

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 19, 1999

REGISTRATION STATEMENT NO. 333-78137

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO  
FORM S-1

REGISTRATION STATEMENT UNDER THE  
SECURITIES ACT OF 1933

REPUBLIC SERVICES, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction  
of incorporation or organization)

4953  
(Primary Standard Industrial  
Classification Code Number)

65-0716904  
(I.R.S. Employer  
Identification No.)

REPUBLIC SERVICES, INC.  
110 S.E. SIXTH STREET, 28TH FLOOR  
FORT LAUDERDALE, FLORIDA 33301  
(954) 769-2400  
(Address, including zip code, and telephone number,  
including  
area code, of registrant's principal executive offices)

DAVID A. BARCLAY  
SENIOR VICE PRESIDENT  
AND GENERAL COUNSEL  
REPUBLIC SERVICES, INC.  
110 S.E. SIXTH STREET, 28TH FLOOR  
FORT LAUDERDALE, FLORIDA 33301  
(954) 769-2400  
(Name, address, including zip code, and telephone  
number, including area code, of agent for service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE (1)
Notes.....	\$500,000,000	\$500,000,000	\$139,000

(1) Previously paid.

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THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED MAY 19, 1999

PROSPECTUS

\$500,000,000

REPUBLIC SERVICES, INC. (LOGO)

\$ % NOTES DUE 200

\$ % NOTES DUE 200

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Interest on the notes will be payable on \_\_\_\_\_ and \_\_\_\_\_ of each year beginning \_\_\_\_\_, 1999. The \_\_\_\_\_ % notes will mature on \_\_\_\_\_, 200 and the \_\_\_\_\_ % notes will mature on \_\_\_\_\_, 200. We may redeem some or all of the notes at any time. We describe the redemption price under the heading "Description of the Notes -- Optional Redemption" on page 59 of this prospectus.

The notes are unsecured and will rank equally with all of our other unsecured senior indebtedness. The notes will not be entitled to the benefit of any sinking fund.

INVESTING IN THE NOTES INVOLVES CERTAIN RISKS WHICH ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE 7 OF THIS PROSPECTUS.

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	PUBLIC OFFERING PRICE (1)	UNDERWRITING DISCOUNT	PROCEEDS BEFORE EXPENSES
	-----	-----	-----
Per Note due 200 .....	%	%	%
Total.....	\$	\$	\$
Per Note due 200 .....	%	%	%
Total.....	\$	\$	\$

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(1) Plus accrued interest from \_\_\_\_\_, 1999, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through the Depository Trust Company on or about \_\_\_\_\_, 1999.

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Joint Book-Running Managers

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BANC ONE CAPITAL MARKETS, INC.

CHASE SECURITIES INC.

DEUTSCHE BANK SECURITIES

DONALDSON, LUFKIN & JENRETTE

SALOMON SMITH BARNEY

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The date of this prospectus is May , 1999.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

## PROSPECTUS SUMMARY

This summary highlights some information contained in this prospectus. The summary may not contain all of the information that is important to you. You should carefully read the entire prospectus, including the risk factors and the financial statements, in order to understand this offering. With the exception of the section of this prospectus captioned "Description of the Notes," where we refer to ourself in this prospectus, including our references to "Republic Services" or "our company," we mean Republic Services, Inc. and its subsidiaries since we completed our initial public offering of common stock in July 1998, along with the historical operating results and activities of, and assets and liabilities of, the solid waste services business and operations of AutoNation, Inc. before we completed our initial public offering of common stock in July 1998.

This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results we discuss in the forward-looking statements. We discuss some of the factors that might cause differences in actual results in the "Risk Factors" section of this prospectus.

## OUR COMPANY

We are a leading provider of services in the domestic non-hazardous solid waste industry. We provide non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 139 collection companies in 26 states. We also own or operate 76 transfer stations and 58 solid waste landfills. We had revenue of \$403.5 million and operating income of \$79.4 million for the three months ended March 31, 1999 and revenue of \$300.8 million and operating income of \$59.0 million for the three months ended March 31, 1998. We had revenue of \$1,369.1 million and operating income of \$284.3 million in the year ended December 31, 1998, and revenue of \$1,127.7 million and operating income of \$201.3 million in the year ended December 31, 1997. We believe that the \$241.4 million, or 21.4%, increase in revenue and the \$83.0 million, or 41.2%, increase in operating income from 1997 to 1998 are primarily attributable to the successful execution of our growth and operating strategies.

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

Since 1995, we have acquired numerous solid waste companies with an aggregate of over \$1.4 billion in annual revenue. We believe that we are well positioned to continue to increase our revenue and operating income through acquisitions in addition to our internal growth. We focus our acquisition growth strategy on the approximately \$8.0 billion of revenue generated by the over 5,000 privately held solid waste companies in 1997. We believe that several factors enhance our ability to acquire many of these privately held companies, including,

- increasing competition in the solid waste industry,
- increasing requirements for capital as a result of regulatory changes in the solid waste industry, and
- the existence of only a limited number of exit strategies for the owners and principals of these privately held solid waste companies.

Until our initial public offering of common stock in July 1998, we were a wholly owned subsidiary of AutoNation, Inc., formerly known as Republic Industries, Inc. Recently, AutoNation completed the sale of substantially all of its shares of our common stock through a secondary public offering.

## THE NOTES OFFERING

The Issuer.....	Republic Services, Inc., a Delaware corporation 110 S.E. Sixth Street, 28th Floor Fort Lauderdale, Florida 33301 (954) 769-2400
Notes Offered.....	\$                    aggregate principal amount of            % notes due 200 . \$                    aggregate principal amount of            % notes due 200 .
Maturity Date.....	, 200 for the 200 notes. , 200 for the 200 notes.
Interest Payment Dates.....	On                    and                    of each year, beginning on                    , 1999.
Ranking.....	The notes will rank equally with all of our other senior unsecured indebtedness, including indebtedness outstanding under our revolving credit facility.
Optional Redemption.....	We may redeem some or all of the notes at any time. We describe the redemption price under the heading "Description of the Notes -- Optional Redemption."
Form of Note.....	One or more global securities, held in the name of The Depository Trust Company.
Covenants.....	The indenture governing the notes will contain covenants that, among other things, generally will limit our ability and the ability of our subsidiaries to: - enter into sale and leaseback transactions; - consolidate, merge or sell all or substantially all of our assets; and - create liens. These covenants are subject to important exceptions and qualifications, which are described under the heading "Description of the Notes" in this prospectus.
Use of Proceeds.....	We intend to use the net proceeds from the sale of the notes to reduce amounts outstanding under our revolving credit facility.

SUMMARY HISTORICAL, PRO FORMA AND PRO FORMA AS ADJUSTED FINANCIAL DATA  
(IN MILLIONS, EXCEPT RATIOS AND PER SHARE DATA)

In the table below, we provide you with a summary of our historical, pro forma and pro forma as adjusted financial and operating data for the periods indicated. The summary historical, pro forma and pro forma as adjusted financial data set forth below should be read in conjunction with our Consolidated Financial Statements and their Notes included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations." See Notes 1, 3, 6 and 9 of Notes to Consolidated Financial Statements for a discussion of basis of presentation, business combinations, stockholders' equity and restructuring and other charges. The pro forma data set forth below assumes the initial public offering and the repayment in full of the amounts due to AutoNation occurred as of January 1, 1998. The pro forma as adjusted financial data further gives effect to the sale of \$500.0 million of the notes offered hereby and the application of net proceeds of \$495.0 million as if such transaction had occurred as of the beginning of the periods presented. The summary historical, pro forma and pro forma as adjusted financial data below is not necessarily indicative of the results of operations or financial position which would have resulted had our separation from AutoNation, our initial public offering and our sale of \$500.0 million of the notes offered hereby occurred at the beginning of the periods presented.

	THREE MONTHS ENDED MARCH 31,			YEAR ENDED DECEMBER 31,				
	PRO FORMA AS ADJUSTED 1999	1999	1998	PRO FORMA AS ADJUSTED 1998	PRO FORMA 1998	1998	1997	1996
	(UNAUDITED)							
<b>STATEMENT OF OPERATIONS DATA:</b>								
Revenue.....	\$ 403.5	\$ 403.5	\$ 300.8	\$1,369.1	\$1,369.1	\$1,369.1	\$1,127.7	\$ 953.3
Expenses:								
Cost of operations.....	244.7	244.7	185.9	842.7	842.7	842.7	723.0	628.3
Depreciation, amortization and depletion.....	33.4	33.4	23.8	106.3	106.3	106.3	86.1	75.3
Selling, general and administrative.....	46.0	46.0	32.1	135.8	135.8	135.8	117.3	135.3
Restructuring and other charges.....	--	--	--	--	--	--	--	8.8
Operating income.....	79.4	79.4	59.0	284.3	284.3	284.3	201.3	105.6
Interest expense.....	(12.7)	(11.3)	(5.4)	(33.9)	(7.4)	(44.7)	(25.9)	(29.7)
Interest income.....	2.6	2.6	.5	1.5	1.5	1.5	4.9	11.7
Other income (expense), net...	(.1)	(.1)	.3	(.9)	(.9)	(.9)	1.8	2.2
Income before income taxes....	69.2	70.6	54.4	251.0	277.5	240.2	182.1	89.8
Provision for income taxes....	26.6	27.2	19.6	90.4	99.9	86.5	65.9	38.0
Net income.....	\$ 42.6	\$ 43.4	\$ 34.8	\$ 160.6	\$ 177.6	\$ 153.7	\$ 116.2	\$ 51.8
Basic and diluted earnings per share(a).....	\$ .24	\$ .25	\$ .36	\$ .92	\$ 1.01	\$ 1.13	\$ 1.21	\$ .54
Weighted average common and common equivalent shares outstanding(a).....	175.4	175.4	95.7	175.4	175.4	135.6	95.7	95.7
	(UNAUDITED)							
<b>OTHER OPERATING DATA:</b>								
EBITDA (b).....	\$ 112.8	\$ 112.8	\$ 82.8	\$ 390.6	\$ 390.6	\$ 390.6	\$ 287.4	\$ 180.9
EBITDA margin(c).....	28.0%	28.0%	27.5%	28.5%	28.5%	28.5%	25.5%	19.0%
Capital expenditures.....	\$ 55.7	\$ 55.7	\$ 29.0	\$ 193.0	\$ 193.0	\$ 193.0	\$ 165.3	\$ 146.9
Cash flows from operating activities.....	63.2	64.0	80.3	278.0	295.0	271.1	279.4	143.5
Cash flows from investing activities.....	(489.1)	(489.1)	(21.2)	(607.4)	(607.4)	(607.4)	(168.1)	(175.7)
Cash flows from financing activities.....	(116.2)	(116.2)	(59.1)	892.9	892.9	892.9	(135.5)	20.3
Ratio of earnings to fixed charges(d).....	5.4x	5.9x	9.9x	7.6x	25.3x	5.9x	7.3x	3.7x





	MARCH 31,		DECEMBER 31,		
	PRO FORMA AS ADJUSTED		1998	1997	1996
	1999	1999			
	(UNAUDITED)				
BALANCE SHEET DATA:					
Cash and cash equivalents.....	\$ 15.3	\$ 15.3	\$ 556.6	\$ --	\$ 24.2
Total assets.....	2,793.3	2,788.3	2,812.1	1,348.0	1,090.3
Amounts due to AutoNation(e).....	--	--	--	266.1	254.9
Total debt.....	947.6	942.6	1,057.1	75.1	142.7
Total stockholders' equity.....	1,344.5	1,344.5	1,299.1	750.8	494.5

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- (a) Prior to our initial public offering on July 1, 1998, we had only 100 shares of common stock outstanding, all of which were owned by AutoNation. Historical share and per share data have been retroactively adjusted for the recapitalization of our 100 shares of common stock into 95.7 million shares of common stock in July 1998.
- (b) EBITDA represents operating income plus depreciation, amortization and depletion. While EBITDA data should not be construed as a substitute for operating income, net income or cash flows from operations in analyzing our operating performance, financial position and cash flows, we have included EBITDA data, which is not a measure of financial performance under generally accepted accounting principles, because we believe that this data is commonly used by certain investors to evaluate a company's performance in the solid waste industry. Due to the fact that not all companies calculate non-GAAP measures in the same manner, the EBITDA presentation herein may not be comparable to similarly titled measures reported by other companies.
- (c) EBITDA margin represents EBITDA divided by revenue.
- (d) The ratio of earnings to fixed charges is determined by dividing the sum of income before income taxes, interest expense, income tax expense and a portion of rent expense representative of the interest component by the sum of interest expense and the portion of rent expense representative of the interest component.
- (e) In July 1998, we repaid all amounts due to AutoNation as of June 30, 1998 through the issuance of common stock and through all of the proceeds of our initial public offering.

## RISK FACTORS

You should carefully consider the risks below before making a decision to invest in our notes. You should carefully consider these risk factors, together with all of the other information included in this prospectus, before you make an investment decision.

If any of the following risks, or other risks not presently known to us or that we currently believe to not be significant, develop into actual events, then our business, financial condition, results of operations or prospects could be materially adversely affected.

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

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

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

In each market in which we own or operate a landfill, we compete for solid waste volume on the basis of disposal or "tipping" fees, geographical location and quality of operations. Our ability to obtain solid waste volume for our landfills may be limited by the fact that some major collection companies also own or operate landfills to which they send their waste.

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

As a result, we may have difficulty competing effectively from time to time.

WE MAY BE UNABLE TO EXECUTE OUR ACQUISITION GROWTH STRATEGY.

Our ability to execute our growth strategy depends in part on our ability to identify and acquire desirable acquisition candidates as well as our ability to successfully integrate the acquired operations into our business. The consolidation of our operations with the operations of acquired companies, including the integration of systems, procedures, personnel and facilities, the relocation of staff, and the achievement of anticipated cost savings, economies of scale and other business efficiencies, presents significant challenges to our management, particularly if several acquisitions occur at the same time. In short, we cannot assure you that:

- we will be able to identify desirable acquisition candidates;
- we will be able to acquire any of the identified candidates;
- we will effectively integrate companies which are acquired and fully realize the expected cost savings, economies of scale or business efficiencies; or
- any acquisitions will be profitable or accretive to our earnings.

Additional factors may negatively impact our acquisition growth strategy. Our acquisition strategy requires spending significant amounts of capital. If we are unable to obtain additional needed financing on acceptable terms, we may need to reduce the scope of our acquisition growth strategy, which could have a material adverse effect on our growth prospects. The intense competition among our competitors pursuing the same acquisition candidates may increase purchase prices for solid waste

businesses and increase our capital requirements. In addition, our inability to account for acquisitions under the pooling of interests method of accounting until May 2001 may impede our ability to complete some transactions. If any of the aforementioned factors force us to alter our growth strategy, our financial condition, results of operations and growth prospects could be adversely affected.

WE MAY BE UNABLE TO MANAGE OUR GROWTH EFFECTIVELY.

Our growth strategy places significant demands on our financial, operational and management resources. In order to continue our growth, and to operate independently of AutoNation, we will need to add administrative and other personnel, and make additional investments in operations and systems. We cannot assure you that we will be able to find and train qualified personnel, or do so on a timely basis, or expand our operations and systems to the extent, and in the time, required.

BUSINESSES WE ACQUIRE MAY HAVE UNDISCLOSED LIABILITIES.

In pursuing our acquisition strategy, our investigations of the acquisition candidates may fail to discover certain undisclosed liabilities of the acquisition candidates. If we acquire a company having undisclosed liabilities, as a successor owner we may be responsible for such undisclosed liabilities. We typically try to minimize our exposure to such liabilities by obtaining indemnification from each seller of the acquired companies, by deferring payment of a portion of the purchase price as a security for the indemnification and by acquiring only specified assets. However, we cannot assure you that we will be able to obtain indemnifications or that they will be enforceable, collectible or sufficient in amount, scope or duration to fully offset any undisclosed liabilities arising from our acquisitions.

WE DEPEND ON KEY PERSONNEL.

Our future success depends on the continued contributions of several key employees and officers. Most of our officers do not have employment agreements and we do not maintain key man life insurance policies on any of our officers. The loss of the services of key employees and officers, whether such loss is through resignation or other causes, or the inability to attract additional qualified personnel, could have a material adverse effect on our financial condition, results of operations and growth prospects.

COMPLIANCE WITH ENVIRONMENTAL REGULATION MAY IMPEDE OUR GROWTH.

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

Citizens' groups have become increasingly active in challenging the grant or renewal of permits and licenses for landfills and other waste facilities. Responding to the challenges presented by those

citizens' groups has at times further increased our costs and extended the time associated with establishing new facilities and expanding existing facilities.

We currently accrue for landfill closure and post-closure costs based on consumption of landfill airspace. As of December 31, 1998, assuming that all available landfill capacity is used, we expect to expense approximately \$370.5 million of landfill closure and post-closure costs over the remaining lives of these facilities. We cannot assure you that our reserves for landfill and environmental costs will be adequate to cover the requirements of existing environmental regulations, future changes or interpretations of existing regulations or the identification of adverse environmental conditions previously unknown to us.

POTENTIAL YEAR 2000 PROBLEMS MAY ADVERSELY AFFECT OUR BUSINESS.

We use computer software and related technologies throughout our business that are likely to be affected by the date change in the year 2000. We may not discover and remediate all potential problems with our systems in a timely manner. In addition, computer software and related technologies used by our customers, service providers, vendors and suppliers are likely to be affected by the year 2000 date change. Failure of any of these parties to properly process dates for the year 2000 and thereafter could result in unanticipated expenses and delays to us, including delays in the payment by our customers for services provided and delays in our ability to conduct normal banking operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Year 2000."

SEASONAL CHANGES AND ECONOMIC FLUCTUATIONS MAY ADVERSELY AFFECT OUR BUSINESS AND OPERATIONS.

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

Our commercial and industrial collection operations, and our landfills which accept construction and demolition debris, may be adversely affected by periods of economic downturn or declines in the construction industry.

OUR AGREEMENTS WITH AUTONATION MAY NOT BE AS FAVORABLE AS AGREEMENTS WITH THIRD PARTIES.

We entered into agreements with AutoNation while we were its wholly owned subsidiary. We cannot assure you that these agreements were made on terms as favorable as could have been obtained from parties with whom we were not related.

## USE OF PROCEEDS

The net proceeds we will receive from the sale of the notes are estimated to be \$495.0 million, after deducting the underwriting discount and other offering expenses.

We expect to use the net proceeds from this offering to repay \$378.0 million and \$117.0 million of the short-term and long-term portions of our revolving credit facility, respectively, which amounts will be available to be reborrowed. Our credit facility is unsecured and consists of a long-term revolving credit facility of \$500.0 million expiring July 2003 and a short-term revolving credit facility of \$500.0 million expiring July 1999. Interest under the revolving credit facility is based on LIBOR rates. We used the proceeds of our revolving credit facility to complete acquisitions and to fund capital expenditures, as well as for working capital.

## CAPITALIZATION

The following table summarizes our capitalization as of March 31, 1999 and as adjusted to give effect to our receipt of the estimated net proceeds from the sale by our company of \$500.0 million of the notes we are selling hereunder. For the three months ended March 31, 1999, our borrowings under our short-term and long-term credit facility had a weighted average interest rate of 5.71%. You should read this information in conjunction with our Consolidated Financial Statements and the related Notes that appear in this prospectus beginning on page F-1.

	AS OF MARCH 31, 1999	
	ACTUAL	PRO FORMA AS ADJUSTED
	(IN MILLIONS, EXCEPT SHARE DATA)	
Cash and cash equivalents.....	\$ 15.3	\$ 15.3
Notes payable and current maturities of long-term debt:		
Short-term credit facility(1).....	\$ 378.0	\$ --(4)
Other debt.....	7.2	7.2
Total notes payable and current maturities of long-term debt.....	385.2	7.2
Long-term debt, net of curent maturities:		
Long-term credit facility.....	500.0	383.0(4)
Senior notes.....	--	500.0
Other debt.....	57.4	57.4
Total long-term debt.....	557.4	940.4
Total debt(2).....	942.6	947.6
Stockholders' equity:		
Preferred stock, par value \$.01 per share; 50,000,000 shares authorized; none issued.....	--	--
Common stock, par value \$.01 per share; 375,000,000 shares authorized; 175,412,500 shares issued and outstanding(3).....	1.8	1.8
Additional paid-in capital.....	1,205.5	1,205.5
Retained earnings.....	137.2	137.2
Total stockholders' equity.....	1,344.5	1,344.5
Total capitalization.....	\$2,287.1	\$2,292.1

(1) We are currently negotiating with our lenders to extend the maturity of the portion of our credit facility expiring July 1999 to July 2000.

(2) For a description of our outstanding debt, see "Description of Other Indebtedness."

(3) Excludes (A) 12.6 million shares subject to options outstanding as of April 30, 1999 and (B) 7.4 million additional shares reserved for issuance pursuant to options available for grant under our stock option plan. See "Management -- Stock Incentive Plan."

(4) Reflects repayment of \$378.0 million and \$117.0 million of the short-term and long-term portions of our credit facility.

SELECTED FINANCIAL DATA  
(IN MILLIONS EXCEPT RATIOS AND PER SHARE DATA)

The following table presents selected financial data of our company for the periods and dates indicated. Our selected statement of operations data and other operating data for each of the full fiscal years 1998, 1997, 1996 and 1995, and our selected balance sheet data at December 31, 1998, 1997 and 1996 presented below were derived from our Consolidated Financial Statements, which have been audited by Arthur Andersen LLP, independent certified public accountants. Our selected statement of operations data and other operating data for the full fiscal year 1994, and our selected balance sheet data at December 31, 1995 and 1994 presented below are derived from our unaudited consolidated financial statements, which we believe reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data. Our selected financial data for the three months ended March 31, 1999 and 1998 and as of March 31, 1999 are derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements include all material adjustments, consisting only of normal recurring adjustments, which we consider necessary for a fair presentation of our financial position and results of operations for these periods. Operating results for the three months ended March 31, 1999 are not necessarily indicative of the results that may be expected for a full year. You should read the following selected financial data along with our Consolidated Financial Statements and their Notes as of March 31, 1999 (unaudited) and December 31, 1998 and 1997 and for the three months ended March 31, 1999 and 1998 (unaudited) and for each of the three years in the period ended December 31, 1998, included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations." See Notes 1, 3, 6 and 9 of the Notes to our Consolidated Financial Statements for a discussion of basis of presentation, business combinations, stockholders' equity and restructuring and other charges and their effect on comparability of year-to-year data.

