tax Return is with respect to a Consolidated or Combined State Income Tax, the Responsible Company shall, if Distributing Co. is not the Responsible Company with respect to such Tax Return, notify Distributing Co. in writing of the amount of Tax required to be paid on such Payment Date. Distributing Co. will pay such amount to such Tax Authority on or before such Payment Date.

(ii) If such Tax Return is with respect to a Separate Company Tax, the Responsible Company shall, if it is not the Company liable for the Tax reported on such Tax Return, notify the Company liable for such Tax in writing of the amount of Tax required to be paid on such Payment Date. The Company liable for such Tax will pay such amount to such Tax Authority on or before such Payment Date.

(b) COMPUTATION AND PAYMENT OF CONTROLLED CO. LIABILITY WITH RESPECT TO TAX DUE. Within ninety (90) days following the due date (including extensions) for filing any Tax Return for any Consolidated or Combined State Income Tax (excluding any Tax Return with respect to payment of estimated Taxes or Taxes due with a request for extension of time to file), (i) Controlled

Co. shall pay to Distributing Co. the tax liability allocable to the Controlled Group as determined by the Responsible Company under the provisions of Section 2.3(b)(i), plus interest computed at the Prime Rate on the amount of the payment based on the number of days from the due date (including extensions) to the date of payment by Controlled Co. to Distributing Co., and (ii) the Responsible Company shall notify Distributing Co. (if Distributing Co. is not the Responsible Company with respect to such Tax Return).

5.4 PAYMENT OF STATE INCOME TAXES RELATED TO ADJUSTMENTS

(a) ADJUSTMENTS RESULTING IN UNDERPAYMENTS. Distributing Co. shall pay to the applicable Tax Authority when due any additional State Income Tax required to be paid as a result of any adjustment to the tax liability with respect to any Tax Return for any Consolidated or Combined State Income Tax for any Pre-IPO Period. Controlled Co. shall pay to Distributing Co. its respective share of any such additional Tax payment determined by the Responsible Company in accordance with Section 2.3(b)(ii) within ninety (90) days from the later of (i) the date the additional Tax was paid by Distributing Co. or (ii) the date of receipt by Controlled Co. of a written notice and demand from Distributing Co. for payment of the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. Controlled Co. shall also pay to Distributing Co. interest on its respective share of such Tax computed at the Prime Rate based on the number of days from the date the additional Tax was paid by Distributing Co. to the date of its payment to Distributing Co. under this Section 5.4(a).

(b) ADJUSTMENTS RESULTING IN OVERPAYMENTS. Within ninety (90) days of receipt by Distributing Co. of any Tax Benefit resulting from any adjustment to the tax liability with respect to any Tax Return for any Consolidated or Combined State Income Tax for any Pre-IPO Period, Distributing Co. shall pay to Controlled Co. its respective share of any such Tax Benefit determined by the Responsible Company in accordance with Section 2.3(b)(ii). Distributing Co. shall also pay to Controlled Co. interest on its respective share of such Tax Benefit computed at the Prime Rate based on the number of days from the date the Tax Benefit was received by Distributing Co. to the date of payment to Controlled Co. under this Section 5.4(b).

5.5 PAYMENT OF SEPARATE COMPANY TAXES. Each Company shall pay, or shall cause to be paid, to the applicable Tax Authority when due all Separate Company Taxes owed by such Company or a member of such Company's Group.

5.6 INDEMNIFICATION PAYMENTS. If any Company (the "payor") is required to pay to a Tax Authority a Tax that is properly allocated to another Company (the "responsible party") under this Agreement, the responsible party shall reimburse the payor within ninety (90) days of delivery by the payor to the responsible party of an invoice for the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. The reimbursement shall include interest on the Tax payment computed at the

Prime Rate based on the number of days from the date of the payment to the Tax Authority to the date of reimbursement under this Section 5.6.

Section 6. TAX BENEFITS. If a member of one Group receives any Tax Benefit with respect to any Taxes for which a member of another Group is liable hereunder, the Company receiving such Tax Benefit shall make a payment to the Company who is liable for such Taxes hereunder within ninety (90) days following receipt of the Tax Benefit in an amount equal to the Tax Benefit (including any Tax Benefit realized as a result of the payment), plus interest on such amount computed at the Prime Rate based on the number of days from the date of receipt of the Tax Benefit to the date of payment of such amount under this Section 6.