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,				
	1999	1998	1998	1997	1996	1995	1994
	(UNAUDITED)		(UNAUDITED)				
<b>STATEMENT OF OPERATIONS DATA:</b>							
Revenue.....	\$403.5	\$300.8	\$1,369.1	\$1,127.7	\$953.3	\$805.0	\$610.1
Expenses:							
Cost of operations.....	244.7	185.9	842.7	723.0	628.3	507.1	380.8
Depreciation, amortization and depletion.....	33.4	23.8	106.3	86.1	75.3	63.0	53.2
Selling, general and administrative.....	46.0	32.1	135.8	117.3	135.3	137.7	115.0
Restructuring and other charges.....	--	--	--	--	8.8	3.3	--
Operating income.....	79.4	59.0	284.3	201.3	105.6	93.9	61.1
Interest expense.....	(11.3)	(5.4)	(44.7)	(25.9)	(29.7)	(19.1)	(13.2)
Interest income.....	2.6	.5	1.5	4.9	11.7	4.4	1.5
Other income (expense), net.....	(.1)	.3	(.9)	1.8	2.2	1.8	(5.5)
Income from continuing operations before income taxes.....	70.6	54.4	240.2	182.1	89.8	81.0	43.9
Provision for income taxes.....	27.2	19.6	86.5	65.9	38.0	31.6	17.0
Income from continuing operations.....	43.4	34.8	153.7	116.2	51.8	49.4	26.9
Loss from discontinued operations.....	--	--	--	--	--	(24.8)	(5.4)
Net income.....	\$ 43.4	\$ 34.8	\$ 153.7	\$ 116.2	\$ 51.8	\$ 24.6	\$ 21.5
Basic and diluted earnings per share(a)...	\$ .25	\$ .36	\$ 1.13	\$ 1.21	\$ .54	\$ .26	\$ .22
Weighted average common and common equivalent shares outstanding(a).....	175.4	95.7	135.6	95.7	95.7	95.7	95.7

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,				
	1999	1998	1998	1997	1996	1995	1994
	(UNAUDITED)		(UNAUDITED)				
<b>OTHER OPERATING DATA:</b>							
EBITDA (b).....	\$112.8	\$ 82.8	\$ 390.6	\$ 287.4	\$180.9	\$156.9	\$114.3
EBITDA margin(c).....	28.0%	27.5%	28.5%	25.5%	19.0%	19.5%	18.7%
Capital expenditures.....	\$ 55.7	\$ 29.0	\$ 193.0	\$ 165.3	\$146.9	\$147.9	\$ 41.8
Cash flows from operating activities.....	64.0	80.3	271.1	279.4	143.5	125.4	59.0
Cash flows from investing activities.....	(489.1)	(21.2)	(607.4)	(168.1)	(175.7)	(110.7)	(62.4)
Cash flows from financing activities.....	(116.2)	(59.1)	892.9	(135.5)	20.3	2.8	5.8
Ratio of earnings to fixed charges(d).....	5.9x	9.9x	5.9x	7.3x	3.7x	4.4x	3.6x





	MARCH 31, 1999	DECEMBER 31,				
		1998	1997	1996	1995	1994
	(UNAUDITED)	(UNAUDITED)				
<b>BALANCE SHEET DATA:</b>						
Cash and cash equivalents.....	\$ 15.3	\$ 556.6	\$ --	\$ 24.2	\$ 36.1	\$ 39.2
Total assets.....	2,788.3	2,812.1	1,348.0	1,090.3	838.9	681.1
Amounts due to AutoNation(e).....	--	--	266.1	254.9	125.0	27.4
Total debt.....	942.6	1,057.1	75.1	142.7	160.1	195.2
Total stockholders' equity.....	1,344.5	1,299.1	750.8	494.5	372.2	272.4

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- (a) Prior to our initial public offering on July 1, 1998, we had only 100 shares of common stock outstanding, all of which AutoNation owned. Historical share and per share data have been retroactively adjusted for the recapitalization of our 100 shares of common stock into 95.7 million shares of common stock in July 1998.
- (b) EBITDA represents operating income plus depreciation, amortization and depletion. While EBITDA data should not be construed as a substitute for operating income, net income or cash flows from operations in analyzing our operating performance, financial position and cash flows, we have included EBITDA data, which is not a measure of financial performance under generally accepted accounting principles, because we believe that this data is commonly used by certain investors to evaluate a company's performance in the solid waste industry. Due to the fact that not all companies calculate non-GAAP measures in the same manner, the EBITDA presentation herein may not be comparable to similarly titled measures reported by other companies.
- (c) EBITDA margin represents EBITDA divided by revenue.
- (d) The ratio of earnings to fixed charges is determined by dividing the sum of income before income taxes, interest expense, income tax expense and a portion of rent expense representative of the interest component by the sum of interest expense and the portion of rent expense representative of the interest component.
- (e) In July 1998, we repaid all amounts due to AutoNation as of June 30, 1998 through the issuance of common stock and through all of the proceeds of our initial public offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Consolidated Financial Statements and their Notes contained in this prospectus. All references to historical share and per share data of our common stock have been retroactively adjusted for the recapitalization of the 100 shares of our common stock into 95,688,083 shares of common stock in July 1998.

OVERVIEW

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

As part of the separation, and prior to our initial public offering of common stock, we declared and paid a \$2.0 billion dividend in April 1998 to AutoNation with a series of promissory notes. In addition, we owed AutoNation approximately \$139.5 million and owed Republic Resources Company, at that time a subsidiary of ours, approximately \$165.4 million, net of an approximate \$90.5 million that Resources owed to our company. On June 30, 1998, we repaid \$565.4 million of the promissory notes that we owed to AutoNation with cash, assets we received from Resources and with the receivable that Resources owed to our company. In addition, we distributed all of our shares of common stock of Resources to AutoNation. We repaid the approximately \$139.5 million we owed to AutoNation and the approximately \$255.9 million we owed to Resources by issuing 16,474,417 shares of our common stock to AutoNation, and we repaid the remaining balance of the promissory notes due to AutoNation with the net proceeds from our issuance and sale of 63,250,000 shares of common stock in our initial public offering completed in July 1998, which totalled approximately \$1.4 billion.

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

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

In March 1999, AutoNation exercised registration rights that it had with our company in order to be able to sell its entire interest in our company, consisting of approximately 112.2 million shares of common stock, and in May 1999, AutoNation sold 100.0 million shares of common stock in a secondary public offering. The remaining 12.2 million shares owned by AutoNation are subject to an over-allotment option which may be exercised by the underwriters in whole or in part on or before May 26, 1999. We received no proceeds in the secondary public offering and will receive no proceeds upon any exercise by the underwriters of the over-allotment option.

Prior to our initial public offering, our employees received options under AutoNation's stock option plans. In March 1999, options to purchase approximately 8.3 million shares of AutoNation common stock were cancelled and were replaced, on a one-for-one basis, with options to purchase shares of our common stock under our 1998 Stock Incentive Plan. These replacement options retained the vesting and exercise rights of the original options, subject to exercise limitations for individuals who signed stock option repricing agreements with AutoNation. The individual

replacement options are priced so that the unrealized gain or loss on each grant of AutoNation options will generally be maintained under the replacement options. The compensation expense related to our granting of replacement options with exercise prices below the quoted market price of the common stock at the date of grant is approximately \$2.0 million, which we recorded in the first quarter of 1999 as a one-time charge to earnings. As of April 30, 1999, options to purchase a total of approximately 12.6 million shares of Class A common stock, at a weighted average exercise price of \$18.50 per share, were outstanding under our 1998 Stock Incentive Plan, approximately 2.6 million of which were exercisable.

Prior to our initial public offering, we were a wholly owned subsidiary of AutoNation. As a result, AutoNation provided us with various services including:

- 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.

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

The historical consolidated financial information included in this prospectus does not necessarily reflect what our financial position and results of operations would have been had we been operated as a separate, stand-alone entity during the periods presented.

## OUR BUSINESS

We are a leading provider of non-hazardous solid waste collection and disposal services in the United States. We provide solid waste collection services for commercial, industrial, municipal and residential customers through 139 collection companies in 26 states. We also own or operate 76 transfer stations and 58 solid waste landfills.

We generate revenue primarily from our solid waste collection operations, and our remaining revenue is from landfill disposal services and other services, including recycling and composting operations. Collection, transfer and disposal, recycling and other services accounted for approximately 78.7%, 10.1%, 3.1% and 8.1%, respectively, of consolidated revenue for the year ended December 31, 1998.

Our revenue from collection operations consists of fees we receive from commercial, industrial, municipal and residential customers. In 1998, our revenue from collection services was approximately one third from services provided to commercial customers, one third from services provided to industrial customers and one third from services provided to municipal and residential customers. Our residential and commercial collection operations in some markets are based on long-term contracts with municipalities. We generally provide industrial and commercial collection operations to individual customers under contracts with terms up to three years. Our revenue from landfill operations is from disposal or tipping fees charged to third parties. In general, we integrate our recycling operations with our collection operations and obtain revenue from the sale of recyclable materials. No one customer has individually accounted for more than 10% of our consolidated revenue in any of the last three years.

The cost of our collection operations is primarily variable and includes disposal, labor, fuel and equipment maintenance costs. We try to be more efficient by controlling the movement of waste streams from the point of collection through disposal. During 1998, we disposed of approximately 40% of the total volume of waste we collected at our landfills. Our landfill cost of operations includes most daily operating expenses, costs of capital for cell development, accruals for closure and post-closure costs, and the legal and administrative costs of ongoing environmental compliance. We expense all indirect landfill development costs as they are incurred and we capitalize and deplete the following direct landfill development costs based on consumed airspace:

- engineering,
- upgrading,
- cell construction and
- permitting costs.

## BUSINESS COMBINATIONS

We make decisions to acquire or invest in businesses based on financial and strategic considerations.

We have retroactively included significant businesses that we acquired and accounted for under the pooling of interests method of accounting in our consolidated financial statements as if the companies had operated as one entity since inception. We have included businesses that we acquired and accounted for under the purchase method of accounting in our consolidated financial statements from the date of acquisition.

In September 1998, we signed an agreement with Waste Management, Inc. to acquire assets and to enter into disposal agreements at various Waste Management facilities. By March 1999, we had

completed the purchase of the assets for approximately \$438.0 million in cash plus properties. The assets included 16 landfills, 11 transfer stations and 139 commercial collection routes across the United States, and were accounted for under the purchase method of accounting. \$251.1 million of the purchase price for these assets was paid during the three months ended March 31, 1999.

In addition to the acquisitions from Waste Management, we also acquired various other solid waste businesses during the three months ended March 31, 1999, which were accounted for under the purchase method of accounting. The aggregate purchase price we paid in these transactions was \$189.9 million in cash.

Prior to our initial public offering, AutoNation acquired various businesses operating in the solid waste services industry using cash and shares of AutoNation common stock. AutoNation then contributed these businesses to our company. We have applied the same accounting method AutoNation used in accounting for business acquisitions.

During the year ended December 31, 1998, AutoNation acquired various solid waste services businesses which it contributed to our company. The aggregate purchase price AutoNation paid in transactions accounted for under the purchase method of accounting was \$128.3 million, consisting of cash and approximately 3.4 million shares of AutoNation common stock. Subsequent to our initial public offering, we acquired various solid waste businesses. The aggregate purchase price we paid in transactions accounted for under the purchase method of accounting was \$450.5 million consisting of cash and certain properties. Cost in excess of fair value of net assets acquired for 1998 acquisitions totaled approximately \$572.4 million. As of December 31, 1998, we had intangible assets, net of accumulated amortization, of \$918.3 million, which consists primarily of the cost in excess of fair value of net assets acquired. We amortize cost in excess of the fair value of net assets acquired over 40 years on a straight-line basis. As of December 31, 1998, the amortization expense associated with these intangible assets on an annualized basis is approximately \$32.2 million. We believe the 40 year life assigned to the cost in excess of the fair value of net assets acquired is reasonable as the businesses we acquired are generally well-established companies which have been in existence for many years and have stable, long-term customer relationships.

During the year ended December 31, 1997, AutoNation acquired various solid waste services businesses which it contributed to our company. The aggregate purchase price AutoNation paid in transactions accounted for under the purchase method of accounting was \$147.9 million, consisting of cash and approximately 5.7 million shares of AutoNation common stock. Cost in excess of the fair value of net assets acquired in these acquisitions totaled \$149.1 million. In addition, AutoNation issued an aggregate of approximately 34.1 million shares of AutoNation common stock in transactions accounted for under the pooling of interests method of accounting. Included in the shares of AutoNation common stock issued in acquisitions accounted for under the pooling of interests method of accounting are approximately 0.3 million shares issued for acquisitions that were not material individually or in the aggregate and, consequently, prior period financial statements were not restated for such acquisitions.

During the year ended December 31, 1996, AutoNation acquired various solid waste services businesses which it contributed to our company. The aggregate purchase price AutoNation paid in transactions accounted for under the purchase method of accounting was \$87.6 million, consisting of cash and approximately 6.6 million shares of AutoNation common stock. Cost in excess of the fair value of net assets acquired in these acquisitions totaled \$73.6 million. In addition, AutoNation issued an aggregate of approximately 40.0 million shares of AutoNation common stock in transactions accounted for under the pooling of interests method of accounting. Included in the shares of AutoNation common stock issued in acquisitions accounted for under the pooling of interests method

of accounting are approximately 1.1 million shares issued for acquisitions that were not material individually or in the aggregate and, consequently, prior period financial statements were not restated for such acquisitions.

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

#### PRO FORMA CONSOLIDATED RESULTS OF OPERATIONS

Our pro forma net income was \$177.6 million, or \$1.01 per share, for the year ended December 31, 1998. Our pro forma operating results assume our initial public offering and the repayment in full of the amounts we owed to AutoNation had occurred as of January 1, 1998.

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

#### CONSOLIDATED RESULTS OF OPERATIONS

Three Months Ended March 31, 1999 and 1998

Net income was \$43.4 million for the three months ended March 31, 1999, or \$.25 per share, as compared to \$34.8 million, or \$.36 per share, for the three months ended March 31, 1998.

The following table summarizes our costs and expenses in millions of dollars and as a percentage of our revenue for the three months ended March 31:

	1999	%	1998	%
	-----	-----	-----	-----
	(UNAUDITED)			
Revenue.....	\$403.5	100.0%	\$300.8	100.0%
Cost of operations.....	244.7	60.6	185.9	61.8
Depreciation, amortization and depletion.....	33.4	8.3	23.8	7.9
Selling, general and administrative expenses.....	42.0	10.4	32.1	10.7
Other charges.....	4.0	1.0	--	--
	-----	-----	-----	-----
Operating income.....	\$ 79.4	19.7%	\$ 59.0	19.6%
	=====	=====	=====	=====

Revenue. Revenue was \$403.5 million and \$300.8 million for the three months ended March 31, 1999 and 1998, respectively, which was an increase of 34.1%. Internal growth, consisting of price and primarily volume, accounted for 8.1% of the increase, and "tuck-in" acquisitions contributed 10.8%. Other acquisitions accounted for the remaining 15.2% of the increase.

Cost of Operations. Cost of operations was \$244.7 million for the three months ended March 31, 1999, versus \$185.9 million for the comparable 1998 period. The increase in aggregate dollars is primarily due to acquisitions. Cost of operations as a percentage of revenue was 60.6% for the three months ended March 31, 1999, versus 61.8% for the comparable 1998 period. The decrease in these costs as a percentage of revenue is primarily a result of improved operating efficiencies and an increase in higher margin landfill operations primarily due to acquisitions.

Depreciation, Amortization and Depletion. Depreciation, amortization and depletion expenses were \$33.4 million for the three months ended March 31, 1999, versus \$23.8 million for the comparable 1998 period. The increase in aggregate dollars is primarily due to acquisitions. Depreciation, amortization and depletion expenses as a percentage of revenue were 8.3% for the three months ended March 31, 1999, versus 7.9% for the comparable 1998 period. The increase in such expenses as a percentage of revenue is primarily the result of an increase in amortization expense due to acquisitions.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$42.0 million for the three months ended March 31, 1999, versus \$32.1 million for the comparable 1998 period. The increase in aggregate dollars is primarily due to acquisitions. Selling, general and administrative expenses as a percentage of revenue were 10.4% for the three months ended March 31, 1999, versus 10.7% for the comparable 1998 period. The decrease in such expenses as a percentage of revenue is primarily due to leveraging our existing overhead structure over an expanding revenue base.

Included in selling, general and administrative expenses are fees paid to AutoNation under the services agreement of \$2.7 million for the three months ended March 31, 1999 and allocations of AutoNation's corporate general and administrative costs to us of \$3.8 million for the three months ended March 31, 1998. See Note 10, Related Party Transactions, of the Notes to our Consolidated Financial Statements for further information.

Other Charges. Other charges were \$4.0 million for the three months ended March 31, 1999. These costs relate to our separation from AutoNation and consist primarily of \$2.0 million of compensation expense related to the granting of replacement employee stock options at exercise prices below the quoted market price of our common stock on the date the options were granted and \$2.0 million of additional charges directly related to this separation. We expect to incur an additional \$1.5 to \$2.0 million in additional separation costs during the second quarter of 1999.

Interest Expense. Interest expense was \$11.3 million for three months ended March 31, 1999, versus \$5.4 million for the comparable 1998 period. Interest expense for the three months ended March 31, 1999 is primarily due to revolving credit facility borrowings and debt assumed in acquisitions. Borrowings under our revolving credit facility were used primarily to fund acquisitions. Interest expense for the three months ended March 31, 1998 was primarily due to \$4.8 million of interest expense on borrowings from AutoNation and interest expense on debt assumed in acquisitions. All amounts due to AutoNation were repaid in full in July 1998 through the issuance of shares of our Class A common stock and proceeds from our initial public offering.

Interest Income. Interest income was \$2.6 million for the three months ended March 31, 1999, versus \$.5 million for the comparable 1998 period. The increase in interest income for the three months ended March 31, 1999, versus the comparable period in 1998 is primarily due to higher average cash balances on hand during 1999.

Income Taxes. Our provision for income taxes was \$27.2 million for the three months ended March 31, 1999, versus \$19.6 million for the comparable 1998 period. Our effective income tax rate was 38.5% and 36.0% for the three months ended March 31, 1999 and 1998, respectively. Income taxes have been provided based upon our anticipated annual effective tax rate.

Years Ended December 31, 1998, 1997 and 1996

Our net income was \$153.7 million for the year ended December 31, 1998, as compared to \$116.2 million in 1997 and \$51.8 million in 1996. Our operating results for the year ended December 31, 1996 includes restructuring and other charges further described below.

The following table summarizes our costs and expenses in millions of dollars and as a percentage of our revenue for 1996 through 1998:

	1998	%	1997	%	1996	%
	-----	-----	-----	-----	-----	-----
Revenue.....	\$1,369.1	100.0%	\$1,127.7	100.0%	\$ 953.3	100.0%
Cost of operations.....	842.7	61.6	723.0	64.1	628.3	65.9
Depreciation, amortization and depletion.....	106.3	7.8	86.1	7.6	75.3	7.9
Selling, general and administrative expenses.....	135.8	9.9	117.3	10.4	135.3	14.2
Restructuring and other charges.....	--	--	--	--	8.8	.9
Operating income.....	\$ 284.3	20.8%	\$ 201.3	17.9%	\$ 105.6	11.1%
	=====	=====	=====	=====	=====	=====

Revenue. Revenue was \$1,369.1 million, \$1,127.7 million and \$953.3 million for the years ended December 31, 1998, 1997 and 1996, respectively. The increase in 1998 over 1997 of \$241.4 million, or 21.4%, is a result of internal growth consisting of price and primarily volume, which accounted for 7.0% of the increase, tuck-in acquisitions which accounted for 5.8% of the increase, and other acquisitions which accounted for 8.6% of the increase. The increase in 1997 over 1996 of \$174.4 million, or 18.3%, is a result of internal growth, consisting of price and primarily volume, which accounted for 7.4% of the increase, and tuck-in acquisitions, which accounted for 3.4% of the increase and other acquisitions, which accounted for 7.5% of the increase.

Cost of Operations. Cost of operations was \$842.7 million, \$723.0 million and \$628.3 million or, as a percentage of revenue, 61.6%, 64.1% and 65.9%, for the years ended December 31, 1998, 1997 and 1996, respectively. The increases in aggregate dollars are a result of the expansion of our operations through acquisitions and internal growth. The decreases in cost of operations as a percentage of revenue are primarily a result of our improved operating efficiencies.

Depreciation, Amortization and Depletion. Depreciation, amortization and depletion expenses were \$106.3 million, \$86.1 million and \$75.3 million or, as percentages of revenue, 7.8%, 7.6% and 7.9%, for the years ended December 31, 1998, 1997 and 1996, respectively. The increases in depreciation, amortization and depletion expenses in aggregate dollars are primarily due to our acquisitions.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$135.8 million, \$117.3 million and \$135.3 million or, as percentages of revenue, 9.9%, 10.4% and 14.2%, for the years ended December 31, 1998, 1997 and 1996, respectively. The decreases in selling, general and administrative expenses as percentages of revenue in each of the years are primarily due to applying our existing overhead structure over an expanding revenue base. Included in selling, general and administrative expenses are allocations of AutoNation's corporate general and administrative costs of \$7.5 million, \$10.2 million and \$8.4 million for the years ended December 31, 1998, 1997 and 1996, respectively, and fees paid to AutoNation under the services agreement of \$7.5 million for the year ended December 31, 1998. See Note 10, Related Party Transactions, of the Notes to our Consolidated Financial Statements for further information.

Restructuring and Other Charges. We recorded restructuring and other charges of approximately \$8.8 million for the year ended December 31, 1996, which includes costs to close certain landfill operations, asset write-offs and merger expenses associated with certain business combinations accounted for under the pooling of interests method of accounting.

Operating Income. Operating income was \$284.3 million, \$201.3 million and \$105.6 million for the years ended December 31, 1998, 1997 and 1996, respectively. Excluding restructuring and other charges, operating income would have been \$114.4 million in 1996.



Interest Expense. We incurred interest expense on our revolving credit facility, on amounts due to AutoNation and on the debt we assumed in acquisitions. Interest expense was \$44.7 million, \$25.9 million and \$29.7 million for the years ended December 31, 1998, 1997 and 1996, respectively, and includes interest expense on amounts due to AutoNation of \$37.3 million, \$20.2 million and \$18.8 million for the years ended December 31, 1998, 1997 and 1996, respectively. We repaid in full the amounts due to AutoNation in July 1998 by issuing our common stock and from the net proceeds of our initial public offering. Pro forma interest expense was \$7.4 million for the year ended December 31, 1998.

Interest and Other Income. Interest and other income was \$0.6 million, \$6.7 million and \$13.9 million for the years ended December 31, 1998, 1997 and 1996, respectively. The variances during the periods are primarily due to fluctuations in cash balances on hand and related interest income.

Income Taxes. Our provision for income taxes was \$86.5 million, \$65.9 million and \$38.0 million for the years ended December 31, 1998, 1997 and 1996, respectively. The effective income tax rate was 36.0%, 36.2% and 42.3% for the years ended December 31, 1998, 1997 and 1996, respectively. The higher 1996 effective income tax rate is primarily due to varying higher historical effective income tax rates of acquired businesses.

As of our initial public offering on July 1, 1998, we are no longer included in AutoNation's federal tax returns.

#### ENVIRONMENTAL AND LANDFILL MATTERS

As of April 30, 1999, we owned or operated 58 solid waste landfills. We owned or operated 48 solid waste landfills with approximately 6,200 permitted acres and total available permitted disposal capacity of approximately 1.2 billion in-place cubic yards as of December 31, 1998. As of December 31, 1998 and 1997, we had 1,230.1 million and 1,104.7 million, respectively, in-place cubic yards of available airspace at our landfills. Airspace increased during 1998 by 125.4 million cubic yards as a result of landfills we acquired and internally developed totaling 145.3 million cubic yards, offset by consumption of 19.9 million cubic yards during the year.

We provide 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. We accrued these costs based on consumed airspace at the landfills. We estimate our future cost requirements for closure and post-closure monitoring and maintenance for our solid waste facilities based on our 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 our total estimated costs. We have engineering reviews of the future cost requirements for closure and post-closure monitoring and maintenance for our operating landfills generally performed on an annual basis. These reviews provide the basis upon which we estimate future costs and revise the related accruals. Changes in these estimates primarily relate to modifications in available airspace, inflation and changes in regulations, all of which we take into consideration annually. As of December 31, 1998, assuming that all available landfill capacity is used, we expect to expense approximately \$370.5 million of these costs over the remaining lives of these facilities.

As of December 31, 1998 and 1997, accrued closure and post-closure costs associated with landfills were \$73.4 million and \$47.3 million, respectively. The current and long-term portion of these costs reflected in our Consolidated Balance Sheets are included in other current liabilities and

accrued environmental and landfill costs, respectively. The increase in such accruals resulted primarily from landfill acquisitions.

We accrue costs related to environmental remediation activities through a charge to income in the period such liabilities become probable and can be reasonably estimated.

#### FINANCIAL CONDITION

At December 31, 1998, we had \$556.6 million of unrestricted cash. We used this cash primarily to fund acquisitions in the first quarter of 1999. At March 31, 1999, we had \$15.3 million of unrestricted cash.

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

Prior to our initial public offering, we obtained working capital and capital for our general corporate purposes, including acquisitions, from AutoNation. Since our initial public offering, AutoNation has not provided funds to finance our operations or acquisitions. We use our own operating cash flow to finance our working capital, acquisitions and other requirements. Additionally, in July 1998, we entered into a \$1.0 billion unsecured revolving credit facility with a group of banks. \$500.0 million of the credit facility has a term expiring in July 1999 and the remaining \$500.0 million has a term expiring in July 2003. Borrowings under the credit facility bear interest at LIBOR-based rates. We use proceeds from the credit facility for working capital needs, capital expenditures and acquisitions. As of March 31, 1999, we had approximately \$109.0 million of availability under the short-term portion of the credit facility.