Section 7. ASSISTANCE AND COOPERATION

7.1 GENERAL. After the Offerings Closing Date, each of the Companies shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Companies and their Affiliates including (i) preparation and filing of Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include making all information and documents in their possession relating to the other Company and their Affiliates available to such other Company as provided in Section 8. Each of the Companies shall also make available to each other, as reasonably requested and available, personnel (including officers, directors, employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceedings relating to Taxes. Any information or documents provided under this Section 7 shall be kept confidential by the Company receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes.

7.2 INCOME TAX RETURN INFORMATION. Each Company will provide to the other Company information and documents relating to their respective Groups required by the other Company to prepare Tax Returns. The Responsible Company shall determine a reasonable compliance schedule for such purpose in accordance with Distributing Co.'s past practices. Any additional information or documents the Responsible Company requires to prepare such Tax Returns will be provided in accordance with past practices, if any, or as the Responsible Company reasonably requests and in sufficient time for the Responsible Company to file such Tax Returns on a timely basis.

Section 8. TAX RECORDS

8.1 RETENTION OF TAX RECORDS. Except as provided in Section 8.2, each Company shall preserve and keep all Tax Records exclusively relating to the assets and activities of its respective

Group for Pre-IPO Tax Periods, and Distributing Co. shall preserve and keep all other Tax Records relating to Taxes of the Groups for Pre-IPO Tax Periods, for so long as the contents thereof may become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until the later of (i) the expiration of any applicable statutes of limitation, and (ii) seven years after the Offerings Closing Date. If, prior to the expiration of the applicable statute of limitation and such seven-year period, a Company reasonably determines that any Tax Records which it is required to preserve and keep under this Section 8 are no longer material in the administration of any matter under the Code or other applicable Tax Law, such Company may dispose of such records upon 90 days prior notice to the other Company. Such notice shall include a list of the records to be disposed of describing in reasonable detail each file, book, or other records being disposed. The notified Company shall have the opportunity, at its cost and expense, to copy or remove, within such 90-day period, all or any part of such Tax Records.

8.2 STATE INCOME TAX RETURNS. Tax Returns with respect to State Income Taxes and workpapers prepared in connection with preparing such Tax Returns shall be preserved and kept, in accordance with the terms of Section 8.1, by the Company having liability for the Tax.

8.3 ACCESS TO TAX RECORDS. The Companies and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records in their possession to the extent reasonably required by the other Company in connection with the preparation of Tax Returns, audits, litigation, or the resolution of items under this Agreement.

Section 9. TAX CONTESTS

9.1 NOTICE. Each of the Companies shall provide prompt notice to the other Company of any pending or threatened Tax audit, assessment or proceeding or other Tax Contest of which it becomes aware related to Taxes for Tax Periods for which it is indemnified by the other Company hereunder. Such notice shall contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority in respect of any such matters. If an indemnified party has knowledge of an asserted Tax liability with respect to a matter for which it is to be indemnified hereunder and such party fails to give the indemnifying party prompt notice of such asserted Tax liability, then (i) if the indemnifying party is precluded from contesting the asserted Tax liability in any forum as a result of the failure to give prompt notice, the indemnifying party shall have no obligation to indemnify the indemnified party for any Taxes arising out of such asserted Tax liability, and (ii) if the indemnifying party is not precluded from contesting the asserted Tax liability in any forum, but such failure to give prompt notice results in a monetary detriment to the indemnifying party, then any amount which the indemnifying party is otherwise required to pay the indemnified party pursuant to this Agreement shall be reduced by the amount of such detriment.

9.2 CONTROL OF TAX CONTESTS

(a) SEPARATE COMPANY TAXES. In the case of any Tax Contest with respect to any Separate Company Tax, the Company having liability for the Tax shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability.

(b) CONSOLIDATED OR COMBINED INCOME TAXES. In the case of any Tax Contest with respect to any Consolidated or Combined Income Tax, (i) Distributing Co. shall control the defense or prosecution of the portion of the Tax Contest directly and exclusively related to any Distributing Adjustment, including settlement of any such Distributing Adjustment and (ii) Controlled Co. shall control the defense or prosecution of the portion of the Tax Contest directly and exclusively related to any Controlled Adjustment, including settlement of any such Controlled Adjustment, and (iii) the Tax Contest Committee shall control the defense or prosecution of Joint Adjustments, including settlement of any such Joint Adjustment, and any and all administrative matters not directly and exclusively related to any Distributing Adjustment or Controlled Adjustment. The Tax Contest Committee shall be comprised of two persons, one person selected by Distributing Co. (as designated in writing to Controlled Co.) and one person selected by Controlled Co. (as designated in writing to Distributing Co.). Each person serving on the Tax Contest Committee shall continue to serve unless and until he or she is replaced by the party designating such person. Any and all matters to be decided by the Tax Contest Committee shall require the approval of both persons serving on the committee. In the event the Tax Contest Committee shall be deadlocked on any matter, the provisions of Section 15 of this Agreement shall apply. A Company shall not agree to any Tax liability for which another Company may be liable under this Agreement, or compromise any claim for any Tax Benefit which another Company may be entitled under this Agreement, without such other Company's written consent (which consent may be given or withheld at the sole discretion of the Company from which the consent would be required). The Distributing Co., in the case of any examination or audit of a Distributing Co. Federal Consolidation Return, and the Responsible Company in the case of any examination or audit of a Consolidated or Combined State Income Tax Return, shall be the only parties representing the members of the Group before any Federal or State Tax Authority in connection with the examination or audit. Notwithstanding the representation by the Distributing Co. or Responsible Company before such Tax Authority, the Distributing Co. or Responsible Company shall (a) provide the Controlled Co. with all information reasonably requested relating to any Controlled Adjustment or Joint Adjustment; (b) submit to such Tax Authority any facts, legal arguments or other matters deemed advisable by Controlled Co. and provided by it to Distributing Co. or the Responsible Company; (c) not have the authority to settle or otherwise compromise a Controlled Adjustment; and (d) not have the authority to settle or otherwise compromise a Joint Adjustment other than through the Tax Contest Committee procedures set forth in this Section 9.2(b).

Section 10. EFFECTIVE DATE. This Agreement shall be effective on the Offerings Closing Date.

Section 11. NO INCONSISTENT ACTIONS. Each of the Companies covenants and agrees that it will not take any action, and it will cause its Affiliates to refrain from taking any action, which is inconsistent with the Tax treatment of the Distribution as contemplated in the Ruling Request (any

such action is referred to in this Section 11 as a "Prohibited Action"), unless such Prohibited Action is required by law, or the person acting has obtained the prior written consent of each of the other parties (which consent shall not be unreasonably withheld). With respect to any Prohibited Action proposed by a Company (the "Requesting Party"), the other party (the "Requested Party") shall grant its consent to such Prohibited Action if the Requesting Party obtains a ruling with respect to the Prohibited Action from the Internal Revenue Service or other applicable Tax Authority that is reasonably satisfactory to the Requested Party (except that the Requesting Party shall not submit any such ruling request if a Requested Party determines in good faith that filing such request might have a materially adverse effect upon such Requested Party). Without limiting the foregoing:

(a) NO INCONSISTENT PLAN OR INTENT. Controlled Co. and Distributing Co. each represents and warrants that neither it nor any of its Affiliates has any plan or intent to take any action which is inconsistent with any factual statements or representations in the Ruling Request. Regardless of any change in circumstances, Controlled Co. and Distributing Co. each covenant and agree that it will not take, and it will cause its Affiliates to refrain from taking, any such inconsistent action on or before the last day of the calendar year ending after the second anniversary of the Distribution Date other than as permitted in this Section 11.

(b) AMENDED OR SUPPLEMENTAL RULINGS . Each of the Companies covenants and agrees that it will not file, and it will cause its Affiliates to refrain from filing, any amendment or supplement to the Ruling Request subsequent to the Distribution Date without the consent of the other Company, which consent shall not be unreasonably withheld.

Section 12. SURVIVAL OF OBLIGATIONS . The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

Section 13. EMPLOYEE MATTERS . To the extent applicable, each of the Companies agrees to utilize, or cause its Affiliates to utilize, the alternative procedure set forth in Revenue Procedure 96-60, 1996-2 C.B. 399, with respect to wage reporting.

Section 14. TREATMENT OF PAYMENTS; TAX GROSS UP

14.1 TREATMENT OF TAX INDEMNITY AND TAX BENEFIT PAYMENTS. In the absence of any change in tax treatment under the Code or other applicable Tax Law,

(a) any Tax indemnity payments made by a Company under Section 5 shall be reported for Tax purposes by the payor and the recipient as distributions or capital contributions, as appropriate, occurring immediately before the Offerings Closing Date, but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Treasury Regulation Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws), and

(b) any Tax Benefit payments made by a Company under Section 6, shall be reported for Tax purposes by the payor and the recipient as distributions or capital contributions, as appropriate, occurring immediately before the Offerings Closing Date, but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Treasury Regulation Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws).