The net proceeds from this offering will be used to repay amounts outstanding under our revolving credit facility, which amounts will be available to be reborrowed. In addition, we expect to extend the maturity of our revolving short-term credit facility, prior to its expiration in July 1999, to July 2000. At present, we believe that we will be able to raise additional debt or equity financing to fund general corporate needs and to complete acquisitions; however, we cannot assure you that we will be able to obtain additional financing under favorable terms.

We believe that we have sufficient financial resources available to meet our anticipated capital requirements and obligations as they come due.

#### LIQUIDITY AND CAPITAL RESOURCES

The major components of changes in cash flows for the three months ended March 31, 1999 and 1998 and for the years ended December 31, 1998, 1997 and 1996 are discussed below.

**Cash Flows from Operating Activities.** Cash provided by operating activities was \$64.0 million and \$80.3 million during the three months ended March 31, 1999 and 1998, respectively, and \$271.1 million, \$279.4 million and \$143.5 million for the years ended December 31, 1998, 1997 and 1996, respectively. The changes in cash provided by operating activities during the periods are due to expansion of our business.

**Cash Flows from Investing Activities.** Cash flows from investing activities consist primarily of cash used for business acquisitions and capital additions. Cash (used in) provided by business acquisitions, net of cash acquired, was \$(432.5) million and \$1.8 million during the three months ended March 31, 1999 and 1998, respectively, and \$425.2 million during the year ended December 31, 1998. Prior to our initial public offering, business acquisitions were funded by AutoNation. Capital additions were \$55.7 million and \$29.0 million during the three months ended

March 31, 1999 and 1998, respectively, and \$193.0 million, \$165.3 million and \$146.9 million during the years ended December 31, 1998, 1997 and 1996, respectively.

We believe capital expenditures and cash used in business acquisitions will increase during the remainder of 1999 and in the foreseeable future as a result of the expansion of our business. In addition, we expect to use primarily cash for business acquisitions. We intend to finance capital expenditures and acquisitions through cash on hand, cash flow from operations, our credit facility and other financings.

Cash Flows from Financing Activities. Cash flows from financing activities during the three months ended March 31, 1999 and 1998 and during the years ended December 31, 1998, 1997 and 1996 included commercial bank and affiliate borrowings and repayments of debt and, in 1998, proceeds from our sale of common stock in our initial public offering.

We used proceeds from bank and affiliate borrowings to fund acquisitions and capital additions, and to repay debt. We used all of the proceeds from our initial public offering of common stock to repay amounts due to AutoNation.

#### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

	EXPECTED MATURITY DATE							FAIR VALUE DECEMBER 31, 1998
	1999	2000	2001	2002	2003	THEREAFTER	TOTAL	
	(IN MILLIONS)							
VARIABLE RATE DEBT								
Amount outstanding.....	\$495.2	\$ 3.4	\$ 3.2	\$ 3.0	\$503.1	\$35.9	\$1,043.8	\$1,043.8
Average interest rates.....	6.40%	5.06%	5.31%	5.19%	6.42%	5.21%	6.36%	

#### SEASONALITY

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

#### YEAR 2000

We utilize software and related technologies throughout our business that will be affected by the date change in the year 2000. We are currently addressing the impact of Y2K on our computer programs, embedded chips and third party suppliers. We have developed a dedicated Y2K project office to coordinate the compliance efforts and to monitor and report the project status throughout our company.

We have identified four core phases in preparing for the year 2000:

- Assessment -- In the assessment phase, an inventory of software, hardware, telecommunications equipment, embedded chip technology and significant third party suppliers is performed and critical systems and vendors are identified and prioritized.
- Analysis -- In the analysis phase, each system or item assessed as critical is reviewed to determine its Y2K compliance. Key vendors are also evaluated at this time to determine their compliance status.

- Remediation -- In the remediation phase, modifications or replacements are made to critical systems and equipment to make them Y2K compliant or the systems and/or vendors are replaced with compliant systems or vendors. Decisions are also made as to whether changes are necessary or feasible for key third party suppliers.
- Testing and Validation -- In this phase, our company prepares, executes and verifies the testing of critical systems.

We have focused on six critical systems or processes in our compliance efforts:

- (1) hauling and disposal fleet operations,
- (2) electrical systems,
- (3) telecommunications,
- (4) payroll processing,
- (5) billing systems and
- (6) payments to critical third parties.

We primarily use industry standard automated applications provided by third parties in most of our locations. We believe that the majority of these applications comply with Y2K requirements, but we are currently testing compliance in coordination with our vendors. We expect to complete the testing and validation of these applications by the third quarter of 1999. Our three locations using proprietary software are currently in the remediation phase, which we expect to be completed in the second quarter of 1999. We expect to complete testing and validation of the software at these locations by the third quarter of 1999.

We are currently finalizing our assessment of embedded chips and third party suppliers. We expect to complete the inventory and assessment of this information during the second quarter of 1999. As we receive information related to these areas, we analyze the compliance of products and develop a strategy for repair or replacement of non-compliant systems through testing and validation. We expect to complete the testing and validation phases by the third quarter of 1999.

To date, we estimate that we have spent approximately \$1.7 million on Y2K efforts across all areas of our company and expect to spend a total of approximately \$4.0 million by the time we are complete. We expect to fund Y2K costs through our operating cash flows. We will expense all system modification costs associated with Y2K as incurred. Our Y2K expenditures vary significantly in project phases and vary depending on remedial methods used. Our past expenditures in relation to total estimated costs should not be used as a basis for estimating our progress to completion for any element of our Y2K project.

We presently believe that upon the remediation of our business software applications, as well as other equipment with embedded technology, the Y2K issue will not present a materially adverse risk to our future consolidated results of operations, liquidity and capital resources. However, if we do not complete such remediation in a timely manner or if the level of timely compliance by our key suppliers or vendors is not sufficient, we believe that the most likely reasonable worst-case scenario would involve the failures of one of our critical systems delaying or disrupting the delivery of services and resulting in:

- loss of revenue,
- increased operating costs,
- loss of customers or suppliers and/or
- other significant disruptions in our business.

In response to this scenario, we are currently testing comprehensive contingency and business continuation plans which address the six critical processes described above. We expect our contingency and business continuation plans to be implemented by the third quarter of 1999. These plans include the manual performance of processes that are currently automated, such as billing, accounts payable and payroll.

Determining the Y2K readiness of third party products, including information technology and other computerized equipment, and business dependencies, including suppliers, distributors or ancillary industry groups, requires pursuit, collection and appraisal of voluntary statements made or provided by those parties, if available, together with independent factual research. Our company has a number of material third party relationships, the most significant of which include billing services provided by municipalities, delivery of fuel for collection vehicles and delivery of parts and supplies for collection vehicles. Surveys have been distributed to each of the material third parties identified and results are being analyzed as surveys are received. We expect to complete this task in the second quarter of 1999. In addition, employees of our company will independently verify and validate these responses by the end of the third quarter of 1999. Although we have taken, and will continue to take, reasonable efforts to gather information to determine and verify the readiness of such products and business dependencies, we cannot assure you that we will be able to obtain reliable information. In addition, verification methods, including testing methods, may not prove to be reliable or may not be fully implemented. Accordingly, notwithstanding our efforts, we cannot assure you that a product or a business dependency of ours is Y2K ready.

#### NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." Standard No. 133 establishes accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded on the balance sheet as either an asset or liability measured at its fair value. Standard No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Standard No. 133 cannot be applied retroactively. We will adopt Standard No. 133 beginning January 1, 2000. We do not expect the adoption of this standard to have a material impact on our consolidated financial position or results of operations.

#### DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

This document contains certain statements that are "Forward Looking Statements," which include, among other things, the discussions of our growth and operating strategies, and expectations concerning market position, future operations, margins, revenue, profitability, liquidity and capital resources, as well as statements concerning the integration of the operations of acquired businesses and achievement of financial benefits and operational efficiencies in connection therewith.

Forward Looking Statements are included in the sections entitled "Prospectus Summary," "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus. Although we believe that the expectations reflected in our forward looking statements are reasonable, we can give no assurance that the expectations will prove to have been correct. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, number of acquisitions and projected or anticipated benefits from acquisitions that we made or will

make, or projections involving our operations, and are subject to a number of uncertainties, risks and other influences, many of which are outside our control and any one of which, or a combination of which, could materially affect the results of our operations. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, those that are disclosed in this section and under the "Risk Factors" section included herein. We assume no duty to update our forward looking statements.

## BUSINESS

## COMPANY OVERVIEW

We are a leading provider of services in the domestic non-hazardous solid waste industry. We provide non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 139 collection companies in 26 states. We also own or operate 76 transfer stations and 58 solid waste landfills.

We had revenue of \$403.5 million and operating income of \$79.4 million for the three months ended March 31, 1999 and revenue of \$300.8 million and operating income of \$59.0 million for the three months ended March 31, 1998. We had revenue of \$1,369.1 million and \$1,127.7 million and operating income of \$284.3 million and \$201.3 million for the years ended December 31, 1998 and 1997, respectively. The \$241.4 million, or 21.4%, increase in revenue and the \$83.0 million, or 41.2%, increase in operating income from 1997 to 1998 are primarily attributable to our successful execution of our growth and operating strategies described below.

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

Since 1995, we have acquired numerous solid waste companies with an aggregate of over \$1.4 billion in annual revenue. In September 1998, we agreed to purchase 16 landfills, 11 transfer stations, 139 commercial collection routes and related assets from Waste Management. By March 1999, we completed the purchase for approximately \$438.0 million in cash plus certain properties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Business Combinations."

We believe that we are well positioned to continue to increase our revenue and operating income in order to enhance stockholder value.

## INDUSTRY OVERVIEW

Based on analyst reports and industry trade publications, we believe that the United States non-hazardous solid waste services industry generated revenue of approximately \$35.0 billion in 1997, of which approximately 44% was generated by publicly-owned waste companies, 23% was generated by privately-held waste companies and 33% was generated by municipal and other local governmental authorities. Only five companies generated the substantial majority of the publicly-owned companies' total revenue of approximately \$15.4 billion in 1997. However, according to industry data, the domestic non-hazardous waste industry remains highly fragmented as more than 5,000 privately-held companies generate total annual revenue of approximately \$8.0 billion.

We believe that in recent years there has been a trend toward rapid consolidation in the solid waste collection industry, which has historically been characterized by numerous small companies. We believe that this trend will continue as a result of the following factors:

Subtitle D Regulation. Subtitle D of the Resource Conservation and Recovery Act of 1976, as currently in effect, and similar state regulations have significantly increased the amount of capital, technical expertise, operating costs and financial assurance obligations required to own and operate a landfill and other solid waste facilities. Many of the smaller participants in our industry have found these costs difficult, if not impossible, to bear. Large publicly-owned companies, like our company, have greater access to capital, and a lower cost of capital, available

to finance such increased capital expenditures and costs relative to many of the privately-owned companies in the industry. Additionally, the required permits for landfill development, expansion or construction have become more difficult to acquire. Consequently, many smaller, independent operators have decided to either close their operations or sell them to larger operators with greater access to capital.

**Integration of Solid Waste Businesses.** By being able to control the waste stream in a market through the collection, transfer and disposal process, integrated solid waste companies gain further competitive advantage over non-integrated operators. The ability of the integrated companies to both collect and dispose of solid waste, coupled with access to significant capital resources necessary for acquisitions, has created an environment in which large publicly-owned integrated companies can operate more cost effectively and competitively than non-integrated operators.

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

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

#### GROWTH STRATEGY

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

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

**Long-Term Contracts.** We seek to obtain long-term contracts for collecting solid waste in high-growth markets. These include exclusive franchise agreements with municipalities as well as commercial and industrial contracts. By obtaining such long-term agreements, we have the opportunity to grow our contracted revenue base at the same rate as the underlying population growth in these markets. For example, we have secured exclusive, long-term franchise agreements in high-growth markets such as Los Angeles and Orange Counties, California, Las Vegas, Nevada, Arlington, Texas and many areas of Florida. We believe that this positions our company to experience internal growth rates that are generally higher than our industry's overall growth rate. In addition, we believe that by securing a base of long-term recurring revenue in growth markets, we are better able to protect our market position from competition and our business is less susceptible to downturns in economic conditions.

**Sales and Marketing Activities.** Our well-managed sales and marketing activities enable our company to capitalize on our leading positions in many of the markets in which we operate. We currently have over 400 sales and marketing employees in the field, who are incentivized by a commission structure to generate high levels of revenue. For the most part, these employees directly solicit business from existing and prospective commercial, industrial, municipal and residential customers. We emphasize our rate and cost structures when we train new and existing sales personnel.



- - ACQUISITION GROWTH. As a result of the highly fragmented nature of the solid waste industry, we have been able to grow significantly through acquisitions. Our acquisition growth strategy focuses on the approximately \$8.0 billion of revenue generated by over 5,000 privately-held solid waste companies in 1997. We believe that our ability to acquire many of these privately-held companies is enhanced by increasing competition in the solid waste industry, increasing capital requirements as a result of changes in solid waste regulatory requirements and the limited number of exit strategies for these privately-held companies' owners and principals. Our acquisition growth strategy focuses on:

- acquiring businesses that position our company for growth in existing and new markets,
- acquiring well-managed companies and retaining local management,
- integrating business in existing markets and
- acquiring operations and facilities from municipalities that are privatizing.

For certain risks involved with our growth strategy, see "Risk Factors -- We may be unable to execute our acquisition growth strategy."

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

- have strong operating margins,
- are in growth markets,
- are among the largest or have a significant presence in their local markets and
- have long-term contracts or franchises with municipalities and other customers.

Although we are seeking to expand our operations to selected new markets where the potential for growth and further integration of operations exists, our primary focus is on acquisition efforts in our existing markets in the Sunbelt, including Florida, Georgia, Nevada, Southern California and Texas, and in other domestic markets that have experienced higher than average population growth during the past several years. We are, however, not limited to this target criteria for acquisitions, and may also acquire additional non-hazardous solid waste operations as opportunities arise. We continuously review possible acquisition candidates and are in discussions from time to time with one or more of such candidates. In September 1998, we entered into an agreement with Waste Management to purchase 16 landfills, 11 transfer stations and 139 commercial collection routes across the United States, as well as to obtain disposal agreements at various Waste Management disposal sites. With the completion of these acquisitions in March 1999, we have expanded our presence in four existing markets and have entered 16 new markets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Business Combinations."

Acquire Well-Managed Companies. We also seek to acquire businesses that have experienced management teams that are willing to work with our company. We generally retain the local management of the larger acquired companies in order to capitalize on their local market knowledge, community relations and name recognition, and to instill their entrepreneurial drive at all levels of our operations. By furnishing the local management of such acquired

companies with our financial and marketing resources and technical expertise, we believe that the acquired companies are better able to secure additional municipal franchises and other contracts. This enables our company to grow internally acquired businesses at faster rates than the industry average.

**Integrate Business in Existing Markets.** Once we have a base of operations in a particular market, we focus on acquiring trucks and routes of smaller businesses that also operate in that market and surrounding markets, which are typically referred to as "tuck-in" acquisitions. We integrate the operations of such tuck-in businesses into our existing operations in that market. In addition, we seek to acquire landfills, transfer stations and collection companies that operate in markets that we are already servicing. By doing so, we are able to increase our revenue and market share and integrate operations and consolidate duplicative facilities and functions to maximize cost efficiencies and economies of scale.

**Privatize Municipal Operations.** We also seek to acquire solid waste collection operations, transfer stations and landfills that municipalities and other governmental authorities are privatizing. Many municipalities are seeking to outsource or sell these types of solid waste operations, as they lack the capital, technical expertise and/or operational resources necessary to comply with increasingly stringent regulatory standards and/or to compete effectively with private-sector companies.

#### OPERATING STRATEGY

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

- (1) utilize the extensive industry knowledge and experience of our executive management,
- (2) utilize a decentralized management structure in overseeing day-to-day operations,
- (3) integrate waste operations,
- (4) improve operating margins through economies of scale, cost efficiencies and asset utilization and
- (5) achieve high levels of customer satisfaction.

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

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

H. Wayne Huizenga, who serves as our Chairman, after several years of owning and operating private waste hauling companies in Florida, co-founded Waste Management in 1971. From 1971 to 1984, he served in various executive capacities with Waste Management, including President and Chief Operating Officer. By then, Waste Management had become the world's largest integrated solid waste services company. From 1987 to 1994, Mr. Huizenga served as Chairman and Chief Executive Officer of Blockbuster Entertainment Corporation, leading its growth from 19 stores to the world's largest video rental company. In August 1995, he became Chairman and Chief Executive Officer of AutoNation.

Harris W. Hudson, who serves as our Vice Chairman, worked closely with Mr. Huizenga, from 1964 until 1982, at Waste Management and at the private waste hauling firms they operated

prior to the formation of Waste Management. In 1982, Mr. Hudson retired as Vice President of Waste Management of Florida, Inc., a subsidiary of Waste Management. In 1983, Mr. Hudson founded Hudson Management Corporation, a solid waste collection company in Florida, and served as its Chairman and Chief Executive Officer until it merged with AutoNation in August 1995. By that time, Hudson Management had grown to over \$50.0 million in annual revenue, becoming one of Florida's largest privately-held solid waste collection companies based on revenue. Since August 1995, Mr. Hudson has served in various capacities as an executive officer of AutoNation, including as President and Vice Chairman.

James E. O'Connor, who has served as our Chief Executive Officer since December 1998, also worked at Waste Management from 1972 to 1978 and from 1982 to 1998. During that time, he served in various management positions, including Senior Vice President in 1997 and 1998, and Area President of Waste Management of Florida, Inc., from 1992 to 1997.

James H. Cosman, our President and Chief Operating Officer, joined AutoNation as President of its Solid Waste Group in January 1997. Prior to joining AutoNation, Mr. Cosman was employed by Browning-Ferris Industries, Inc. for over 24 years. During that time, he served in various management positions, including Regional Vice President -- Northern Region, from 1993 to 1996.

The other officers with responsibility for our operational affairs have an average of over 16 years of management experience in the solid waste industry.

- - DECENTRALIZED MANAGEMENT STRUCTURE. We maintain a relatively small corporate headquarters staff, relying on a decentralized management structure to minimize administrative overhead costs and to manage our day-to-day operations more efficiently. Our local management has extensive industry experience in growing, operating and managing solid waste companies, and substantial experience in their local geographic markets. Our four Regional Vice Presidents have an average of 22 years of experience in the industry, and our 23 Area Presidents have an average of 20 years of experience in the industry. The Regional Vice Presidents and Area Presidents have extensive authority, responsibility and autonomy for operations within their geographic markets. Compensation for management within regions and areas is in large part based on the improvement in operating income produced in each manager's geographic area of responsibility. In addition, through long-term incentive programs, including stock options, we believe we have one of the lowest turnover levels in the industry for our local management teams. As a result of retaining experienced managers with extensive local knowledge, community relations and name recognition, we react rapidly to changes in our markets. We also seek to implement the best practices of our various regions and areas throughout our operations to improve operating margins.
- - INTEGRATE OPERATIONS. By controlling waste streams from the point of collection through disposal, we seek to achieve a high rate of waste integration. Through acquisitions and other market development activities, we create market specific, integrated operations typically consisting of one or more collection companies, transfer stations and landfills. We consider acquiring companies which own or operate landfills with significant permitted disposal capacity and appropriate levels of waste volume. We also seek to acquire solid waste collection companies in markets in which we own or operate landfills. In addition, we generate internal growth in our disposal operations by constructing new landfills and expanding our existing landfills from time to time in markets in which we have significant collection operations or in markets that we determine lack sufficient disposal capacity. During the year ended December 31, 1998, we disposed of approximately 40% of the total volume of waste that we collected at our own landfills. Because we do not have landfill facilities for all markets in which we provide collection services, we believe that through landfill

and transfer station acquisitions and development we have the opportunity to increase our waste internalization rate and further integrate our operations. By further integrating operations in existing markets through acquisitions and development of landfills and transfer stations, we are able to reduce our disposal costs.

- - ECONOMIES OF SCALE AND COST EFFICIENCIES. To improve operating margins, our management focuses on achieving economies of scale and cost efficiencies. The consolidation of acquired businesses into existing operations reduces costs by decreasing capital and expenses used for routing, personnel, equipment and vehicle maintenance, inventories and back-office administration. Generally, we are consolidating our administrative centers to reduce our general and administrative costs. We have reduced our selling, general and administrative expenses from 14.2% of consolidated revenue in 1996 to 9.9% of consolidated revenue in 1998. In addition, our size allows our company to negotiate volume discounts for certain purchases, including waste disposal rates at landfills operated by third parties. Furthermore, we have taken steps to increase utilization of our assets. For example, to reduce the number of collection vehicles, drivers are paid incentive wages based upon the number of customers they service on each route. In addition, routes are frequently analyzed and rerouted to ensure that the highest number of customers are efficiently serviced over the fewest possible miles. By using assets more efficiently, operating expenses are lowered significantly.
- - HIGH LEVELS OF CUSTOMER SATISFACTION. Our goal of maintaining high levels of customer satisfaction complements our operating strategy. Our personalized sales process of periodically contacting commercial, industrial and municipal customers is oriented towards maintaining relationships and ensuring that service is being properly provided.

#### OPERATIONS

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

**Collection Services.** We provide solid waste collection services to commercial, industrial, municipal and residential customers in 26 states through 139 collection companies. In 1998, the revenue we derived from collection services was approximately one third from services provided to municipal and residential customers, one third from services provided to commercial customers and one third from services provided to industrial customers.

Our residential collection operations involve the curbside collection of refuse from small containers into collection vehicles for transport to transfer stations or directly to landfills. Residential solid waste collection services are typically performed under contracts with municipalities, which we generally secure by competitive bid and which give our company exclusive rights to service all or a portion of the homes in their respective jurisdictions. These contracts or franchises usually range in duration from one to five years, although some of our exclusive franchises are for as long as 20 years. Residential solid waste collection services may also be performed on a subscription basis, in which individual households contract directly with our company. The fees received for subscription residential collection are based primarily on market factors, frequency and type of service, the distance to the disposal facility and cost of disposal. In general, subscription residential collection fees are paid quarterly in advance by the residential customers receiving the service.

In our commercial and industrial collection operations, we supply our customers with small waste containers or large waste containers commonly known as "roll-off" containers. We also rent

compactors to large waste generators. Commercial collection services are generally performed under one to three-year service agreements, and fees are determined by such considerations as:

- market factors,
- collection frequency,
- type of equipment furnished,
- the type and volume or weight of the waste collected,
- the distance to the disposal facility and
- the cost of disposal.

We also provide waste collection services to industrial and construction facilities on a contractual basis with terms generally ranging from a single pickup to one year and we rent waste roll-off containers to construction sites. We collect the containers or compacted waste and transport them either to a landfill, where the waste is disposed of, or to a transfer station.

We own or operate 76 transfer stations. We deposit waste at these stations, as do other private haulers and municipal haulers, for compaction and transfer to trailers for transport to landfills, incinerators, recycling facilities or other disposal sites.

Also, we currently provide recycling services in certain markets primarily to comply with local laws or obligations under our franchise agreements. These services include the curbside collection of residential recyclable waste and the provision of a variety of recycling services to commercial and industrial customers.

Disposal Services. We own or operate 58 solid waste landfills. As of December 31, 1998, we owned or operated 48 landfills, which had approximately 6,200 permitted acres and total available permitted disposal capacity of approximately 1.2 billion in-place cubic yards. The in-place capacity of our landfills is subject to change based on engineering factors, requirements of regulatory authorities and successful site expansions. Some of our landfills accept non-hazardous special waste, including utility ash, asbestos and contaminated soils. See "-- Properties."

Most of our existing landfill sites have the potential for expanded disposal capacity beyond the currently permitted acreage. We monitor the availability of permitted disposal capacity at each of our landfills and evaluate whether to pursue expansion at a given landfill based on estimated future waste volumes and prices, remaining capacity and likelihood of obtaining expansion. As of December 31, 1998, we believe that each of our landfills has adequate permitted capacity. To satisfy future disposal demand, we are currently seeking to expand permitted capacity at certain of our landfills.

Other Services. We have materials recovery facilities and other recycling operations, which are generally required to fulfill our obligations under long-term municipal contracts for residential collection services. These facilities primarily sort recyclable paper, aluminum, glass and other materials. Most of these recyclable materials are internally collected by our residential collection operations. In some areas, we receive commercial and industrial solid waste that is sorted at our facilities into recyclable materials and non-recyclable waste. The recyclable materials are salvaged, repackaged and sold to third parties and the non-recyclable waste is disposed of at landfills or incinerators. Wherever possible, our strategy is to reduce our exposure to fluctuations in recyclable commodity prices by utilizing third party facilities, thereby minimizing our recycling investment. We use long-term contracts for the sale of recycling materials to mitigate the impact of commodity price

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

#### SALES AND MARKETING

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

We employ more than 400 sales and marketing employees. Our sales and marketing strategy is to provide high-quality comprehensive solid waste collection, recycling, transfer and disposal services to our customers at competitive prices. We target potential customers of all sizes, from small quantity generators to large "Fortune 500" companies and municipalities.

All our marketing activity is local in nature. We generally do not change the tradenames of the local businesses we acquire, and therefore we do not operate nationally under any one mark or tradename. Rather, we rely on the goodwill associated with the acquired companies' local tradenames as used in each geographic market in which we operate.

#### CUSTOMERS

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

#### REGULATION

Our facilities and operations are subject to a variety of federal, state and local requirements which regulate health, safety, the environment, zoning and land use. Operating and other permits are generally required for landfills, certain waste collection vehicles, fuel storage tanks and other facilities that we own or operate, and these permits are subject to revocation, modification and renewal. Federal, state and local regulations vary, but generally govern wastewater or stormwater discharges, air emissions, the treatment, storage, transportation and disposal of hazardous and non-hazardous wastes and the remediation of contamination associated with the release of hazardous substances. These regulations provide governmental authorities with strict powers of enforcement, which include the ability to obtain injunctions and/or impose fines or penalties in the case of violations, including criminal penalties. The U.S. Environmental Protection Agency and various other federal, state and local environmental, health and safety agencies and authorities, including the Occupational Safety and Health Administration of the U.S. Department of Labor, administer these regulations.

We strive to conduct our operations in compliance with applicable laws and regulations. However, in the existing climate of heightened environmental concerns, from time to time, we have been issued citations or notices from governmental authorities which have resulted in the need to expend funds for remedial work and related activities at various landfills and other facilities. We have established a reserve which we believe, based on currently available information, will be adequate to cover any potential regulatory costs. However, we cannot assure you that actual costs will not exceed our reserve.

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

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

Subtitle D of the RCRA establishes a framework for regulating the disposal of municipal solid wastes. Regulations under Subtitle D currently include minimum comprehensive solid waste management criteria and guidelines, including location restrictions, facility design and operating criteria, closure and post-closure requirements, financial assurance standards, groundwater monitoring requirements and corrective action standards, many of which have not commonly been in effect or enforced in the past in connection with municipal solid waste landfills. Each state was required to submit a permit program designed to implement Subtitle D regulations to the EPA by April 9, 1993. These state permit programs may include landfill requirements which are more stringent than those of Subtitle D. Some states have not yet fully implemented permit programs pursuant to the RCRA and Subtitle D. Once a state has an approved permit program it is required to review all existing landfill permits to ensure compliance with the new regulations.

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

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

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

Liability under CERCLA is not dependent upon the intentional disposal of hazardous wastes. It can be founded upon the release or threatened release, even as a result of

unintentional, non-negligent or lawful action, of thousands of hazardous substances, including very small quantities of such substances. Thus, even if our landfills have never knowingly received hazardous wastes as such, it is possible that one or more hazardous substances may have been deposited or "released" at our landfills or at other properties which we may have owned or operated. Therefore, we could be liable under CERCLA for the cost of cleaning up such hazardous substances at such sites and for damages to natural resources, even if those substances were deposited at our facilities before we acquired or operated them. The costs of a CERCLA cleanup can be very expensive. Given the difficulty of obtaining insurance for environmental impairment liability, such liability could have a material impact on our business and financial condition. For a further discussion, see "-- Liability Insurance and Bonding."

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

(4) The Clean Air Act. The Clean Air Act imposes limitations on emissions from various sources, including landfills. In March 1996, the EPA enacted rules that require large municipal solid waste landfills to install landfill gas monitoring systems. These regulations apply to landfills that have been operating since November 1987, and that can accommodate 2.5 million cubic meters or more of municipal solid waste. The regulations apply whether the landfill is active or closed. The date by which each affected landfill must have the required gas collection and control system is dependent upon the adoption of state regulations and the date the EPA approves the state program. Many state regulatory agencies currently require monitoring systems for the collection and control of landfill gas. We do not expect that compliance with the new regulations will have a material effect on us.

(5) The Occupational Safety and Health Act of 1970. This act authorizes the Occupational Safety and Health Administration to promulgate occupational safety and health standards. Various of these standards, including standards for notices of hazardous chemicals and the handling of asbestos, apply to our facilities and operations.

State Regulation. Each state in which we operate has its own laws and regulations governing solid waste disposal, water and air pollution and, in most cases, releases and cleanup of hazardous substances and liability for such matters. States also have adopted regulations governing the design, operation, maintenance and closure of landfills and transfer stations. Our facilities and operations are likely to be subject to these types of requirements. In addition, our solid waste collection and landfill operations may be affected by the trend in many states toward requiring the development of waste reduction and recycling programs. For example, several states have enacted laws that require counties or municipalities to adopt comprehensive plans to reduce, through waste planning, composting, recycling or other programs, the volume of solid waste deposited in landfills. Additionally, laws and



regulations restricting the disposal of certain wastes, including yard waste, newspapers, beverage containers, unshredded tires, lead-acid batteries and household appliances in solid waste landfills have been promulgated in several states and are being considered in others. Legislative and regulatory measures to mandate or encourage waste reduction at the source and waste recycling also are under consideration by Congress and the EPA.

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

Many of our facilities own and operate underground storage tanks which are generally used to store petroleum-based products. These tanks are generally subject to federal, state and local laws and regulations that mandate their periodic testing, upgrading, closure and removal and that, in the event of leaks, require that polluted groundwater and soils be remediated. We believe that all our underground storage tanks currently meet federal regulations. If underground storage tanks we own or operate leak, and the leakage migrates onto the property of others, we could be liable for response costs and other damages to third parties. We do not believe that our compliance with regulations related to underground storage tanks will have a material adverse effect on our business or financial condition.

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

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

## COMPETITION

We operate in a highly competitive industry, which is changing as a result of rapid consolidation. Entry into our business and the ability to operate profitably in the industry requires substantial amounts of capital and managerial experience.

Competition in the non-hazardous solid waste industry comes from a few large, national publicly-owned companies, including Waste Management, Browning-Ferris and Allied Waste Industries, Inc. several regional publicly- and privately-owned solid waste companies, and from thousands of small privately-owned companies in their respective markets. Some of our publicly-owned competitors also are engaging in aggressive acquisition strategies. Some of our competitors have significantly larger operations, and may have significantly greater financial resources, than we do. In addition to national and regional firms and numerous local companies, we compete with those municipalities that maintain waste collection or disposal operations. These municipalities may have financial advantages due to the availability of tax revenues and tax-exempt financing.

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

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

## LIABILITY INSURANCE AND BONDING

The nature of our business exposes our company to the risk of liabilities arising out of our operations, including possible damages to the environment. Such potential liabilities could involve, for example, claims for remediation costs, personal injury, property damage and damage to the environment in cases where we may be held responsible for the escape of harmful materials; claims of employees, customers or third parties for personal injury or property damage occurring in the course of our operations; or claims alleging negligence or professional errors and omissions in the planning or performance of work. We could also be subject to fines and civil and criminal penalties in connection with alleged violations of regulatory requirements. Because of the nature and scope of the possible environmental damages, liabilities imposed in environmental litigation can be significant. The majority of our solid waste operations have third party environmental liability insurance with limits in excess of those required by permit regulations, subject to certain limitations and exclusions. However, we cannot assure you that the limits of such environmental liability insurance would be adequate in the event of a major loss, nor can we assure you that we would continue to carry environmental liability insurance should market conditions in the insurance industry make such coverage costs prohibitive.

We have general liability, vehicle liability, workers compensation and employer's liability coverage, as well as umbrella liability policies to provide excess coverage over the underlying limits contained in these primary policies. We also carry property insurance. Although we try to operate

safely and prudently and while we have, subject to limitations and exclusions, substantial liability insurance, no assurance can be given that we will not be exposed to uninsured liabilities which could have a material adverse effect on our financial condition or results of operations.

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

#### LEGAL PROCEEDINGS

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

Except for routine litigation incidental to our business, there are no pending material legal proceedings to which we are a party or to which any of our property is subject. We believe that the outcome of the proceedings to which we are currently a party will not have a material adverse effect upon our financial condition, results of operations or prospects. However, unfavorable resolution of any proceedings could affect the consolidated results of operations or cash flows for the quarterly period in which they are resolved.

#### EMPLOYEES

As of March 31, 1999, we employed approximately 11,000 full time employees, approximately 2,500 of whom were covered by collective bargaining agreements. Our management believes that we have good relations with our employees.

#### PROPERTIES

Our corporate headquarters are located in Ft. Lauderdale, Florida in premises we lease from a subsidiary of AutoNation. As of March 31, 1999, we owned approximately 5,200 collection vehicles. Some of our property and equipment are subject to liens securing payment of indebtedness. We also lease offices and equipment. We believe that all of our facilities are sufficient for our current needs. See "Intercompany Relationships and Related Transactions -- Lease."

The following table provides information regarding the 58 landfills that we owned or operated as of April 30, 1999:

LANDFILL NAME	LOCATION	TOTAL ACREAGE	PERMITTED ACREAGE	UNUSED PERMITTED ACREAGE
Apex.....	Clark County, Nevada	2,340	1,233	1,128
Brazoria.....	Clute, Texas	1,000	195	75
Broadhurst Landfill*.....	Jesup, Georgia	900	90	64
Brent Run.....	Montrose, Michigan	370	106	67
C&T Regional.....	Linn, Texas	200	77	19
Capital Waste & Recycling Disposal.....	Rotterdam, New York	33	5	--
Carleton Farms.....	Detroit, Michigan	495	388	261
Charter Waste.....	Abilene, Texas	396	300	283
Chiquita Canyon.....	Valencia, California	592	257	103
Cleveland Container.....	Shelby, North Carolina	174	77	40
Countywide.....	East Sparta, Ohio	818	88	22
CWI Florida.....	Winter Haven, Florida	80	58	14
Dozit Landfill.....	Morganfield, Kentucky	232	47	33
East Carolina Landfill.....	Aulander, North Carolina	729	108	71
Elk Run.....	Onaway, Michigan	99	40	33
Epperson Landfill.....	Williamstown, Kentucky	861	100	58
Foothills Landfill*.....	Lenior, North Carolina	231	78	72
Forest Lawn.....	Three Oaks, Michigan	387	126	57
Front Range.....	Denver, Colorado	602	195	162
Green Ridge.....	Scottsdale, Pennsylvania	580	87	54
Green Valley Landfill.....	Ashland, Kentucky	263	37	--
Honeygo.....	Perry Hall, Maryland	68	39	31
Kestrel Hawk.....	Racine, Wisconsin	210	125	37
Laughlin*.....	Laughlin, Nevada	40	40	--
Los Mangos.....	Alajuela, Costa Rica	41	24	8
Mallard Ridge.....	Delavan, Wisconsin	659	40	14
Modern.....	York, Pennsylvania	716	167	167
National Serv-All.....	Fort Wayne, Indiana	265	204	41
Nine Mile Road.....	St. Augustine, Florida	154	28	9
North County.....	Houston, Texas	40	31	17
Northern Wasco.....	The Dalles, Oregon	308	165	135
Northwest Tennessee.....	Union City, Tennessee	600	120	99
Oak Grove.....	Winder, Georgia	301	60	32
Ohio County Balefill*.....	Beaver Dam, Kentucky	908	179	143
Pepperhill.....	North Charleston, South Carolina	37	22	13
Pine Grove.....	Amanda, Ohio	734	112	83
Pine Ridge.....	Griffin, Georgia	850	101	81
Pinellas*.....	St. Petersburg, Florida	750	478	200
Presidio*.....	Presidio, Texas	10	10	6
Republic/Alpine*.....	Alpine, Texas	80	74	63
Republic/CSC.....	Avalon, Texas	298	205	133
Republic/Imperial.....	Imperial, California	250	73	37
Republic/Maloy.....	Campbell, Texas	388	195	130
Safety Lights.....	Memphis, Tennessee	49	21	6
San Angelo*.....	San Angelo, Texas	257	232	109
Savannah Regional.....	Savannah, Georgia	132	59	52
Southern Illinois Regional.....	DeSoto, Illinois	249	113	47
Springfield Environmental.....	Mt. Vernon, Indiana	55	25	--
Swiftcreek Landfill.....	Macon, Georgia	792	81	33
Tay-Ban.....	Birch Run, Michigan	90	25	6
Tri-K Landfill.....	Stanford, Kentucky	572	64	49
United Refuse.....	Fort Wayne, Indiana	305	77	16
Upper Piedmont Environmental.....	Roxboro, North Carolina	614	70	54
Uwharrie Landfill*.....	Mt. Gilead, North Carolina	905	90	31
Valley View.....	Louisville, Kentucky	663	109	82
Victory Environmental.....	Terre Haute, Indiana	461	260	138
Wabash Valley.....	Wabash, Indiana	284	69	12
Whitefeather.....	Pinconning, Michigan	105	70	45
Total.....		24,622	7,549	4,775

\* We operate, but do not own this landfill.

## MANAGEMENT

## DIRECTORS AND EXECUTIVE OFFICERS

Our directors and executive officers are as follows:

NAME ----	AGE ---	POSITION -----
H. Wayne Huizenga.....	61	Chairman of the Board
Harris W. Hudson.....	56	Vice Chairman, Secretary and Director
James E. O'Connor.....	50	Chief Executive Officer and Director
James H. Cosman.....	56	President and Chief Operating Officer
David A. Barclay.....	37	Senior Vice President, General Counsel and Assistant Secretary
Steven R. Goldberg.....	48	Senior Vice President -- Corporate Development
Tod C. Holmes.....	50	Senior Vice President and Chief Financial Officer
John W. Croghan.....	68	Director
Ramon A. Rodriguez.....	54	Director
Allan C. Sorensen.....	61	Director

## Directors and Executive Officers

H. WAYNE HUIZENGA was named Chairman of the Board in May 1998. He also served as our Chief Executive Officer from May 1998 until December 1998. Mr. Huizenga has served as the Chairman of the Board of AutoNation since August 1995 and as Co-Chief Executive Officer of AutoNation since October 1996. From August 1995 until October 1996, Mr. Huizenga served as Chief Executive Officer of AutoNation. Since September 1996, Mr. Huizenga also has served as the Chairman of the Board of Florida Panthers Holdings, Inc., a sports, entertainment and leisure company that owns and operates the Florida Panthers professional sports franchise and several luxury resort hotels and other facilities. Since January 1995, Mr. Huizenga also has served as the Chairman of the Board of Extended Stay America, Inc., an operator of extended stay lodging facilities. From September 1994 until October 1995, Mr. Huizenga served as the Vice Chairman of Viacom Inc., a diversified entertainment and communications company. During such period, Mr. Huizenga also served as the Chairman of the Board of Blockbuster Entertainment Group, a division of Viacom. From April 1987 through September 1994, Mr. Huizenga served as the Chairman of the Board and Chief Executive Officer of Blockbuster, during which time he helped build Blockbuster from a 19-store chain into the world's largest video rental company. In September 1994, Blockbuster merged into Viacom. In 1971, Mr. Huizenga co-founded Waste Management, which he helped build into the world's largest integrated solid waste services company, and he served in various capacities, including President, Chief Operating Officer and a director from its inception until 1984. Mr. Huizenga also owns the Miami Dolphins professional sports franchise, as well as Pro Player Stadium in South Florida, and is a director of theglobe.com, an internet on-line community, and NationsRent, Inc., a national equipment rental company.

HARRIS W. HUDSON was named Vice Chairman and Secretary and a director in May 1998. Mr. Hudson has served as a director of AutoNation since August 1995 and as Vice Chairman of AutoNation since October 1996. He served as Chairman of AutoNation's Solid Waste Group from October 1996 until July 1998. From August 1995 until October 1996, Mr. Hudson served as President of AutoNation. From 1983 until August 1995, Mr. Hudson served as Chairman of the Board, Chief Executive Officer and President of Hudson Management, a solid waste collection company that he founded, which was acquired by AutoNation in August 1995. From 1964 to 1982, Mr. Hudson served as Vice President of Waste Management of Florida, Inc., a subsidiary of Waste

Management and its predecessor. Mr. Hudson also serves as a director of NationsRent and Florida Panthers Holdings.

JAMES E. O'CONNOR was named Chief Executive Officer and a director in December 1998. From 1972 to 1978 and from 1982 to 1998, Mr. O'Connor served in various positions with Waste Management, including Senior Vice President from 1997 to 1998, Area President of Waste Management of Florida, Inc. from 1992 to 1997, Senior Vice President of Waste Management-North America from 1991 to 1992 and Vice President -- Southeastern Region from 1987 to 1991.

JAMES H. COSMAN was named President and Chief Operating Officer in May 1998. Mr. Cosman served as President and Chief Operating Officer of AutoNation's Solid Waste Group from January 1997 until July 1998. From 1972 until December 1996, Mr. Cosman served in various positions with Browning-Ferris, including Regional Vice President -- Northern Region from 1993 to 1996, Regional Vice President -- Mid America Region from 1989 to 1993, Regional Vice President -- South Central Region from 1979 to 1988 and District Manager from 1975 to 1979.

DAVID A. BARCLAY was named Senior Vice President, General Counsel and Assistant Secretary in August 1998. Mr. Barclay served as Senior Vice President and General Counsel of AutoNation's Solid Waste Group from March 1998 until July 1998. Prior to that, from January 1997 to February 1998, Mr. Barclay was Vice President and Associate General Counsel of AutoNation. From June 1995 to January 1997, Mr. Barclay was Vice President, General Counsel and Secretary of Discovery Zone, Inc. Discovery Zone filed a voluntary petition under the federal bankruptcy laws in March 1996. Mr. Barclay served in various positions with Blockbuster, including Senior Corporate Counsel from 1993 to 1995 and Corporate Counsel from 1991 to 1993. Prior to joining Blockbuster, Mr. Barclay was an attorney in private practice in Miami, Florida.

STEVEN R. GOLDBERG was named Senior Vice President -- Corporate Development in October 1998. From 1987 to 1998, Mr. Goldberg served in various positions with Ryder System, Inc., including Vice President of Corporate Development during 1998, Chief Financial Officer of Ryder Transportation Services, a division of Ryder, from 1996 to 1998, and Vice President and Treasurer from 1993 to 1996.

TOD C. HOLMES was named Senior Vice President and Chief Financial Officer in August 1998. Mr. Holmes served as our Vice President -- Finance from June 1998 until August 1998 and as Vice President of Finance of AutoNation's Solid Waste Group from January 1998 until July 1998. From 1987 to 1998, Mr. Holmes served in various positions with Browning-Ferris, including Vice President, Investor Relations from 1996 to 1998, Divisional Vice President, Collection Operations from 1995 to 1996, Divisional Vice President and Regional Controller, Northern Region, from 1993 to 1995 and Divisional Vice President and Assistant Corporate Controller from 1991 to 1993.

JOHN W. CROGHAN was named a director in July 1998. Mr. Croghan is President and General Partner of Lincoln Partners, a partnership of Lincoln Capital Management Inc. He was a founder and, through 1997, the Chairman of Lincoln Capital Management, an investment management firm. He is a director of Morgan Stanley Dean Witter & Co.'s public closed-end funds, Lindsay Manufacturing Co., and St. Paul Bancorp, Inc.

RAMON A. RODRIGUEZ was named a director in March 1999. Mr. Rodriguez has served as President of Madsen, Sapp, Meng, Rodriguez & Co., P.A., a certified public accounting firm, since 1971.

ALLAN C. SORENSEN was named a director in November 1998. Mr. Sorensen is also a director of Let's Talk Cellular & Wireless, Inc. and Westmark Group Holdings, Inc. He is also a co-founder and Vice Chairman of the Board of Interim Health Care, Inc., which was spun-off from Interim Services, Inc. in October 1997. Prior to that, Mr. Sorensen served as a director and in various capacities

including President, Chief Executive Officer and Chairman of Interim Services from 1967 to 1997. He was a member of the Board of Directors of H&R Block, Inc. from 1979 until September 1993 when Interim Services was spun off in an initial public offering.

There is no family relationship between any of our executive officers and directors, except that Mr. Huizenga is Mr. Hudson's brother-in-law. Our executive officers are selected by and serve at the discretion of our board of directors. Our directors hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified.

The board of directors develops our business strategy, establishes our overall policies and standards and reviews the performance of management in executing our business strategy and implementing our policies and standards. The directors are kept informed of our operations at meetings of the board of directors and committees of the board of directors, through reports and analyses presented to the board of directors, and by discussions with management. Significant communications between the directors and management also occur apart from meetings of the board of directors and committees of the board of directors.

#### COMMITTEES OF THE BOARD

The board of directors has established three committees: the Executive Committee, the Audit Committee and the Compensation Committee.

The Executive Committee has full authority to exercise all the powers of the board of directors between meetings of the board of directors, except as reserved by the board of directors. The Executive Committee does not have the power to elect or remove executive officers, approve a merger, recommend a sale of substantially all of our assets, recommend a dissolution of our company, amend our certificate of incorporation or bylaws, declare dividends on our outstanding securities, or, except as authorized by the board of directors, issue any common stock or preferred stock. The board of directors has given the Executive Committee the authority to approve acquisitions, borrowings, guarantees and other transactions individually not involving more than \$100 million in cash, securities, including common stock that we might issue, or other consideration. The Executive Committee consists of Messrs. Huizenga and Hudson.

The Audit Committee has the power to oversee the retention, performance and compensation of the independent public accountants and the establishment and oversight of such systems of internal accounting and auditing control as it deems appropriate. The Audit Committee consists of Messrs. Croghan and Sorensen.

The Compensation Committee reviews and approves the compensation of our executive officers, including payment of salaries, bonuses and incentive compensation, determines our compensation philosophy and programs, and administers our stock option plans. The Compensation Committee consists of Messrs. Croghan and Sorensen.

#### EXECUTIVE COMPENSATION

##### Summary Compensation Information

The following tables set forth certain compensation information regarding our Chief Executive Officer, our former Chief Executive Officer and our four most highly compensated executive officers during the year ended December 31, 1998. Compensation earned by Messrs. Hudson, Cosman, Holmes and Goldberg was paid or awarded by AutoNation, and/or our company, through the end of 1998. All amounts paid by AutoNation were paid on our behalf and we reimbursed AutoNation for those amounts.

## SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION (1)		LONG-TERM COMPENSATION AWARDS	
		SALARY	BONUS	SECURITIES UNDERLYING OPTIONS (2)	ALL OTHER COMPENSATION
H. Wayne Huizenga.....	1998	--	--	--	--
(Chairman of the Board and Chief Executive Officer through December 1998) (3)	1997	--	--	--	--
	1996	--	--	--	--
James E. O'Connor.....	1998	\$ 20,731	\$ 8,432	250,000	--
(Chief Executive Officer and Director) (4)	1997	--	--	--	--
	1996	--	--	--	--
Harris W. Hudson.....	1998	398,461	200,000	--	--
(Vice Chairman and Secretary)	1997	395,769	100,000	--	--
	1996	286,501	--	--	--
James H. Cosman.....	1998	340,961	87,500	--	--
(President and Chief Operating Officer) (5)	1997	300,000	75,000	--	\$ 33,775 (6)
	1996	--	--	--	--
Tod C. Holmes.....	1998	187,692	50,000	--	46,342 (8)
(Senior Vice President and Chief Financial Officer) (7)	1997	--	--	--	--
	1996	--	--	--	--
Steven R. Goldberg.....	1998	58,173	35,000	110,000	105,000 (10)
(Senior Vice President -- Corporate Development) (9)	1997	--	--	--	--
	1996	--	--	--	--

- (1) The aggregate total value of perquisites, other personal benefits, securities or property or other annual compensation did not equal \$50,000, or ten percent of the annual salary and bonus for any person named in this chart, during 1996, 1997 or 1998 and has not been included in this table.
- (2) Messrs. O'Connor and Goldberg were the only people named in this chart who received options to purchase shares of our common stock in 1998.
- (3) We did not pay Mr. Huizenga any cash salary or bonus.
- (4) Mr. O'Connor became an employee in December 1998.
- (5) Mr. Cosman joined AutoNation in January 1997.
- (6) Consists of certain relocation expenses for Mr. Cosman.
- (7) Mr. Holmes joined AutoNation in January 1998.
- (8) Consists of certain relocation expenses for Mr. Holmes.
- (9) Mr. Goldberg became an employee in October 1998.
- (10) Consists of an initial signing bonus received by Mr. Goldberg that is not part of a recurring arrangement.