14.2 TAX GROSS UP. If notwithstanding the manner in which Tax indemnity payments and Tax Benefit payments were reported, there is an adjustment to the Tax liability of a Company as a result of its receipt of a payment pursuant to this Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Income Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment which the Company receiving such payment would otherwise be entitled to receive pursuant to this Agreement.

14.3 INTEREST UNDER THIS AGREEMENT. Anything herein to the contrary notwithstanding, to the extent one Company ("indemnitor") makes a payment of interest to another Company ("indemnitee") under this Agreement with respect to the period from the date that the indemnitee made a payment of Tax to a Tax Authority to the date that the indemnitor reimbursed the indemnitee for such Tax payment, or with respect to the period from the date that the indemnitor received a Tax Benefit to the date indemnitor paid the Tax Benefit to the indemnitee, the interest payment shall be treated as interest expense to the indemnitor (deductible to the extent provided by law) and as interest income by the indemnitee (includible in income to the extent provided by law). The amount of the payment shall not be adjusted under Section 14.2 to take into account any associated Tax Benefit to the indemnitor or increase in Tax to the indemnitee.

Section 15. DISAGREEMENTS. If after good faith negotiations the parties cannot agree on the application of this Agreement to any matter, then the matter will be referred to a nationally recognized accounting firm acceptable to each of the parties (the "Accounting Firm"). The Accounting Firm shall furnish written notice to the parties of its resolution of any such disagreement as soon as practical, but in any event no later than 45 days after its acceptance of the matter for resolution. Any such resolution by the Accounting Firm will be conclusive and binding on all parties to this Agreement. In accordance with Section 17, each party shall pay its own fees and expenses (including the fees and expenses of its representatives) incurred in connection with the referral of the matter to the Accounting Firm. All fees and expenses of the Accounting Firm in connection with such referral shall be shared equally by the parties affected by the matter.

Section 16. LATE PAYMENTS . Any amount owed by one party to another party under this Agreement which is not paid when due shall bear interest at the Prime Rate plus two percent, compounded semiannually, from the due date of the payment to the date paid. To the extent interest required to be paid under this Section 16 duplicates interest required to be paid under any other provision of this Agreement, interest shall be computed at the higher of the interest rate provided under this Section 16 or the interest rate provided under such other provision.

Section 17. EXPENSES. Except as provided in Section 15, each party and its Affiliates shall bear their own expenses incurred in connection with preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

Section 18. GENERAL PROVISIONS

18.1 ADDRESSES AND NOTICES. Any notice, demand, request or report required or permitted to be given or made to any party under this Agreement shall be in writing and shall be deemed given or made when delivered in party or when sent by first class mail or by other commercially reasonable means of written communication (including delivery by an internationally recognized courier service or by facsimile transmission) to the party at the party's principal business address. A party may change the address for receiving notices under this Agreement by providing written notice of the change of address to the other parties.

18.2 BINDING EFFECT . This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

18.3 WAIVER. No failure by any party to insist upon the strict performance of any obligation under this Agreement or to exercise any right or remedy under this Agreement shall constitute waiver of any such obligation, right, or remedy or any other obligation, rights, or remedies under this Agreement.

18.4 INVALIDITY OF PROVISIONS. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not be affected thereby.

18.5 FURTHER ACTION. The parties shall execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement, including the execution and delivery to the other parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other parties in accordance with Section 9.

18.6 INTEGRATION. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements and understandings pertaining thereto. In the event of any inconsistency between this Agreement and the Distribution Agreement or any other agreements relating to the transactions contemplated by the Distribution Agreement, the provisions of this Agreement shall control.

18.7 CONSTRUCTION. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning and shall not be strictly construed for or against any party.

18.8 NO DOUBLE RECOVERY; SUBROGATION. No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged party has been fully compensated under any other provision of this Agreement or under any other agreement or action at law or equity. Unless expressly required in this Agreement, a party shall not be required to exhaust all remedies available under other agreements or at law or equity before recovering under the remedies provided in this Agreement. Subject to any limitations provided in this Agreement (for example, the limitation on filing claims for refund in Section 4.7), the indemnifying party shall be subrogated to all rights of the indemnified party for recovery from any third party.

18.9 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

18.10 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida applicable to contracts executed in and to be performed in that State.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers as of the date first written above.

REPUBLIC INDUSTRIES, INC.

By: /s/ James O. Cole

Name: James O. Cole

Title: Senior Vice President

REPUBLIC SERVICES, INC.

By: /s/ Harris W. Hudson

Name: Harris W. Hudson

Title: Vice Chairman

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