## OPTION GRANTS IN YEAR ENDED DECEMBER 31, 1998

NAME	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (1)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE	EXPIRATION DATE	5%	10%
H. Wayne Huizenga.....	--	--	--	--	--	--
James E. O'Connor.....	250,000	53%	\$18.0625	12/6/08	\$ 2,839,852	\$ 7,196,743
James H. Cosman.....	--	--	--	--	--	--
Harris W. Hudson.....	--	--	--	--	--	--
Tod C. Holmes.....	--	--	--	--	--	--
Steven R. Goldberg.....	110,000	23%	14.50	10/8/08	879,369	2,165,927

- (1) Messrs. O'Connor and Goldberg were the only people named in this chart who received options to purchase shares of our common stock in 1998.



## YEAR-END OPTION VALUES

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1998 (1)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS DECEMBER 31, 1998 (1)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
H. Wayne Huizenga.....	--	--	--	--
James E. O'Connor.....	62,500	187,500	\$ 23,437	\$ 70,312
Harris W. Hudson.....	--	--	--	--
James H. Cosman.....	--	--	--	--
Tod C. Holmes.....	--	--	--	--
Steven R. Goldberg.....	--	110,000	--	433,125

(1) Messrs. O'Connor and Goldberg were the only people named in this chart who received options to purchase shares of our common stock in 1998.

## COMPENSATION COMMITTEE INTERLOCK AND INSIDER PARTICIPATION

Messrs. Croghan and Sorensen served as members of the Compensation Committee in 1998. No member of the Compensation Committee was an officer or employee of our company or AutoNation during the prior year or was formerly an officer of our company or AutoNation. During the fiscal year ended December 31, 1998, none of our executive officers served on the compensation committee of any other entity, any of whose directors or executive officers served either on our board of directors or on our Compensation Committee.

## COMPENSATION OF DIRECTORS

Commencing in January 1999, we pay each of our non-employee directors \$25,000 per year, and \$1,000 for each board or committee meeting they attend in person. Under our 1998 Stock Incentive Plan, we grant options to purchase shares of Class A common stock to our non-employee directors. As of April 30, 1999, 170,000 options have been granted to our non-employee directors. Other than as provided in our Stock Incentive Plan and the reimbursement of reasonable expenses incurred for attending board of directors and committee meetings, we have not adopted any other policies on directors' compensation and benefits. See "-- Stock Incentive Plan."

## EMPLOYMENT AGREEMENTS

We entered into a three year employment agreement with James E. O'Connor who is our Chief Executive Officer, effective as of December 7, 1998. The employment agreement provides that our board of directors will appoint Mr. O'Connor to the board and that Mr. O'Connor will be nominated for election to our board of directors at each annual meeting of our stockholders during the term of the agreement. The employment agreement provides that Mr. O'Connor will receive an annual base salary of \$385,000. In addition, Mr. O'Connor will be eligible for an annual bonus of up to 30% of his base salary, based on the achievement of certain corporate goals and objectives. Pursuant to his employment agreement, Mr. O'Connor also received options to purchase up to 250,000 shares of our Class A common stock, of which 62,500 shares were fully vested and could be purchased immediately. The remaining shares shall vest and be eligible for purchase in equal amounts of 46,875 shares each year on the first four anniversary dates of the grant. If Mr. O'Connor is terminated "without cause" or if he elects to terminate his employment for "good reason," in each case as defined in his employment agreement, Mr. O'Connor will continue to receive his salary and health benefits for a period ending on the later of the first anniversary date of the termination or the end of his employment period. Mr. O'Connor is also subject to confidentiality obligations as well as to non-

compete and non-solicitation covenants for a three year period following the termination of his employment period.

We also entered into a three year employment agreement with Mr. Cosman, our President and Chief Operating Officer, effective as of January 11, 1999. The employment agreement provides that Mr. Cosman will receive an annual base salary of \$400,000. In addition, Mr. Cosman will be eligible for an annual bonus of up to 30% of his base salary, based on the achievement of certain corporate goals and objectives. If Mr. Cosman is terminated "without cause" or if he elects to terminate his employment for "good reason," in each case as defined in his employment agreement, Mr. Cosman shall be entitled to continue to receive his salary and health benefits for a period ending on the later of the first anniversary date of the termination or the end of his employment period. Mr. Cosman is also subject to confidentiality obligations as well as to non-compete and non-solicitation covenants for a three year period following the termination of his employment period.

#### SEVERANCE AGREEMENTS

Mr. Holmes entered into a severance agreement with AutoNation when hired by AutoNation. Mr. Holmes' severance agreement provides that if his employment with AutoNation is terminated without cause during the first 24 months of his employment, then Mr. Holmes is entitled to continue to receive severance pay equal to his base monthly salary for a period equal to the greater of the balance of such 24 month period or 12 months. Mr. Holmes' severance agreement also provides that if his employment with AutoNation is terminated without cause after the first 24 months of his employment, Mr. Holmes is entitled to continue to receive his base monthly salary for a period of 12 months. All options granted under AutoNation's stock option plans would continue to vest throughout the severance period. We assumed AutoNation's severance obligations under Mr. Holmes' agreement prior to the closing of our initial public offering. Mr. Holmes will not be entitled to any severance payments as a result of our separation from AutoNation.

Mr. Goldberg entered into a severance agreement with us which provides that if his employment is terminated without cause in the first 24 months of his employment, then Mr. Goldberg is entitled to continue to receive severance pay equal to his base monthly salary for a period of 18 months as well as a prorated portion of his annual incentive bonus. All options granted under our 1998 Stock Incentive Plan would continue to vest throughout the severance period.

#### STOCK INCENTIVE PLAN

In July 1998, we adopted our 1998 Stock Incentive Plan to provide for the grant of options to purchase shares of Class A common stock, stock appreciation rights and stock grants to employees, non-employee directors and independent contractors who are eligible to participate in the Stock Incentive Plan. The Stock Incentive Plan provides for the grant of options to employees and independent contractors at the discretion of our board of directors. Additionally, the Stock Incentive Plan provides for an automatic grant of an option to purchase 50,000 shares of Class A common stock to each member of the board of directors who joins the board of directors as a non-employee director, and an additional automatic grant of an option to purchase 10,000 shares of common stock at the beginning of each fiscal year thereafter to each non-employee director continuing to serve on the board of directors at such date. We have reserved 20.0 million shares of Class A common stock for issuance as a result of options granted under the Stock Incentive Plan. In March 1999, we issued approximately 8.3 million options to employees under our 1998 Stock Incentive Plan to replace options our employees held under AutoNation's stock option plans. As of April 30, 1999, options to

purchase approximately 12.6 million shares of Class A common stock were outstanding under our 1998 Stock Incentive Plan, approximately 2.6 million of which are presently exercisable.

#### 401(K) PLAN

Our board of directors is planning to adopt a 401(k) Savings and Retirement Plan that is intended to qualify for preferential tax treatment under section 401(a) of the Internal Revenue Code. Although we have not yet adopted the specific terms of this plan, we intend that most of our employees will be eligible to participate in this plan when it is adopted.

SECURITY OWNERSHIP OF BENEFICIAL  
OWNERS AND MANAGEMENT

The following table provides information as of April 22, 1999 regarding the beneficial ownership of shares of common stock by (1) each of our stockholders whom we know to be a beneficial owner of more than 5% of shares of common stock outstanding, (2) each of our directors, (3) our Chief Executive Officer, our former Chief Executive Officer and each of our four other most highly compensated officers and (4) all of our current directors and executive officers as a group. Share amounts and percentages shown for each individual, entity or group in the table are adjusted to give effect to shares of common stock that are not outstanding but may be acquired by the individual, entity or group upon exercise of any options exercisable within 60 days of April 22, 1999. However, these shares of common stock are not deemed to be outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by any other person. Except for AutoNation, we are not aware of any individual, entity or group that beneficially owns more than 5% of the outstanding shares of our common stock.

NAME OF BENEFICIAL OWNER -----	SHARES BENEFICIALLY OWNED	
	NUMBER	PERCENT
AutoNation, Inc.....	12,162,500	6.9%
H. Wayne Huizenga.....	--	*
James E. O'Connor.....	64,700	*
Harris W. Hudson.....	--	*
John W. Croghan.....	110,000	*
Ramon A. Rodriguez.....	50,000	*
Allan C. Sorensen.....	60,000	*
James H. Cosman.....	16,000	*
Tod C. Holmes.....	5,000	*
Steven R. Goldberg.....	2,000	*
All directors and executive officers as a group (10 persons).....	307,700	*

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\* Less than 1 percent

The address of AutoNation is 110 S.E. Sixth Street, Fort Lauderdale, FL 33301. AutoNation beneficially owns all of the shares through its indirect wholly owned subsidiary, AutoNation Insurance Company, Inc., a Vermont corporation. The address of AutoNation Insurance is 76 St. Paul Street, Suite 501, Burlington, VT 05401.

The underwriters may exercise their over-allotment option on or before May 26, 1999 for all or part of the 12,162,500 shares of common stock that AutoNation still owns. If the over-allotment option is exercised in full, then AutoNation will not own any of our stock. At this time, however, we do not know whether, when or with respect to how many shares the underwriters will exercise their over-allotment option.

The aggregate amount of common stock beneficially owned by Mr. O'Connor consists of 2,200 shares owned directly by him and vested options to purchase 62,500 shares.

The aggregate amount of common stock beneficially owned by Mr. Croghan consists of 50,000 shares owned directly by him and vested options to purchase 60,000 shares.

The aggregate amount of common stock beneficially owned by Mr. Rodriguez consists of vested options to purchase 50,000 shares.

The aggregate amount of common stock beneficially owned by Mr. Sorensen consists of vested options to purchase 60,000 shares.

The aggregate amount of common stock beneficially owned by Mr. Cosman consists of 16,000 shares owned by Mr. Cosman and his wife as joint tenants.

The aggregate amount of common stock beneficially owned by all directors and executive officers as a group consists of (a) 75,200 shares and (b) vested options to purchase 232,500 shares. The table above does not include a total of 136,809 options issued by our company to some officers replacing options to purchase shares of AutoNation common stock which, although vested, may not be exercised until after January 2, 2000 under the terms of repricing agreements between the officers and AutoNation.

## INTERCOMPANY RELATIONSHIPS AND RELATED TRANSACTIONS

The following includes brief summaries of the Separation and Distribution Agreement, the Services Agreement, the Tax Indemnification and Allocation Agreement and the Employee Benefits Agreement between our company and AutoNation. The summaries of these agreements are qualified in their entirety by the actual agreements, copies of which are incorporated herein by reference as exhibits.

Prior to our initial public offering, we had been a wholly owned subsidiary of AutoNation. After our initial public offering, AutoNation owned 63.9% of our outstanding common stock. AutoNation sold substantially all of its shares of our common stock in a secondary public offering in May 1999. AutoNation currently owns approximately 12.2 million shares of our common stock, which constitutes approximately 6.9% of the outstanding shares of our common stock, and has granted the underwriters an over-allotment option to purchase those shares, in whole or in part, until May 26, 1999. Mr. Huizenga is the Chairman of the Board and Co-Chief Executive Officer of AutoNation and Mr. Hudson is the Vice Chairman and a director of AutoNation. Messrs. Huizenga and Hudson beneficially own a total of approximately 11.3% of AutoNation's outstanding common stock, including their presently exercisable warrants and options to purchase AutoNation common stock. As a result, the following transactions between our company and AutoNation may be deemed to be intercompany or related party transactions.

## HISTORICAL INTERCOMPANY RELATIONSHIPS

Prior to our initial public offering of common stock in July 1998, AutoNation provided our company with various services, including:

- 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.

AutoNation also provided our company with the services of a number of its executives and employees. In consideration for these services, AutoNation allocated to our company a portion of its general and administrative costs related to such services. Our management believes that the amounts allocated to our company were no less favorable to our company than the expenses we would have incurred to obtain such services on our own or from unaffiliated third parties.

From time to time, AutoNation guaranteed some of our obligations. These guarantees remain in place and may be called upon should there be a default under these obligations. In that event, we would be obligated to reimburse AutoNation for all liabilities AutoNation incurred as a result of the

obligations. Now that we are no longer a subsidiary of AutoNation, we are required to cause all such guarantees by AutoNation to be released by the creditors and other parties holding such guarantees.

#### DIVIDEND AND INTERCOMPANY DEBT REPAYMENTS

As part of our separation from AutoNation, and prior to our initial public offering, our company declared and paid a \$2.0 billion dividend in April 1998 to AutoNation in the form of promissory notes. In addition, we owed AutoNation approximately \$139.5 million and owed Resources, at that time one of our subsidiaries, approximately \$165.4 million, net of an approximate \$90.5 million Resources owed to our company. On June 30, 1998, we repaid \$565.4 million of the promissory notes that we issued to AutoNation with cash, assets that we received from Resources and with the receivable Resources owed to our company. In addition, we distributed all of our shares of common stock of Resources to AutoNation. We also repaid the amounts we owed to AutoNation and Resources by issuing 16,474,417 shares of Class A common stock to AutoNation and we repaid the remaining balance of the promissory notes that we had issued to AutoNation with the net proceeds from the sale of 63,250,000 shares of Class A common stock in our initial public offering, which totalled approximately \$1.4 billion.

#### SEPARATION AND DISTRIBUTION AGREEMENT

The Separation and Distribution Agreement that we entered into with AutoNation in June 1998 provided for the principal corporate transactions required to effect our separation from AutoNation, for the then-contemplated distribution by AutoNation of our common stock that it owned to its stockholders and for other arrangements governing the future relationship between our company and AutoNation.

The Separation. Under the Separation and Distribution Agreement that we entered into with AutoNation and prior to our initial public offering, (1) we distributed to AutoNation all of the common stock of Resources, whose assets and liabilities related to AutoNation's automotive retail businesses, and (2) we reorganized internally within our consolidated group of subsidiaries certain subsidiaries engaged in the solid waste services business, that we owned directly or indirectly. Our financial statements exclude the accounts of Resources.

The Initial Public Offering. Under the Separation and Distribution Agreement, in July 1998, we issued and sold 63,250,000 shares of our Class A common stock in our initial public offering, resulting in net proceeds of approximately \$1.4 billion. We used all the net proceeds, and issued an additional 16,474,417 shares of our Class A common stock, to repay in full all amounts that we owed to AutoNation.

The Distribution. Under the Separation and Distribution Agreement, the distribution of our common stock that AutoNation owned to its stockholders was subject to the satisfaction or waiver by the AutoNation board of directors, in its sole discretion, of several conditions, including the receipt of a favorable private letter ruling from the IRS. In March 1999, the IRS advised AutoNation in writing that the IRS would not rule as requested. As a result, with our consent, AutoNation decided to sell its shares of our common stock. In May 1999, AutoNation sold substantially all of its shares of our common stock in a secondary public offering, and has given the underwriters in the offering options exercisable on or prior to May 26, 1999 to purchase all or a portion of its remaining shares.

Registration Rights. The Separation and Distribution Agreement provides that AutoNation and any of AutoNation's wholly owned subsidiaries that own our common stock will have the right in certain circumstances to require our company to use our best efforts to register for resale shares of our common stock held by AutoNation under the Securities Act and applicable state securities laws,

subject to conditions, limitations and exceptions. We also agreed with AutoNation that if we file a registration statement for the sale of securities under the Securities Act, then AutoNation and its subsidiaries may, subject to conditions, limitations and exceptions, include in the registration statement shares of common stock held by AutoNation and its subsidiaries. AutoNation agreed to pay all of the offering expenses related to the registration statement that we file at the request of AutoNation, provided that if we registered any new shares of our common stock in the registration statement that we prepared at AutoNation's request, then we would pay our pro rata portion of the offering expenses. We agreed to pay offering expenses related to the registration statement that we may file on our own behalf; however, AutoNation must pay its pro rata portion of the offering expenses if any shares of our common stock held by AutoNation and its subsidiaries are included in that registration statement. In March 1999, AutoNation exercised its right under the Separation and Distribution Agreement to have us register all of the common stock it owns, resulting in the secondary public offering by AutoNation of its shares of our common stock in May 1999.

**Releases and Indemnification.** The Separation and Distribution Agreement provides for a full and complete release and discharge as of the time we made our initial public offering of all liabilities, including any contractual agreements or arrangements existing or alleged to exist, 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 our initial public offering, between our company and AutoNation, including in connection with the transactions and all other activities to implement our spinoff from AutoNation, our initial public offering and the distribution of our common stock to AutoNation stockholders, except as otherwise expressly stated in the Separation and Distribution Agreement.

Except as provided in the Separation and Distribution Agreement, we have agreed to indemnify, defend and hold harmless AutoNation and each of AutoNation's directors, officers and employees from and against all liabilities relating to, arising out of or resulting from (1) our or any other person's failure to pay, perform or otherwise promptly discharge any of our liabilities under the Separation and Distribution Agreement and (2) any breach by our company of the Separation and Distribution Agreement or any of the ancillary agreements entered into by the parties related to the Separation and Distribution Agreement.

Except as provided in the Separation and Distribution Agreement, AutoNation has agreed to defend and hold us harmless and to indemnify our company and each of our directors, officers and employees from and against all liabilities relating to, arising out of or resulting from (1) the failure of AutoNation or any other person to pay, perform or otherwise promptly discharge any liabilities of AutoNation other than our liabilities, (2) any breach by AutoNation of the Separation and Distribution Agreement or any of the other agreements that we entered into related to the Separation and Distribution Agreement and (3) any untrue statement of a material fact or omission to state a material fact, or alleged untrue statements or omissions, with respect to information relating to AutoNation contained in the registration statement for our common stock that was issued in our initial public offering or the registration statement that we filed on behalf of AutoNation for its secondary offering.

The Separation and Distribution Agreement also specifies certain procedures regarding claims subject to indemnification and related matters.

**Contingent Liabilities and Contingent Gains.** The Separation and Distribution Agreement provides for indemnification by our company and AutoNation regarding contingent liabilities primarily relating to our respective businesses or otherwise assigned to our company.



The Separation and Distribution Agreement provides for the establishment of a Contingent Claims Committee comprised of one representative designated from time to time by each of AutoNation and ourselves that will establish procedures for resolving disagreements among our company and AutoNation as to contingent gains and contingent liabilities.

The Separation and Distribution Agreement provides for the sharing of shared contingent liabilities, which means:

- any contingent liabilities that are not exclusive contingent liabilities of AutoNation or exclusive contingent liabilities of ours and
- specifically identified liabilities.

The parties have agreed to allocate responsibility for shared contingent liabilities based upon the respective market capitalizations of each party at the time of our initial public offering or on other methodology to be established by a committee that we and AutoNation will establish for this purpose. AutoNation will assume the defense of, and may seek to settle or compromise, any third party claim that is a shared contingent liability, and the costs and expenses of the claim will be included in the amount to be shared by AutoNation and our company.

The Separation and Distribution Agreement provides that the parties will each have the exclusive right to any benefit received with respect to any contingent gain that primarily relates to the business of that party, or that is expressly assigned to that party. Each party will have sole and exclusive authority to manage, control and otherwise determine all matters whatsoever with respect to a contingent gain that primarily relates to its respective business. We have agreed with AutoNation to share any benefit that may be received from any contingent gain based upon market capitalizations of each party as of the date we completed our initial public offering or another methodology that a committee that the parties appoint may determine. We have agreed that AutoNation will have the sole and exclusive authority to manage, control and otherwise determine all matters whatsoever with respect to any contingent gain. Under the Separation and Distribution Agreement, we have agreed that AutoNation may decide not to pursue any 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 interests of AutoNation, without regard to our best interests, and that AutoNation will have no liability to us as a result of that determination.

Certain Business Transactions. Under the terms of the Separation and Distribution Agreement, AutoNation has agreed that, for a period of five years after we are no longer a subsidiary of AutoNation, AutoNation will not directly or indirectly compete with us in the solid waste services industry anywhere in North America, and we have agreed that, for a period of five years after that time, we will not directly or indirectly compete with AutoNation in the automotive retail or vehicle rental industries anywhere in North America. The Separation and Distribution Agreement also provided for the allocation of corporate opportunities prior to the time we separated from AutoNation. During this period, neither party had any duty to communicate or offer opportunities to the other and, subject to the non-competition covenants, could pursue or acquire any opportunity for itself or direct the opportunity to another. However, (1) if the opportunity related primarily to the business of the other party, the party that had the opportunity generally was required to let the other party know about it and (2) if the opportunity related to both of our businesses, the party that learned about the opportunity had to use its reasonable best efforts to let the other party know about it.

Insurance. Under the Separation and Distribution Agreement, AutoNation agreed to permit our company to continue to participate in some of its insurance policies and to provide claims adjustment services for automobile liability and general liability claims. We have paid AutoNation a monthly fee

of \$43,000 for insurance costs plus an amount equal to 5% of incurred losses for claims adjustment services. We are securing insurance policies independent of AutoNation. We have agreed with AutoNation to cooperate in good faith to provide for an orderly transition of insurance coverage. However, AutoNation will not be liable to our company in the event any of these policies are terminated or prove to be inadequate. See "Business -- Liability and Insurance Bonding."

Expenses. Except as set forth in an ancillary agreement, the Separation and Distribution Agreement treats specific third-party fees, costs and expenses paid or incurred in anticipation of the distribution of our shares to AutoNation's stockholders in the same manner as we will treat the expenses that are incurred for the contingent liabilities, and all other fees, costs and expenses in connection with the distribution will be paid by AutoNation.

Termination. The Separation and Distribution Agreement provides that it may be terminated at any time prior to the time our shares are distributed to AutoNation's stockholders, if AutoNation and our company both agree. In the event of any such termination, only the provisions of the Separation and Distribution Agreement that obligate each party to pursue the distribution terminate and the other provisions of the Separation and Distribution Agreement and other related agreements will remain in full force and effect.

#### SERVICES AGREEMENT

AutoNation and our company have entered into a Services Agreement under which AutoNation provides our company with:

- 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 providing these services, we paid AutoNation a fee of \$1.25 million per month, subject to review and adjustment based upon a reduction in the amount of services AutoNation provided. Effective January 1, 1999, the fee was reduced to \$0.9 million per month. The fee is payable 15 days after the close of each month and our management thinks that the fee is no less favorable than if we were to provide these services ourselves or if we had obtained them from unaffiliated third parties.

The Services Agreement has been amended to provide for an initial term expiring June 30, 1999, with an option to extend the term until December 31, 1999. After that, we have an additional option

to extend the term for another year. At any time, we can terminate the agreement upon 30 days' written notice.

Any services that AutoNation provides our company beyond the services to be provided under the terms of the Services Agreement that AutoNation determines are not covered by the fees provided for under the terms of the Services Agreement will be billed to our company as described in the Services Agreement, or on such other basis as AutoNation and we may agree. The price payable by our company for these non-covered services will be established on a negotiated basis which is no less favorable than the charges for comparable services from unaffiliated third parties.

#### TAX INDEMNIFICATION AND ALLOCATION AGREEMENT

We have entered into a Tax Indemnification and Allocation Agreement with AutoNation that provides that AutoNation will indemnify us for income taxes that we might incur if the internal restructuring transactions that we entered into in June 1998 in connection with our initial public offering fail to qualify as tax-free spin-offs.

In addition to the foregoing indemnities, the Tax Indemnification and Allocation Agreement provides for four things:

- (1) the allocation and payment of taxes for periods during which we and AutoNation were included in the same consolidated group for federal income tax purposes or the same consolidated, combined or unitary returns for state tax purposes,
- (2) the allocation of responsibility for the filing of tax returns,
- (3) the conduct of tax audits and the handling of tax controversies and
- (4) various related matters.

For periods during which AutoNation included our company in its consolidated federal income tax returns or state consolidated, combined or unitary tax returns, which included the periods on or before we became a public company, we will be required to pay an amount of income tax equal to the consolidated tax liability attributable to our operations. We will be responsible for our own separate tax liabilities that are not determined on a consolidated or combined basis. In the future, we will also be responsible for any increases to the consolidated tax liability of AutoNation and our company that is attributable to our company, and we will be entitled to refunds for reductions of tax liabilities attributable to our company for prior periods.

We were included in AutoNation's consolidated group for federal income tax purposes for periods during which AutoNation beneficially owned at least 80% of the total voting power and value of our outstanding common stock. Each corporation that is a member of a consolidated group during any portion of the group's tax year is jointly and severally liable for the federal income tax liability of the group for that year. We and our subsidiaries stopped being members of AutoNation's consolidated group after we became a public company. While the Tax Indemnification and Allocation Agreement allocates tax liabilities between AutoNation and our company during the periods when we were included in AutoNation's consolidated group, we could be liable in the event federal tax liability allocated to AutoNation is incurred, but not paid, by AutoNation or any other member of AutoNation's consolidated group for AutoNation's tax years before we were a public company. If this were to happen, we could seek indemnification from AutoNation under the Tax Indemnification and Allocation Agreement.

## EMPLOYEE BENEFITS AGREEMENT

We entered into an Employee Benefits Agreement with AutoNation. Under this Agreement, we have assumed and agreed to pay, perform, fulfill and discharge all liabilities to, or relating to, former employees of AutoNation or its affiliates whom we will employ as of the date we are no longer affiliated with AutoNation and certain former employees of AutoNation or its affiliates, including retirees, who were employed by or provided services primarily for our solid waste business. Now that we are no longer affiliated with AutoNation, these employees and former employees no longer participate in AutoNation's employee benefit plans, although we are responsible for our allocable share of the costs of such plans. We are in the process of establishing our own employee benefit plans, which are generally similar to AutoNation's plans as in effect. The Employee Benefits Agreement that we are describing does not preclude our company from discontinuing or changing such plans at any time thereafter, with a few exceptions. Our plans generally will assume all liabilities under AutoNation's plans to employees and former employees that are assigned to us, and any assets funding these liabilities will be transferred from funding vehicles associated with AutoNation's plans to the corresponding funding vehicles associated with our plans.

## REPLACEMENT OPTIONS

Prior to the initial public offering, employees of our company were granted options to purchase AutoNation common stock under AutoNation's stock option plans. In March 1999, the approximately 8.3 million AutoNation stock options held by our employees were canceled, and our company's Compensation Committee granted replacement options to purchase our common stock on a one-for-one basis. The replacement options retained the vesting and exercise rights of the original options, subject to exercise limitations for individuals who signed stock option repricing agreements with AutoNation. The exercise price for individual replacement options are priced so that the potential gain or loss on each grant of AutoNation stock options generally has been maintained under the replacement options. We recorded \$2.0 million of compensation expense during the three months ended March 31, 1999 relating to our granting of replacement options at favorable exercise prices.

## LEASE

In July 1998, we signed a lease with a subsidiary of AutoNation for approximately 10,555 square feet of office space at AutoNation's corporate headquarters in Fort Lauderdale, Florida. The annual lease rate is \$220,320 (\$20.40 per square foot), and we pay for certain common area maintenance charges. Effective January 1, 1999, we amended the lease to increase the space we are renting to approximately 14,443 square feet at an annual rate of \$294,637 (\$20.40 per square foot). The lease has an initial term of one year, and we can terminate it on 90 days' prior written notice. It is automatically renewable by us for an additional one year term. The rent includes utilities, security, parking, building maintenance and cleaning services. We believe that the lease is on terms no less favorable than could be obtained from persons unrelated to our company.

## OTHER RELATIONSHIPS WITH AUTONATION

During 1998, we collected solid waste from, and leased roll-off containers to, certain automotive retail and vehicle rental subsidiaries of AutoNation and other properties. We provided all of these services at standard rates. We continue to provide these services to AutoNation on the same terms. During 1998, we rented vehicles from AutoNation's Alamo Rent-A-Car and National Car Rental System subsidiaries, under standard form vehicle rental agreements under which we were charged standard rates. We still, at times, rent vehicles from AutoNation on the same terms. In November

1998, we purchased a corporate aircraft from AutoNation for \$11 million. We believe these transactions were on terms as favorable as we would have obtained from an unrelated third party.

#### OTHER TRANSACTIONS WITH RELATED PARTIES

The following is a summary of other agreements and transactions that we are involved in with related parties. It is our policy that transactions with related parties must be on terms that, on the whole, are no less favorable than those that would be available from unaffiliated parties. Based on our experience, it is our belief that all of these transactions met that standard at the time such transactions were effected.

Pro Player Stadium is a professional sports stadium in South Florida that is owned and controlled by Mr. Huizenga. One of our subsidiaries collected solid waste from, and leased roll-off waste containers to, Pro Player Stadium pursuant to standard agreements under which Pro Player Stadium paid an aggregate of approximately \$219,000 in 1998. We continue to provide these services on the same terms. In September 1998, one of our subsidiaries began collecting solid waste from the National Car Rental Center, an arena in Broward County, Florida, which is operated by a subsidiary of Florida Panthers Holdings, Mr. Huizenga is the Chairman, and Mr. Hudson is a director, of Florida Panthers Holdings.

## DESCRIPTION OF OTHER INDEBTEDNESS

## THE CREDIT FACILITY

In July 1998, we entered into a \$1.0 billion unsecured revolving credit facility with a group of banks. \$500.0 million of the facility is short-term and expires in July 1999 and the remaining \$500.0 million is long-term and expires in July 2003. Borrowings under the credit facility bear interest at LIBOR-based rates. We use the proceeds from the credit facility to satisfy working capital requirements, capital expenditures and acquisitions. As of March 31, 1999 we had approximately \$109.0 million available under the credit facility. The credit facility contains various covenants, including covenants regarding our financial performance and covenants that require us to maintain minimum consolidated stockholder's equity and limit the amount of additional debt we incur.

We expect to use the net proceeds of the sale of the notes to repay \$378.0 million of the short-term portion of the credit facility and to repay \$117.0 million of the long-term portion of the credit facility, which amounts will be available to be reborrowed under the credit facility.

Following the issuance of the notes offered hereby, the credit facility will remain outstanding. The credit facility will rank equally with the notes in right of repayment.

We expect to extend the maturity of the short-term portion of the credit facility to July 2000, prior to its expiration in July 1999.

## CALIFORNIA POLLUTION CONTROL BONDS

When we acquired Taormina Industries, Inc. in 1997, we assumed its obligations with respect to three series of pollution control bonds issued by the California Pollution Control Financing Authority. These 20 year bonds were issued under indentures dated August 1, 1994, November 1, 1994 and September 1, 1996, respectively. The aggregate amount issued under these three series of bonds was \$43.0, of which \$42.0 remained outstanding on March 31, 1999. The proceeds of each series of bonds was loaned by the California Authority to Taormina Industries under loan agreements secured by letters of credit issued in favor of the State Street Bank and Trust Company of California, N.A., as trustee for the holders of the bonds.

The bonds bear interest at a variable rates depending upon the term of each individual interest period that we select: weekly, monthly, 3 months, 6 months, 9 months, yearly, and if longer than a year, any multiple of 6 months thereafter, up to a maximum rate of 12% per annum. The particular interest rate is determined in advance by a remarketing agent based on the minimum prevailing interest rates that the remarketing agent believes that it would have to use in order to sell the bonds at their face value. On March 31, 1999, the interest rate on each series of bonds was 2.75%. The bonds are subject to a demand purchase by their holders, may sometimes be redeemed with the consent of various parties, and have mandatory and optional redemptions upon the occurrence of some events. In the case of optional redemption, the bonds may be repurchased at times for a premium, beginning at 102% of their face value and declining to their face value over the term during which they are outstanding.

Letters of credit have been established with NationsBank, N.A. from which the trustee of the bonds is able to draw funds required to pay principal and interest on and/or to redeem or repurchase the bonds.

The indentures, the loan agreements and the related documentation for the bonds contain standard representations and warranties, covenants and restrictions relating to the business operations of Taormina Industries and/or our company and provide for standard default provisions, including failure to pay principal and interest on the bonds and events of bankruptcy.

Following the issuance of the notes offered hereby, the bonds will remain outstanding. The bonds will rank equally with the notes in right of repayment.

#### OTHER INDEBTEDNESS

Certain of our subsidiaries are indebted under various other notes payable with total principal outstanding of approximately \$22.6 million as of March 31, 1999. These notes payable are secured by real property, equipment and other assets. The interest rates on these other notes payable range from 4% to 10% and mature at various times through 2009. Generally, these notes payable were incurred by companies we acquired prior to our acquisition of the companies and are subject to prepayment penalties or premiums. We expect to continue to assume similar notes payable, which may be secured by assets, in the course of acquiring other companies.

#### OTHER OBLIGATIONS

From time to time, our company and our subsidiaries are required to post surety bonds and letters of credit that secure the performance of obligations to various municipalities.

As of March 31, 1999, we had outstanding surety bonds of approximately \$417.0 million in the aggregate. The surety bonds have various terms, expiration dates and provisions, and represent debt obligations that will rank equally with the notes issued hereunder. The surety bonds have been issued under an agreement of indemnity between our company, our subsidiaries and affiliates and Liberty Bond Services. Under the indemnity agreement, our company, our subsidiaries and affiliates are obligated to pay Liberty upon demand all premiums, costs and charges for any surety bonds until such time as their release. Our company, our subsidiaries and affiliates have agreed to indemnify Liberty against liability for its issuance and enforcement of the terms of the surety bonds and, as security, we have assigned applicable contracts to Liberty. The indemnity agreement contains standard terms and conditions and other provisions affecting our company's, our subsidiaries' and affiliates' and the surety's rights and obligations.

As of March 31, 1999, we had outstanding letters of credit of approximately \$13.0 million in the aggregate. The letters of credit are issued against our revolving credit facility.

## DESCRIPTION OF THE NOTES

## GENERAL

The notes will be issued under an indenture (we refer to the indenture, as supplemented from time to time, as the "Indenture") between Republic Services, Inc. and The Bank of New York as Trustee.

The following summary of certain provisions of the notes and the Indenture is not complete and is subject to the detailed provisions of the Indenture. We have filed a copy of the Indenture as an exhibit to the Registration Statement. Whenever particular provisions or defined terms in the Indenture are referred to in this prospectus, such provisions or defined terms are incorporated by reference in this prospectus. Section references used in this prospectus are references to the Indenture. References, in this Section only, to "Republic Services, Inc." refer to Republic Services, Inc. exclusive of its Subsidiaries.

## TERMS

The notes due 200 issued under the Indenture will:

- be limited to \$ million aggregate principal amount; and
- mature on , 200 .

The notes due 200 issued under the Indenture will:

- be limited to \$ million aggregate principal amount; and
- mature on , 200 .

The notes due 200 and the notes due 200 will be unsecured obligations of Republic Services, Inc. and will rank equally with all of our other unsecured and unsubordinated indebtedness.

The notes due 200 and the notes due 200 will bear interest at the respective rates shown on the front cover of this prospectus from 1999, payable semi-annually on each and to the persons in whose name they are registered at the close of business on or preceding the interest payment date.

The first interest payment on each series of the notes will be made on , 1999.

The notes of each series may be redeemed before their maturity as described below, but are not entitled to the benefit of any sinking fund. They will be issued in book-entry form only. See "Book-Entry System." At March 31, 1999, on a pro forma basis after giving effect to the offering of the notes, Republic Services, Inc. would have had approximately \$947.6 million of senior indebtedness outstanding.

## OPTIONAL REDEMPTION

The notes of each series will be redeemable, as a whole or in part, at our option, at any time or from time to time, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the applicable series of notes to be redeemed, and

(2) the sum of the present values of the remaining scheduled payments of principal and interest on the applicable series of notes to be redeemed discounted to the date of redemption on a semi-annual basis (assuming a 360-day



year consisting of twelve 30-day months) at the applicable Treasury Rate, plus  
basis points for the notes due 200 and basis points for the notes due

200 , respectively. In the case of each of clause (1) and (2), accrued interest will be payable to the redemption date.

Holders of notes to be redeemed will receive notice thereof by first-class mail at least 30 and not more than 60 days prior to the date fixed for redemption. If fewer than all of the notes of a particular series are to be redeemed, the Trustee will select, not more than 60 days prior to the redemption date, the particular notes or portions thereof for redemption from the outstanding notes not previously called by such method as the Trustee deems fair and appropriate.

On and after the redemption date, interest will cease to accrue on the notes of a particular series or any portion of the notes called for redemption unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent (or the Trustee) money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on such date. If less than all of the notes of a particular series are to be redeemed, the notes to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate.

#### BOOK-ENTRY SYSTEM

The notes initially will be represented by one or more global securities deposited with The Depository Trust Company ("DTC") and registered in the name of DTC's nominee. Except under the circumstances described below, we will not issue the notes in definitive form.

Upon the issuance of a global security, DTC will credit on its book-entry registration and transfer system the accounts of persons designated by the underwriters with the respective principal amounts of the notes represented by the global security. Ownership of beneficial interests in a global security is limited to persons that have accounts with DTC or its nominee ("participants") or persons that may hold interests through participants. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership may be effected only through, records maintained by DTC or its nominee (for interests of persons who are participants) and records maintained by participants (for interests of persons who are not participants). The laws of some states require that certain purchasers of securities take physical delivery of the securities in definitive form. Such limits and laws may impair a purchaser's ability to transfer beneficial interests in a global security.

DTC or its nominee will be considered the sole owner or holder of the notes represented by a global security for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have notes represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form, and will not be considered the owners of record or holders of notes under the Indenture.

We will make principal and interest payments on notes registered in the name of DTC or its nominee to DTC or its nominee as the registered holder of the relevant global security. None of us, the Trustee, any paying agent nor the registrar for the notes will have any responsibility or liability for any aspect of the records relating to, or payment made on account of, beneficial interests in a global security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest, will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in

a global security held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participants.

If DTC at any time is unwilling or unable to continue as a depository and we do not appoint a successor depository within 90 days, we will issue notes in definitive form in exchange for the entire global security. In addition, we may at any time and in our sole discretion determine not to have notes represented by a global security and, in such event, we will issue notes in definitive form in exchange for the entire global security. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery in definitive form of notes represented by such global security equal in principal amount to such beneficial interest and to have such notes registered in the owner's name. Notes so issued in definitive form will be issued as registered notes in denominations of \$1,000 and integral multiples thereof, unless we specify otherwise.

The information in this section concerning DTC and its book-entry system has been obtained from sources that we believe to be reliable, but we do not take responsibility for its accuracy.

#### CERTAIN DEFINITIONS

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"Attributable Debt" means, when used in connection with a sale and leaseback transaction, at any date of determination, the product of (1) the net proceeds from such sale and leaseback transaction multiplied by (2) a fraction, the numerator of which is the number of full years of the term of the lease relating to the property involved in such sale and leaseback transaction (without regard to any options to renew or extend such term) remaining at the date of the making of such computation and the denominator of which is the number of full years of the term of such lease measured from the first day of such term.

"Capital Stock" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests (including partnership interests) in (however designated) the equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

"Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term ("Remaining Life") of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Consolidated Net Tangible Assets" means, as any date, the total amount of assets of Republic Services, Inc. and its Restricted Subsidiaries on a consolidated basis (less applicable reserves and other properly deductible items) after deducting therefrom (1) all current liabilities (excluding any current liabilities which are by their terms extendible or renewable at the option of the obligor

thereon to a time more than 12 months after the time as of which the amount thereof is being computed or which is supported by other borrowings with a maturity of more than 12 months from the date of calculation), (2) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles and (3) appropriate adjustments on account of minority interests of other Persons holding stock of Republic Services, Inc.'s Subsidiaries, all as set forth on the most recent balance sheet of Republic Services, Inc. and its consolidated Subsidiaries (but, in any event, as of a date within 120 days of the date of determination) in each case excluding intercompany items and computed in accordance with generally accepted accounting principles as in effect from time to time.

"Exempted Debt" means the sum, without duplication, of the following items outstanding as of the date Exempted Debt is being determined: (1) Indebtedness of Republic Services, Inc. and the Restricted Subsidiaries Incurred after the date of the Indenture and secured by Liens created, assumed or otherwise Incurred or permitted to exist pursuant to the Indenture under "Certain Covenants of Republic Services, Inc. -- Restrictions on Liens" and (2) Attributable Debt of Republic Services, Inc. and the Restricted Subsidiaries in respect of all sale and leaseback transactions with regard to any Principal Property entered into pursuant to the Indenture under "Certain Covenants of Republic Services, Inc. -- Limitation on Sale and Leaseback Transactions."

"Funded Debt" means all Indebtedness for money borrowed, including purchase money indebtedness, having a maturity of more than one year from the date of its creation or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the obligor in respect thereof, beyond one year from its creation.

"guarantee" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Incur" means issue, assume, guarantee, incur or otherwise become liable for. The terms "Incurred," "Incurrence" and "Incurring" shall each have a correlative meaning.

"Indebtedness" means with respect to any Person at any date of determination (without duplication), indebtedness for borrowed money or indebtedness evidenced by bonds, notes, debentures or other similar instruments given to finance the acquisition of any businesses, properties or assets of any kind (including, without limitation, Capital Stock or other equity interests in any Person).

"Independent Investment Banker" means either Banc of America Securities LLC or Merrill Lynch, Pierce, Fenner & Smith Incorporated or, if both firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee after consultation with Republic Services, Inc.

"Lien" with respect to any property or assets, means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority

or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such property or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing), but not including the interest of a lessor under a lease that is an operating lease under generally accepted accounting principles.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trusts, unincorporated organization or government or any agency or political subdivisions thereof.

"Principal Property" means any land, land improvements or building, together with the land upon which it is erected and fixtures comprising a part thereof, in each case, owned or leased by Republic Services, Inc. or any Restricted Subsidiary and located in the United States, the gross book value (without deduction of any reserve for depreciation) of which on the date as of which the determination is being made is an amount which exceeds 2% of Consolidated Net Tangible Assets but not including such land, land improvements, buildings or portions thereof which is financed through the issuance of tax exempt governmental obligations, or any such property that has been determined by board resolution of Republic Services, Inc. not to be of material importance to the respective businesses conducted by Republic Services, Inc. or such Restricted Subsidiary effective as of the date such resolution is adopted.

"Reference Treasury Dealer" means (1) each of Banc of America Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated and their respective successors, provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), we will substitute for such initial purchaser another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Independent Investment Banker after consultation with Republic Services, Inc.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Restricted Subsidiary" means any Subsidiary which, at the time of determination, owns or is a lessee pursuant to a capital lease of any Principal Property.

"Subsidiary" of a Person means, with respect to any Person, any corporation, association, partnership or other business entity of which at least a majority the total voting power of the Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person.

"Treasury Rate" means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published

maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third Business Day preceding the redemption date.

#### CERTAIN COVENANTS OF REPUBLIC SERVICES

The following restrictions apply to each series of notes.

**RESTRICTIONS ON LIENS.** We will not, and will not permit any Restricted Subsidiary to, Incur any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property of Republic Services, Inc. or a Restricted Subsidiary, whether such shares of stock, Indebtedness or other obligations of a Subsidiary or Principal Property is owned at the date of the Indenture or thereafter acquired, without in any such case effectively providing that all the notes will be directly secured equally and ratably with such Lien. These restrictions do not apply to:

(1) the Incurrence of any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture (including acquisitions by way of merger or consolidation) by Republic Services, Inc. or a Restricted Subsidiary contemporaneously with such acquisition, or within 120 days thereafter, to secure or provide for the payment or financing of any part of the purchase price thereof, or the assumption of any Lien upon any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture existing at the time of such acquisition, or the acquisition of any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property subject to any Lien without the assumption thereof, provided that every such Lien referred to in this clause (1) shall attach only to the shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property so acquired and fixed improvements thereon;

(2) any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property existing at the date of the Indenture;

(3) any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property in favor of Republic Services, Inc. or any Restricted Subsidiary;

(4) any Lien on Principal Property being constructed or improved securing loans to finance such construction or improvements;

(5) any Lien on shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property Incurred in connection with the issuance of tax exempt government obligations; and

(6) any renewal of or substitution for any Lien permitted by any of the preceding clauses (1) through (5), provided, in the case of a Lien permitted under clause (1), (2) or (4), the debt secured is not increased nor the Lien extended to any additional assets.

Notwithstanding the foregoing, Republic Services, Inc. or any Restricted Subsidiary may create or assume Liens in addition to those permitted by clauses (1) through (6), and renew, extend or

replace such Liens, provided that at the time of such creation, assumption, renewal, extension or replacement of such Lien, and after giving effect thereto, together with any sale and leaseback transactions in addition to those permitted under the covenant entitled "Limitation on Sale and Leaseback Transactions," Exempted Debt does not exceed 20% of Consolidated Net Tangible Assets. (Section 1005)

For the purposes of this "Restrictions on Liens" covenant and the "Limitation on Sale and Leaseback Transactions" covenant, the giving of a guarantee which is secured by a Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property, and the creation of a Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property to secure Indebtedness that existed prior to the creation of such Lien, shall be deemed to involve the creation of Indebtedness in an amount equal to the principal amount guaranteed or secured by such Lien.

LIMITATION ON SALE AND LEASEBACK TRANSACTIONS. The Indenture provides that Republic Services, Inc. will not, and will not permit any Restricted Subsidiary to, sell or transfer, directly or indirectly, except to Republic Services, Inc. or a Restricted Subsidiary, any Principal Property as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property, except a lease for a period of two years or less at the end of which it is intended that the use of such property by the lessee will be discontinued; provided that, notwithstanding the foregoing, Republic Services, Inc. or any Restricted Subsidiary may sell any such Principal Property and lease it back for a longer period:

(1) if Republic Services, Inc. or such Restricted Subsidiary would be entitled, pursuant to the provisions of the Indenture described above under "Certain Covenants of Republic Services, Inc.--Restrictions on Liens," to create a mortgage on the property to be leased securing Funded Debt in an amount equal to the Attributable Debt with respect to such sale and leaseback transaction without equally and ratably securing the outstanding notes; or

(2) if Republic Services, Inc. promptly informs the Trustee of such transaction, the net proceeds of such transaction are at least equal to the fair value (as determined by board resolution of Republic Services, Inc.) of such property, and Republic Services, Inc. causes an amount equal to the net proceeds of the sale to be applied to the retirement, within 180 days after receipt of such proceeds, of Funded Debt Incurred or assumed by Republic Services, Inc. or a Restricted Subsidiary (including the notes); provided further that, in lieu of applying all or any part of such net proceeds to such retirement, Republic Services, Inc. may, within 75 days after such sale or transfer, deliver or cause to be delivered to the applicable trustee for cancellation either debentures or notes evidencing Funded Debt of Republic Services, Inc. (which may include the outstanding notes offered in this prospectus) or of a Restricted Subsidiary previously authenticated and delivered by the applicable trustee, and not theretofore tendered for sinking fund purposes or called for a sinking fund or otherwise applied as a credit against an obligation to redeem or retire such notes or debentures. If Republic Services, Inc. so delivers debentures or notes to the applicable trustee with an Officers' Certificate, the amount of cash that Republic Services, Inc. will be required to apply to the retirement of Funded Debt will be reduced by an amount equal to the aggregate of the then applicable optional redemption prices (not including any optional sinking fund redemption prices) of such debentures or notes, or if there are no such redemption prices, the principal amount of such debentures or notes, provided, that in the case of debentures or notes which provide for an amount less than the principal amount thereof to be due and payable upon a declaration of the maturity thereof, such amount of cash shall be reduced by the amount of principal of such debentures or notes that

would be due and payable as of the date of such application upon a declaration of acceleration of the maturity thereof pursuant to the terms of the indenture pursuant to which such debentures or notes were issued; or

(3) if Republic Services, Inc., within 180 days after the sale or transfer, applies or causes a Restricted Subsidiary to apply an amount equal to the greater of the net proceeds of such sale or transfer or fair market value of the Principal Property so sold and leased back at the time of entering into such sale and leaseback transaction (in either case as determined by board resolution of Republic Services, Inc.) to purchase other Principal Property having a fair market value at least equal to the fair market value of the Principal Property (or portion thereof) sold or transferred in such sale and leaseback transaction.

Notwithstanding the foregoing, Republic Services, Inc. or any Restricted Subsidiary may enter into sale and leaseback transactions in addition to those permitted in this paragraph and without any obligation to retire any outstanding notes or other Funded Debt, provided that at the time of entering into such sale and leaseback transactions and after giving effect thereto, together with any Liens in addition to those permitted under the covenant entitled "Restrictions on Liens," Exempted Debt does not exceed 20% of Consolidated Net Tangible Assets. (Section 1006)

#### CONSOLIDATION, MERGER OR SALE OF SUBSTANTIALLY ALL ASSETS

We may consolidate or merge with, or sell all or substantially all of our assets to, another corporation as long as we are not in default under the Indenture and the consolidation, merger or sale does not create a default under the Indenture. The remaining or acquiring corporation must assume all of our responsibilities and liabilities under the Indenture, including the payment of all amounts due on the notes and performance of the covenants. Under these circumstances, if our properties or assets become subject to a Lien not permitted by the Indenture, we will equally and ratably secure the notes. (Section 801)

#### FILING OF FINANCIAL STATEMENTS

The Indenture will require us to file quarterly and annual financial statements with the Securities and Exchange Commission.

#### EVENTS OF DEFAULT

An event of default under the Indenture with respect to a series of notes includes the following:

- failure to pay interest on the notes of such series for 30 days;
- failure to pay principal on the notes of such series when due;
- failure to perform any of the other covenants or agreements in the Indenture relating to the notes of such series that continues for 60 days after notice to us by the Trustee or holders of at least 25% in principal amount of the notes of each affected series then outstanding (voting as one class);
- failure to pay when due any obligation of ours or any subsidiary having an aggregate principal amount outstanding of at least \$25.0 million that continues for 25 days after notice to us by the Trustee or holders of at least 25% in principal amount of the notes of each affected series then outstanding (voting as one class); or



- certain events of bankruptcy, insolvency or reorganization relating to us or any Subsidiary. (Section 501)

The Indenture provides that the Trustee will, with certain exceptions, notify the holders of the notes of any event of default known to it within 90 days after the occurrence of such event. (Section 602)

If an event of default (other than with respect to certain events of bankruptcy, insolvency or reorganization) occurs and is continuing for the notes of a series, the Trustee or the holders of not less than 25% in principal amount of the notes of each affected series then outstanding (voting as one class) may declare the principal amount to be due and payable. In such a case, subject to certain conditions, the holders of a majority in principal amount of the notes of each affected series then outstanding (voting as one class) can rescind and annul such declaration and its consequences. (Section 502)

In the event of a declaration or an acceleration because an event of default related to the failure to perform or breach of a covenant or agreement has occurred and is continuing, such declaration or acceleration shall be automatically rescinded and annulled if the default triggering such event of default shall be remedied or cured by the Republic Services, Inc. or the relevant Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the declaration or acceleration with respect thereto.

We are required to file an annual officers' certificate with the Trustee concerning our compliance with the Indenture. (Section 705) Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is not obligated to exercise any of its rights or powers at the request or direction of any of the holders unless they have offered the Trustee security or indemnity. (Section 603) If the holders provide security or indemnity satisfactory to the Trustee, the holders of a majority in principal amount of the outstanding notes of the applicable series during an event of default may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee under the Indenture or exercising any of the Trustee's trusts or powers with respect to the notes. (Section 512)

#### MODIFICATION AND AMENDMENT OF THE INDENTURE

We may enter into supplemental indentures with the Trustee without the consent of the holders of the notes to, among other things:

- evidence the assumption by a successor corporation of our obligations;
- appoint additional, separate or successor trustees to act under the Indenture;
- add covenants for the protection of the holders of one or more series of the notes;
- cure any ambiguity or correct any inconsistency in the Indenture;
- add guarantees or security; and
- make any change that does not adversely affect the rights of holders of the notes of such series. (Section 901)

With the consent of the holders of a majority in principal amount of the notes of all series then outstanding and affected (voting as one class) we may execute supplemental indentures with the Trustee to add provisions or change or eliminate any provision of the Indenture or any supplemental indenture or to modify the rights of the holders of the notes of each series so affected.

Without the consent of the holders of each outstanding note affected, no such supplemental indenture will, with respect to the notes:

- change their stated maturity;
- reduce their principal amount or their interest rate;
- reduce the principal amount payable upon their acceleration;
- change the place or currency in which they are payable;
- impair the right to institute suit for their enforcement;
- reduce the premium payable upon redemption;
- reduce the percentage in principal amount of notes, the consent of the holders of which is required for any such supplemental indenture;
- reduce the percentage in principal amount of notes required for waiver of compliance with certain provisions of the Indenture or certain defaults;  
or
- modify provisions with respect to modification and waiver. (Section 902)

#### DISCHARGE OF INDENTURE

At our option, we (1) will be discharged from all obligations under the Indenture in respect of the notes of a particular series (except for certain obligations to exchange or register the transfer of the notes of such series, replace stolen, lost or mutilated notes of such series, maintain paying agencies and hold monies for payment in trust) or (2) need not comply with certain restrictive covenants of the Indenture (including the restrictions on Liens) with respect to the notes of such series, in each case if we deposit with the Trustee, in trust, money or U.S. government obligations (or a combination thereof) sufficient to pay the principal of and any premium or interest on the notes of such series when due. In order to select either option, we must provide the Trustee with an opinion of counsel or a ruling from, or published by, the Internal Revenue Service, to the effect that holders of the notes of such series will not recognize gain or loss for Federal income tax purposes, as if we had not exercised either option. (Section 404)

In the event we exercise our option under (2) above with respect to the notes of a particular series and the notes of such series are declared due and payable because of the occurrence of any event of default other than default with respect to such obligations, the amount of money and U.S. government obligations on deposit with the Trustee will be sufficient to pay amounts due on the notes at the time of their stated maturity but may not be sufficient to pay amounts due on the notes of such series at the time of the acceleration resulting from such event of default. We would remain liable, however, for such amounts. (Sections 403 and 404)

#### GOVERNING LAW

The Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

## CONCERNING THE TRUSTEE

The Bank of New York, Trustee under the Indenture, is a member of the syndicate of lenders for our credit facility.

## UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of material U.S. federal income tax consequences and material U.S. federal estate tax consequences of the acquisition, ownership and disposition of the notes by investors. The "issue price" is generally the first price at which a substantial amount of the notes is sold from their original issuance other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. Because the amount payable at maturity will not exceed the issue price by more than a de minimis amount, as those amounts and issue price are determined under the Internal Revenue Code and Treasury Regulations thereunder, the following discussion assumes the notes will not be issued with original issue discount for federal income tax purposes.

This summary does not discuss all of the aspects of U.S. federal income and estate taxation that may be relevant to investors in light of their particular investment or other circumstances. In addition, this summary does not discuss any U.S. state or local income or foreign income or other tax consequences. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, the Treasury Regulations and administrative and judicial interpretations of the Internal Revenue Code, all as in effect as of the date of this prospectus and all of which are subject to change or differing interpretation, possibly with retroactive effect. The discussion below deals only with the notes held as capital assets as defined in Section 1221 of the Internal Revenue Code, which is generally property held for investment, and does not address purchasers of the notes that may be subject to special rules, including, without limitation, certain U.S. expatriates, financial institutions, insurance companies, tax-exempt entities, dealers in securities or currencies, traders in securities, and persons that hold the notes as part of a straddle, hedge, conversion or other integrated transaction. Prospective investors should consult their own tax advisors regarding the particular U.S. federal, state and local and foreign income and other tax consequences of acquiring, owning and disposing of the notes that may be applicable to them.

For purposes of the following discussion, a U.S. holder is a beneficial owner of a note that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation or partnership, unless the Internal Revenue Service provides otherwise by Treasury Regulation, created or organized in or under the laws of the United States or any of its political subdivisions;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if, in general, the trust is subject to the supervision of a court within the United States and the control of one or more United States persons as described in section 7701(a)(30) of the Internal Revenue Code.

THE FOLLOWING DISCUSSION OF CERTAIN FEDERAL TAX INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, INVESTORS CONSIDERING THE PURCHASE OF NOTES

SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

#### UNITED STATES FEDERAL INCOME TAXATION OF U.S. HOLDERS

##### Payment of Interest

Stated interest on a note generally will be includable in the income of the U.S. holder of such note as ordinary income at the time such interest is received or accrued, in accordance with such holder's method of accounting for United States federal income tax purposes.

##### Amortizable Bond Premium

If a U.S. holder purchases a note for an amount in excess of the principal amount the holder will be considered to have purchased the note at a "premium." A U.S. holder generally may elect to amortize the premium over the remaining term of the note on a constant yield method. However, if the note is purchased at a time when the note may be optionally redeemed for an amount that is in excess of its principal amount, special rules would apply that could result in a smaller premium eligible for amortization during the call period and a deferral of the amortization of bond premium until later in the term of the note. The amount amortized in any year will be treated as a reduction of the U.S. holder's interest income from the note. Bond premium on a note held by a U.S. holder that does not make such an election will decrease the gain or increase the loss otherwise recognized on disposition of the note. The election to amortize premium on a constant yield method, once made, applies to all debt obligations held or subsequently acquired by electing U.S. holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

##### Sale, Exchange or Retirement of the Notes

Upon the sale, exchange or redemption of a note, a U.S. holder generally will recognize capital gain or loss equal to the difference between:

- (1) the amount of cash proceeds and the fair market value of any property received on the sale, exchange or redemption (except to the extent such amount is attributable to accrued interest income not previously included in income, which is taxable as ordinary income); and
- (2) such holder's adjusted tax basis in the note. A holder's adjusted tax basis in a note generally will equal the cost of the note to the U.S. holder, decreased by any bond premium therefore amortized by the U.S. holder with respect to the note. Such capital gain or loss will be long-term capital gain or loss if the note was held by the U.S. holder for more than 12 months. The net capital gain of an individual derived in respect of the notes generally will be taxed at a maximum rate of 20% if it is long-term capital gain.

##### Market Discount

If a U.S. holder, other than a holder who purchases the notes from the initial purchasers, purchases a Note for an amount that is less than its principal amount, the amount of the difference will be treated as "market discount" for United States federal income tax purposes, unless such

difference is less than a specified de minimus amount. Under the market discount rules, a U.S. holder will be required to treat any partial principal payment on, or any gain on the sale, exchange, retirement or other disposition of, a note as ordinary income to the extent of the market discount which has not previously been included in income and is treated as having accrued on such note at the time of such payment or disposition. In addition, the U.S. holder may be required to defer, until the maturity of the note or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry such note.

Any market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the note, unless the U.S. holder elects to accrue on a constant interest method. A U.S. holder may elect to include market discount in income currently as it accrues (on either a ratable or constant interest method), in which case the rule described above regarding deferral of interest deductions will not apply. This election to include market discount in income currently, once made, applies to all market discount obligations acquired on or after the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

#### Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of principal, premium, if any, and interest of a note and payments of the proceeds of the sale of a note to certain noncorporate holders, and a 31% backup withholding tax may apply to such payments if the U.S. holder:

- (1) fails to furnish or certify his correct taxpayer identification number to the payer in the manner required;
- (2) is notified by the Internal Revenue Service that he has failed to report payments of interest and dividends properly;
- (3) under certain circumstances, fails to certify that he has not been notified by the Internal Revenue Service that he is subject to backup withholding for failure to report interest and dividend payments; or
- (4) the Internal Revenue Service notifies us or our paying agent that the taxpayer identification number furnished by the U.S. holder is incorrect. Any amounts withheld under the backup withholding rules from a payment to a U.S. holder will be allowed as a credit against such holder's United States federal income tax and may entitle the holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

#### MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

For purposes of the following discussion, a non-U.S. holder is a beneficial owner of a note that is not, for U.S. federal income tax purposes, a U.S. holder. An individual may, subject to exceptions, be deemed to be a resident alien, as opposed to a non-resident alien, by virtue of being present in the United States on at least 31 days in the calendar year and for an aggregate of at least 183 days during a three year period ending in the current calendar year. For this purpose the number of days an individual is present in the U.S. includes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year. Resident aliens are subject to U.S. federal tax as if they were U.S. citizens.

Under present U.S. federal income and estate tax law and subject to the discussion of backup withholding below:

(1) payments of principal, premium, if any, and interest on a note by us or any of our agents to any non-U.S. holder will not be subject to withholding of U.S. federal income tax, provided that in the case of interest:

- the non-U.S. holder does not directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- the non-U.S. holder is not a controlled foreign corporation that is related to us through sufficient stock ownership, or a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code; and
- either the beneficial owner of the note certifies to us or our agent, under penalties of perjury, that it is not a "United States person" under the meaning of the Internal Revenue Code and provides its name and address, or a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business that holds the note on behalf of the beneficial owner certifies to us or our agent under penalties of perjury that it, or the financial institution between it and the beneficial owner, has received from the beneficial owner a statement, under penalties of perjury, that it is not a "United States person" and provides the payor with a copy of this statement;

(2) a non-U.S. holder will not be subject to U.S. federal income tax on any gain or income realized on the sale, exchange, redemption, retirement at maturity or other disposition of a note, provided that, in the case of proceeds representing accrued interest, the conditions described in paragraph (1) above are met, unless:

- the non-U.S. holder is an individual who is present in the United States for 183 days or more during the taxable year and some other conditions are met; or
- the gain is effectively connected with the conduct of a U.S. trade or business by the non-U.S. holder, or if an income tax treaty applies, is generally attributable to a U.S. "permanent establishment" maintained by the non-U.S. holder; and

(3) a note held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of the individual's death if, at the time of the individual's death:

- the individual did not directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of our stock entitled to vote; and
- the income on the note would not have been effectively connected with the conduct of a trade or business by the individual in the United States.

If a non-U.S. holder is engaged in a trade or business in the United States and interest on the note is effectively connected with the conduct of this trade or business or if an income tax treaty applies and the non-U.S. holder maintains a U.S. "permanent establishment" to which the interest is generally attributable, although the non-U.S. holder is exempt from the withholding tax discussed in the preceding paragraph (1) provided that the holder furnishes a properly executed United States Internal Revenue Service Form W-8ECI or successor form on or before any payment date to claim the exemption, the holder may be subject to U.S. federal income tax on such interest on a net basis in the same manner as if it were a U.S. holder.

In addition, a foreign corporation that is a holder of a note may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to some adjustments, unless it qualifies for a lower rate under an applicable income tax treaty. For this

purpose, interest on a note or gain recognized on the disposition of a note will be included in earnings and profits if the interest or gain is effectively connected with the conduct by the foreign corporation of a trade or business in the United States.

Republic Services will, where required, report to the holder of notes and the Internal Revenue Service the amount of any interest paid on the notes in each calendar year and the amounts of tax withheld, if any, with respect to such payments. Copies of these information returns may also be made available under the provisions of a specific treaty agreement to the tax authorities of the country in which the non-U.S. holder resides.

Recently finalized Treasury Regulations generally effective for payments made after December 31, 2000 will provide alternative methods for satisfying the certification requirement described in the third bullet point of paragraph (1) above and will require a non-U.S. holder that provides an Internal Revenue Service Form W-8ECI or successor form as discussed above, as well as a non-U.S. holder claiming the benefit of an income tax treaty, to also provide its U.S. taxpayer identification number. The finalized Treasury Regulation generally also will require, in the case of a note held by a foreign partnership, that the certification described in the third bullet point of paragraph (1) above be provided by the partners and that the partnership provide certain information, including a U.S. taxpayer identification number. A look-through rule will apply in the case of tiered partnerships.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments made by us or any of our agents, in their capacities as agents, to a non-U.S. holder of a note if the holder has provided the required certification that it is not a United States person as set forth in paragraph (1) above, provided that neither we nor our agent has actual knowledge that the holder is a United States person. We or our agent may, however, report payments of interest on the notes. Payments of the proceeds from a disposition by a non-U.S. holder of a note made to or through a foreign office of a broker will not be subject to information reporting or backup withholding, except that information reporting may apply to those payments if the broker is

- a United States person,
- a controlled foreign corporation for U.S. federal income tax purposes,
- a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three year period or
- with respect to payments made after December 31, 2000, a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons, as defined in Treasury Regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership or if, at any time during its tax year, the foreign partnership is engaged in a U.S. trade or business.

Payments of the proceeds from a disposition by a non-U.S. holder of a note made to or through the U.S. office of a broker are subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder would be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

UNDERWRITING

GENERAL

Subject to the terms and conditions set forth in a purchase agreement among our company and each of Banc of America Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint book-running managers, and Banc One Capital Markets, Inc., Chase Securities Inc., Deutsche Bank Securities Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Salomon Smith Barney Inc., we have agreed to sell to the underwriters, and each of the underwriters severally and not jointly has agreed to purchase from us, the aggregate principal amount of each series of the notes set forth opposite its name below.

UNDERWRITERS - - - - -	PRINCIPAL AMOUNT OF NOTES DUE 200 -----	PRINCIPAL AMOUNT OF NOTES DUE 200 -----
Banc of America Securities LLC.....	\$	\$
Merrill Lynch, Pierce, Fenner & Smith Incorporated .....		
Banc One Capital Markets, Inc.....		
Chase Securities Inc.....		
Deutsche Bank Securities Inc.....		
Donaldson, Lufkin & Jenrette Securities Corporation....		
Salomon Smith Barney Inc.....		
 Total.....	 \$ =====	 \$ =====

The several underwriters have agreed, subject to the terms and conditions included in the purchase agreement, to purchase all of the notes being sold under the agreement, if any of the notes being sold under the agreement are purchased. In the event of a default by an underwriter, the purchase agreement provides that, in certain circumstances, the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against some liabilities, including some liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The notes are being offered by the several underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by counsel for the underwriters and other conditions. The underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

CONCESSIONS AND DISCOUNTS

The underwriters have advised us that they propose initially to offer the notes to the public at the initial public offering prices set forth on the cover page of this prospectus, and to dealers at such prices, less the concessions shown below. The underwriters may allow, and such dealers may reallow, discounts on the notes to other dealers, at the discounts shown below. After the initial public offerings, the public offering prices, concessions and discounts may be changed.

	NOTES DUE 200 -----	NOTES DUE 200 -----
Concession.....	%	%
Discount.....	%	%



The expenses of the offering, exclusive of the underwriting discount, are estimated at approximately \$1.1 million and are payable by us.

#### NO SALES OF SIMILAR SECURITIES

We have agreed, subject to exceptions, not to directly or indirectly offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer any debt securities (other than, in each case, in connection with an extension or amendment of our revolving credit facility, replacement of our revolving credit facility with another credit facility, or entering into a credit facility to purchase or lease equipment) or any securities convertible into or exercisable or exchangeable for debt securities, or file a registration statement under the Securities Act with respect to the foregoing, without the prior written consent of Banc of America Securities LLC and Merrill Lynch on behalf of the underwriters for a period of 90 days after the date of this prospectus.

#### NEW ISSUE OF NOTES

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by the underwriters that they presently intend to make a market in the notes after the consummation of the offering contemplated hereby, although they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

#### NASD REGULATIONS

Part of the proceeds of the offering will be used to repay borrowings under our revolving credit facility. Because more than 10% of the net proceeds of the offering may be paid to members or affiliates of members of the National Association of Securities Dealers, Inc. participating in the offering, the offering will be conducted in accordance with NASD Conduct Rule 2710(c)(8).

#### PRICE STABILIZATION AND SHORT POSITIONS

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market price of the notes. These transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the notes. If the underwriters create a short position in the notes in connection with the offering, i.e., if they sell more notes than are set forth on the cover page of this prospectus, the underwriters may reduce that short position by purchasing notes in the open market. In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither our company nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither our company nor any of the underwriters makes any representation that the underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

## OTHER RELATIONSHIPS

Some of the underwriters and their affiliates engage in transactions with, and perform services for, our company in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and investment banking transactions with our company, for which they have received customary compensation. Merrill Lynch, Deutsche Bank Securities and Donaldson, Lufkin & Jenrette were U.S. representatives of the underwriters in our initial public offering in July 1998, and Banc of America Securities LLC and Salomon Smith Barney each participated in the underwriting syndicate for our initial public offering.

Merrill Lynch, Deutsche Bank Securities, Donaldson, Lufkin & Jenrette and Salomon Smith Barney served as U.S. representatives of the underwriters in a secondary public offering by our selling stockholder in April 1999. Banc of America Securities LLC participated in the underwriting syndicate for the secondary offering.

Bank of America NTSA is the administrative agent for our credit facility. Banc of America Securities LLC is an affiliate of Bank of America NTSA. The Chase Manhattan Bank, Citibank, N.A., Deutsche Bank AG, The First National Bank of Chicago and NationsBank, N.A. are each members of the syndicate of lenders under our credit facility. Chase Securities Inc. is an affiliate of The Chase Manhattan Bank, Salomon Smith Barney is an affiliate of Citibank, N.A., Deutsche Bank Securities is an affiliate of Deutsche Bank AG, Banc One Capital Markets, Inc. is an affiliate of The First National Bank of Chicago and Banc of America Securities LLC is an affiliate of NationsBank, N.A.

We expect to use the net proceeds from this offering to pay some of the amounts outstanding under our credit facility. Each member of the lending syndicate will receive a portion of the net proceeds of this offering toward the reduction of these amounts under our credit facility.

## LEGAL MATTERS

Legal matters regarding the validity of the notes offered under this prospectus will be passed upon on our behalf by Akerman, Senterfitt & Eidson, P.A., Miami, Florida. Some attorneys employed by Akerman, Senterfitt & Eidson, P.A. own shares of our common stock. Legal matters relating to the offering will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson (a partnership including professional corporations), New York, New York. Akerman, Senterfitt and Eidson, P.A. will rely on Fried, Frank, Harris, Shriver & Jacobson with respect to New York law.

## EXPERTS

The consolidated financial statements and schedule for each of the three years ended December 31, 1998, included in this prospectus and registration statement, have been audited by Arthur Andersen LLP, independent certified public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

## AVAILABLE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act to register the notes being offered by Republic Services under this prospectus. This prospectus does not contain all of the information in the registration statement, certain portions of which are omitted as permitted by the rules and regulations of the Commission. For further information pertaining to our company and the notes being offered, reference is made to the registration statement, including its exhibits and the financial statements, notes and schedules filed as a part thereof. Statements contained in this prospectus regarding the contents of any contract or other document referred to herein or therein are not necessarily complete, and in each instance reference is made to the copy of the contract or other document filed as an exhibit to the registration statement or other document, each statement being qualified in all respects by the reference.

Our company is subject to the informational requirements of the Exchange Act and, in accordance therewith, will file reports, proxy statements and other information with the Commission. The reports, proxy statements and other information, as well as the registration statement and its exhibits and schedules, may be inspected, without charge, at the public reference facility maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices located at Seven World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of the materials may also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The materials can also be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005 or on the Commission's site on the Internet at <http://www.sec.gov>.

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Republic Services, Inc.:

We have audited the accompanying consolidated balance sheets of Republic Services, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Republic Services, Inc. and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Fort Lauderdale, Florida,  
January 28, 1999, except with respect to the  
matters discussed in Note 12, as to which  
the date is May 3, 1999.

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

	MARCH 31, 1999	DECEMBER 31, ----- 1998                      1997 ----- -----	
	(UNAUDITED)		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents.....	\$ 15.3	\$ 556.6	\$ --
Restricted cash.....	6.8	7.1	18.8
Accounts receivable, less allowance for doubtful accounts of \$22.1 and \$13.6 at December 31, 1998 and 1997, respectively.....	207.8	182.7	131.0
Prepaid expenses and other current assets.....	43.7	37.6	26.1
	-----	-----	-----
<b>Total Current Assets.....</b>	<b>273.6</b>	<b>784.0</b>	<b>175.9</b>
<b>PROPERTY AND EQUIPMENT, NET.....</b>	<b>1,391.4</b>	<b>1,096.1</b>	<b>801.8</b>
<b>INTANGIBLE AND OTHER ASSETS, NET.....</b>	<b>1,123.3</b>	<b>932.0</b>	<b>370.3</b>
	-----	-----	-----
	<b>\$2,788.3</b>	<b>\$2,812.1</b>	<b>\$1,348.0</b>
	=====	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable.....	\$ 45.0	\$ 64.7	\$ 40.2
Accrued liabilities.....	156.5	146.2	57.6
Deferred revenue.....	52.0	46.6	29.5
Due to Republic Industries.....	--	--	266.1
Notes payable and current maturities of long-term debt....	385.2	499.9	10.8
Other current liabilities.....	54.9	26.4	19.9
	-----	-----	-----
<b>Total Current Liabilities.....</b>	<b>693.6</b>	<b>783.8</b>	<b>424.1</b>
<b>LONG-TERM DEBT, NET OF CURRENT MATURITIES.....</b>	<b>557.4</b>	<b>557.2</b>	<b>64.3</b>
<b>ACCRUED ENVIRONMENTAL AND LANDFILL COSTS.....</b>	<b>102.1</b>	<b>77.3</b>	<b>46.0</b>
<b>DEFERRED INCOME TAXES.....</b>	<b>73.9</b>	<b>71.4</b>	<b>47.5</b>
<b>OTHER LIABILITIES.....</b>	<b>16.8</b>	<b>23.3</b>	<b>15.3</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>STOCKHOLDERS' EQUITY:</b>			
Investment by Republic Industries.....	--	--	749.8
Preferred stock, par value \$.01 per share; 50,000,000 shares authorized; none issued.....	--	--	--
<b>Common stock:</b>			
Class A, par value \$.01 per share; 250,000,000 shares authorized; 79,724,417 and none issued and outstanding, respectively.....	1.8	.8	--
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.....	1,205.5	1,203.5	--
Retained earnings.....	137.2	93.8	--
	-----	-----	-----
<b>Total Stockholders' Equity.....</b>	<b>1,344.5</b>	<b>1,299.1</b>	<b>750.8</b>
	-----	-----	-----
	<b>\$2,788.3</b>	<b>\$2,812.1</b>	<b>\$1,348.0</b>
	=====	=====	=====

The accompanying notes are an integral part of these statements.

## REPUBLIC SERVICES, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(IN MILLIONS, EXCEPT EARNINGS PER SHARE DATA)

	THREE MONTHS ENDED MARCH 31,		YEARS ENDED DECEMBER 31,		
	1999	1998	1998	1997	1996
	(UNAUDITED)				
REVENUE.....	\$ 403.5	\$ 300.8	\$1,369.1	\$1,127.7	\$ 953.3
EXPENSES:					
Cost of operations.....	244.7	185.9	842.7	723.0	628.3
Depreciation, amortization and depletion.....	33.4	23.8	106.3	86.1	75.3
Selling, general and administrative.....	46.0	32.1	135.8	117.3	135.3
Restructuring and other charges.....	--	--	--	--	8.8
OPERATING INCOME.....	79.4	59.0	284.3	201.3	105.6
INTEREST EXPENSE.....	(11.3)	(5.4)	(44.7)	(25.9)	(29.7)
INTEREST INCOME.....	2.6	.5	1.5	4.9	11.7
OTHER INCOME (EXPENSE), NET.....	(.1)	.3	(.9)	1.8	2.2
INCOME BEFORE INCOME TAXES.....	70.6	54.4	240.2	182.1	89.8
PROVISION FOR INCOME TAXES.....	27.2	19.6	86.5	65.9	38.0
NET INCOME.....	\$ 43.4	\$ 34.8	\$ 153.7	\$ 116.2	\$ 51.8
BASIC AND DILUTED EARNINGS PER SHARE.....	\$ .25	\$ .36	\$ 1.13	\$ 1.21	\$ .54
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING.....	175.4	95.7	135.6	95.7	95.7

The accompanying notes are an integral part of these statements.

## REPUBLIC SERVICES, INC.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(IN MILLIONS)

	INVESTMENT BY REPUBLIC INDUSTRIES	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
		CLASS A	CLASS B		
BALANCE AT DECEMBER 31, 1995.....	\$ 371.2	\$ --	\$1.0	\$ --	\$ --
Net income.....	51.8	--	--	--	--
Business acquisitions contributed by Republic Industries.....	79.7	--	--	--	--
Other.....	(9.2)	--	--	--	--
BALANCE AT DECEMBER 31, 1996.....	493.5	--	1.0	--	--
Net income.....	116.2	--	--	--	--
Business acquisitions contributed by Republic Industries.....	148.4	--	--	--	--
Investment in Resources.....	(17.4)	--	--	--	--
Other.....	9.1	--	--	--	--
BALANCE AT DECEMBER 31, 1997.....	749.8	--	1.0	--	--
Net income.....	59.9	--	--	--	93.8
Business acquisitions contributed by Republic Industries.....	128.3	--	--	--	--
Dividend to Republic Industries.....	(2,000.0)	--	--	--	--
Dividend from Resources.....	437.3	--	--	--	--
Transfer to additional paid-in capital.....	624.7	--	--	(624.7)	--
Issuance of Class A Common Stock to Republic Industries.....	--	.2	--	395.2	--
Sale of Class A Common Stock.....	--	.6	--	1,433.0	--
BALANCE AT DECEMBER 31, 1998.....	--	.8	1.0	1,203.5	93.8
Net income.....	--	--	--	--	43.4
Conversion of Common Stock owned by AutoNation, Inc.....	--	1.0	(1.0)	--	--
Issuance of compensatory stock options.....	--	--	--	2.0	--
BALANCE AT MARCH 31, 1999.....	\$ --	\$1.8	\$ --	\$1,205.5	\$137.2

The accompanying notes are an integral part of these statements.



REPUBLIC SERVICES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN MILLIONS)

	THREE MONTHS ENDED MARCH 31,		YEARS ENDED DECEMBER 31,		
	1999	1998	1998	1997	1996
	(UNAUDITED)				
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Net income.....	\$ 43.4	\$ 34.8	\$ 153.7	\$ 116.2	\$ 51.8
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and depletion of property and equipment.....	26.3	20.3	88.6	76.1	66.6
Amortization of intangible assets....	7.1	3.5	17.7	10.0	8.7
Deferred tax provision.....	7.1	7.6	19.2	36.5	3.2
Non-cash charge.....	2.0	--	--	--	--
Changes in assets and liabilities, net of effects from business acquisitions:					
Accounts receivable.....	(22.6)	(3.3)	(41.8)	(15.6)	(16.4)
Prepaid expenses and other assets.....	(6.4)	(2.9)	(11.3)	17.4	7.0
Accounts payable and accrued liabilities.....	(18.4)	(3.0)	(14.1)	(26.7)	(32.0)
Other liabilities.....	25.5	23.3	59.1	65.5	54.6
	64.0	80.3	271.1	279.4	143.5
<b>CASH USED IN INVESTING ACTIVITIES:</b>					
Purchases of property and equipment.....	(55.7)	(29.0)	(193.0)	(165.3)	(146.9)
Cash used in acquisitions, net of cash acquired.....	(432.5)	1.8	(425.2)	2.7	1.2
Other.....	(.9)	6.0	10.8	(5.5)	(30.0)
	(489.1)	(21.2)	(607.4)	(168.1)	(175.7)
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:</b>					
Proceeds from the sale of common stock.....	--	--	1,433.6	--	--
Proceeds from notes payable and long-term debt.....	1.3	.5	10.6	5.2	44.5
Payments of notes payable and long-term debt.....	(15.5)	(16.3)	(61.8)	(100.2)	(91.4)
Increase (decrease) in amounts due to Republic Industries.....	--	(27.3)	(1,469.5)	(47.3)	166.9
Net proceeds from (payments on) revolving credit facility.....	(102.0)	--	980.0	--	--
Other.....	--	(16.0)	--	6.8	(99.7)
	(116.2)	(59.1)	892.9	(135.5)	20.3
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>(541.3)</b>	<b>--</b>	<b>556.6</b>	<b>(24.2)</b>	<b>(11.9)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.....</b>	<b>556.6</b>	<b>--</b>	<b>--</b>	<b>24.2</b>	<b>36.1</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD.....</b>	<b>\$ 15.3</b>	<b>\$ --</b>	<b>\$ 556.6</b>	<b>\$ --</b>	<b>\$ 24.2</b>

The accompanying notes are an integral part of these statements.

## REPUBLIC SERVICES, INC.

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

(INFORMATION RELATED TO THE THREE MONTHS ENDED MARCH 31, 1999 AND 1998 IS  
UNAUDITED)

## 1. BASIS OF PRESENTATION

The accompanying Consolidated Financial Statements include the accounts of Republic Services, Inc. and its subsidiaries (the "Company"). As of December 31, 1998, approximately 63.9% 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"), was owned by Republic Industries, Inc. ("Republic Industries"). The Company provides non-hazardous solid waste collection and disposal services in the United States. All material intercompany transactions have been eliminated.

The accompanying Consolidated Financial Statements exclude the accounts of the Company's formerly wholly owned subsidiary, Republic Resources Company, Inc. ("Resources"), all of the common stock of which was distributed to Republic Industries in June 1998. The Company and Resources have been in dissimilar businesses, have been managed and financed historically as if they were autonomous, have had no more than incidental common facilities and costs, have been operated and financed autonomously after the distribution of Resources to Republic Industries, and have no financial commitments, guarantees, or contingent liabilities to each other following the distribution. Based on these facts, the accounts of Resources have been excluded from the Company's consolidated financial statements as the Company has elected to characterize the distribution of Resources as resulting in a change in the reporting entity.

In the opinion of management, the Unaudited Consolidated Financial Statements contain all material adjustments, consisting of only normal recurring adjustments, necessary to present fairly the consolidated financial position of the Company at March 31, 1999 and the consolidated results of operations and cash flows for the three months ended March 31, 1999 and 1998. Income taxes during these interim periods have been provided for based upon the Company's anticipated annual effective income tax rate. Operating results for these interim periods are not necessarily indicative of the results that can be expected for a full year.

The accompanying Consolidated Financial Statements reflect the accounts of the Company as a subsidiary of Republic Industries subject to corporate general and administrative expense allocations or charges under the Services Agreement as described in Note 10, 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.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

All historical share and per share data of the Company's Common Stock for all periods included in the consolidated financial statements and the notes thereto have been retroactively adjusted for the recapitalization of 100 shares of the Company's common stock previously held by Republic Industries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

into 95,688,083 shares of Class B Common Stock in July 1998, as more fully described in Note 6, Stockholders' Equity.

In May 1998, Republic Industries announced its intention to separate the Company from Republic Industries (the "Separation"). Republic Industries also announced its intention to distribute its remaining shares of Common Stock in the Company as of the distribution date to Republic Industries' shareholders in 1999, subject to certain conditions and consents (the "Distribution"). The Company and Republic Industries have entered into certain agreements providing for the Separation and the Distribution, and the governing of various interim and ongoing relationships between the companies. The Distribution was conditioned, in part, on Republic Industries obtaining a private letter ruling from the Internal Revenue Service ("IRS") 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 Republic Industries. In July 1998 Republic Industries filed its application for the private letter ruling with the IRS. See also Note 12, Subsequent Events, for further information.

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 Republic Industries as of June 30, 1998 through the issuance of shares of Class A Common Stock and through all of the proceeds from the Initial Public Offering. Following the Initial Public Offering and the repayment of amounts due to Republic Industries, 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 were owned by Republic Industries.

The following unaudited pro forma consolidated statement of operations data for the year ended December 31, 1998 has been prepared assuming the Initial Public Offering and the repayment in full of the amounts due to Republic Industries had occurred as of January 1, 1998:

Operating income.....	\$284.3
Interest expense.....	(7.4)
Interest income.....	1.5
Other income (expense), net.....	(.9)
	-----
Income before income taxes.....	277.5
Provision for income taxes.....	99.9
	-----
Net income.....	\$177.6
	=====
Basic and diluted earnings per share.....	\$ 1.01
	=====
Weighted average common and common equivalent shares outstanding.....	175.4
	=====

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Certain reclassifications have been made to the prior period balance sheet to conform to the current presentation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## RESTRICTED CASH

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

## OTHER CURRENT ASSETS

Other current assets consist primarily of inventories and short-term notes receivable. Inventories totaled approximately \$13.3 million and \$11.7 million at December 31, 1998 and 1997, respectively, and consist primarily of equipment parts, compost materials and supplies that are valued under a method that approximates the lower of cost (first-in, first-out) or market.

## PROPERTY AND EQUIPMENT

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

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

Landfills are stated at cost and are depleted based on consumed airspace. Landfill improvements include direct costs incurred to obtain a landfill permit and direct costs incurred to construct and develop the site. These costs are depleted based on consumed airspace. All indirect landfill development costs are expensed as incurred.

Interest costs are capitalized in connection with the construction of landfill sites. Interest capitalized was \$.8 million, \$.8 million and \$1.8 million for the years ended December 31, 1998, 1997 and 1996, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

A summary of property and equipment is as follows:

	MARCH 31, 1999 ----- (UNAUDITED)	DECEMBER 31, -----	
		1998	1997
Land, landfills and improvements.....	\$ 903.3	\$ 611.7	\$ 420.1
Furniture, fixtures, trucks and equipment.....	826.3	806.8	668.9
Buildings and improvements.....	154.7	150.6	126.6
	-----	-----	-----
	1,884.3	1,569.1	1,215.6
Less: accumulated depreciation, amortization and depletion.....	(492.9)	(473.0)	(413.8)
	-----	-----	-----
	\$1,391.4	\$1,096.1	\$ 801.8
	=====	=====	=====

The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of property and equipment or whether the remaining balance of property and equipment should be evaluated for possible impairment. The Company uses an estimate of the related undiscounted cash flows over the remaining life of the property and equipment in measuring their recoverability.

## INTANGIBLE AND OTHER ASSETS

Intangible and other assets consist primarily of the cost of acquired businesses in excess of the fair value of net assets acquired and other intangible assets. The cost in excess of the fair value of net assets is amortized over forty years on a straight-line basis. Other intangible assets include values assigned to customer lists, long-term contracts and covenants not to compete and are amortized generally over periods ranging from 5 to 25 years. Accumulated amortization of intangible assets was \$73.0 million and \$57.9 million at December 31, 1998 and 1997, respectively.

The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of intangible assets or whether the remaining balance of intangible assets should be evaluated for possible impairment. The Company uses an estimate of the related undiscounted cash flows over the remaining life of the intangible assets in measuring their recoverability.

## ACCRUED LIABILITIES

A summary of accrued liabilities is as follows:

	DECEMBER 31, -----	
	1998	1997
Amounts due former owners of acquired businesses.....	\$ 26.7	\$ --
Accrued payroll and benefits.....	25.7	17.0
Accrued disposal costs.....	16.1	5.1
Accrued fees and taxes.....	12.7	5.4
Other.....	65.0	30.1
	-----	-----
	\$146.2	\$ 57.6
	=====	=====

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## ACCRUED ENVIRONMENTAL AND LANDFILL COSTS

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

	DECEMBER 31,	
	1998	1997
	-----	-----
Accrued landfill site closure/post-closure costs.....	\$73.4	\$47.3
Accrued environmental costs.....	9.5	8.6
	-----	-----
	82.9	55.9
Less: current portion (included in other current liabilities).....	(5.6)	(9.9)
	-----	-----
	\$77.3	\$46.0
	=====	=====

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. Available airspace is generally based on estimates of remaining permitted and likely to be permitted airspace developed by independent engineers together with the Company's engineers and accounting personnel utilizing information provided by aerial surveys of landfills which are generally performed annually. These aerial surveys form the basis for the volume available for disposal. Accruals for closure and post-closure costs totaled approximately \$11.4 million, \$7.9 million and \$4.4 million during the years ended December 31, 1998, 1997 and 1996, respectively. Estimated aggregate closure and post-closure costs will be fully accrued for these landfills at the time that such facilities cease to accept waste and are closed. At December 31, 1998, approximately \$370.5 million of such costs are to be expensed over the remaining lives of these facilities. 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 United States Environmental Protection Agency's Subtitle D regulations. These estimates do not take into account discounts for the present value of such total estimated costs. The Company periodically reassesses such costs based on various methods and assumptions regarding landfill airspace and the technical requirements of the Environmental Protection Agency's Subtitle D regulations and adjusts such accruals accordingly.

In the normal course of business, the Company is subject to ongoing environmental investigations by certain regulatory agencies, as well as other claims and disputes that could result in litigation. Environmental costs are accrued by the Company through a charge to income in the period such liabilities become probable and can be reasonably estimated. No material amounts were charged to expense during the years ended December 31, 1998, 1997 and 1996.

## REVENUE RECOGNITION

Revenue consists primarily of collection fees from commercial, industrial, residential and municipal customers and transfer and landfill disposal fees charged to third parties. Collection, transfer and disposal, recycling and other services accounted for approximately 78.7%, 10.1%, 3.1% and 8.1%, respectively, of consolidated revenue for the year ended December 31, 1998. Advance billings are recorded as deferred revenue and revenue is recognized over the period in which services are provided. No one customer has individually accounted for more than 10.0% of the Company's consolidated revenues in any of the past three years.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## INCOME TAXES

Effective with the Initial Public Offering on July 1, 1998, the Company is no longer included in the consolidated federal income tax return of Republic Industries. For the periods prior to the Initial Public Offering, all tax amounts have been recorded as if the Company filed a separate federal tax return. The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Accordingly, deferred income taxes have been provided to show the effect of temporary differences between the recognition of revenue and expenses for financial and income tax reporting purposes and between the tax basis of assets and liabilities and their reported amounts in the financial statements.

Certain businesses acquired in 1997 and 1996 and accounted for under the pooling of interests method of accounting were subchapter S corporations for income tax purposes. The subchapter S corporation status of these companies was terminated effective with the closing date of the acquisitions. For purposes of these Consolidated Financial Statements, federal and state income taxes have been recorded as if these companies had filed subchapter C corporation tax returns for the pre-acquisition periods, and the current income tax expense is reflected in shareholders' equity. Pre-acquisition income taxes related to pooled S corporations recorded in the consolidated financial statements were \$0 million and \$4.0 million during the years ended December 31, 1997 and 1996, respectively.

## 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 Republic Industries into 95,688,083 shares of Class B Common Stock. Diluted earnings per share equals basic earnings per share for all periods presented since there was substantially no dilutive effect of common share equivalents outstanding during the periods presented. See Note 7, Stock Options, for further information regarding stock options which could potentially dilute earnings per share in future periods.

## COMPREHENSIVE INCOME

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

## STATEMENTS OF CASH FLOWS

The Company considers all highly liquid investments with purchased maturities of three months or less to be cash equivalents. The effect of non-cash transactions related to business combinations, as discussed in Note 3, Business Combinations, and other non-cash transactions are excluded from the accompanying Consolidated Statements of Cash Flows.

The Company made interest payments on notes payable and long-term debt of approximately \$44.8 million, \$25.1 million and \$30.1 million for the years ended December 31, 1998, 1997 and 1996, respectively. The Company made income tax payments of approximately \$65.4 million, \$29.4 million and \$31.7 million for the years ended December 31, 1998, 1997 and 1996, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, restricted cash, receivables, and accounts payable and accrued liabilities approximate fair value due to the short maturity of these instruments. The carrying amounts of notes payable and long-term debt approximate fair value because interest rates generally are variable and, accordingly, approximate current market rates.

## CONCENTRATION OF CREDIT RISK

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

## 3. BUSINESS COMBINATIONS

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

Significant businesses acquired and accounted for under the pooling of interests method of accounting have been included retroactively in the Consolidated Financial Statements as if the companies had operated as one entity since inception. Businesses acquired and accounted for under the purchase method of accounting are included in the Consolidated Financial Statements from the date of acquisition. The value of the Republic Industries Common Stock issued to effect business combinations accounted for under the purchase method of accounting is based on the average market price of Republic Industries Common Stock over a five day period before and after the parties have reached agreement on the purchase price and the proposed transaction has been publicly announced, if applicable.

In September 1998, the Company entered into a definitive agreement with Waste Management, Inc. ("Waste Management") to acquire certain assets. The assets to be acquired include 16 landfills, 11 transfer stations and 136 collection routes across the United States as well as disposal agreements at various Waste Management sites, and will be accounted for under the purchase method of accounting. At December 31, 1998, closings had been completed for 6 landfills, 7 transfer stations and all 136 of the collection routes discussed above, at a purchase price of approximately \$200.8 million consisting of cash and certain properties.

During the year ended 1998, Republic Industries acquired various solid waste services businesses which were contributed to the Company. The aggregate purchase price paid by Republic Industries in transactions accounted for under the purchase method of accounting was \$128.3 million, consisting of \$60.3 million in cash and approximately 3.4 million shares of Republic Industries Common Stock



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

valued at \$68.0 million. Subsequent to the Initial Public Offering, the Company acquired various solid waste businesses. The aggregate purchase price paid by the Company in transactions accounted for under the purchase method of accounting was \$450.5 million consisting of cash and certain properties.

During the year ended December 31, 1997, Republic Industries acquired various solid waste services businesses which were contributed to the Company. The aggregate purchase price paid by Republic Industries in transactions accounted for under the purchase method of accounting was \$147.9 million consisting of \$11.5 million in cash and 5.7 million shares of Republic Industries Common Stock valued at \$136.4 million. In addition, Republic Industries issued an aggregate of 34.1 million shares of Republic Industries Common Stock in transactions accounted for under the pooling of interests method of accounting. Included in the shares of Republic Industries Common Stock issued in acquisitions accounted for under the pooling of interests method of accounting are approximately 0.3 million shares issued for acquisitions that were not material individually or in the aggregate and, consequently, prior period financial statements were not restated for such acquisitions.

During the year ended December 31, 1996, Republic Industries acquired various solid waste services businesses which were contributed to the Company. The aggregate purchase price paid by Republic Industries in transactions accounted for under the purchase method of accounting was \$87.6 million, consisting of \$16.9 million in cash and 6.6 million shares of Republic Industries Common Stock valued at \$70.7 million. In addition, Republic Industries issued an aggregate of 40.0 million shares of Republic Industries Common Stock in transactions accounted for under the pooling of interests method of accounting. Included in the shares of Republic Industries Common Stock issued in acquisitions accounted for under the pooling of interests method of accounting are approximately 1.1 million shares issued for acquisitions that were not material individually or in the aggregate and, consequently, prior period financial statements were not restated for such acquisitions.

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

	THREE MONTHS ENDED		YEARS ENDED DECEMBER 31,		
	MARCH 31,		1998	1997	1996
	1999	1998	1998	1997	1996
	-----	-----	-----	-----	-----
	(UNAUDITED)				
Property and equipment.....	\$ 295.7	\$ 13.2	\$ 180.3	\$ 36.8	\$ 71.8
Cost in excess of net assets acquired.....	206.1	109.7	572.4	149.1	73.6
Working capital deficit.....	(44.0)	(8.0)	(108.0)	(18.0)	(20.3)
Long-term debt assumed.....	(1.7)	(13.8)	(51.7)	(26.8)	(27.1)
Other assets (liabilities).....	(23.6)	(1.2)	(39.5)	4.6	(19.5)
Investment by Republic Industries.....	--	(101.7)	(128.3)	(148.4)	(79.7)
	-----	-----	-----	-----	-----
Cash used in acquisitions, net of cash acquired.....	\$ 432.5	\$ (1.8)	\$ 425.2	\$ (2.7)	\$ (1.2)
	=====	=====	=====	=====	=====

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company's unaudited pro forma consolidated results of operations assuming acquisitions accounted for under the purchase method of accounting had occurred at the beginning of the periods presented are as follows for the years ended December 31:

	1998	1997
	-----	-----
Revenue.....	\$1,552.0	\$1,392.9
Income from continuing operations.....	155.5	116.1
Basic and diluted earnings per share.....	1.15	1.21
Weighted average common and common equivalent shares outstanding.....	135.6	95.7

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

## 4. NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt are as follows:

	DECEMBER 31,	
	-----	-----
	1998	1997
	-----	-----
\$1.0 billion unsecured revolving credit facility; interest payable using LIBOR based rates (6.4% at December 31, 1998); \$500.0 million matures July 1999 and \$500.0 million matures 2003.....	\$ 980.0	\$ --
Bonds payable under loan agreements with California Pollution Control Financing Authority; interest at prevailing market rates (4.3% and 5.0% at December 31, 1998 and 1997, respectively).....	42.0	43.1
Other notes; secured by real property, equipment and other assets; interest rates ranging from 4% to 10%; maturing through 2009.....	35.1	32.0
	-----	-----
	1,057.1	75.1
Less: current portion.....	(499.9)	(10.8)
	-----	-----
	\$ 557.2	\$ 64.3
	=====	=====

At December 31, 1998, aggregate maturities of notes payable and long-term debt are as follows:

1999.....	\$ 499.9
2000.....	7.0
2001.....	4.5
2002.....	4.0
2003.....	503.5
Thereafter.....	38.2
	-----
	\$1,057.1
	=====

The unsecured revolving credit facility and the loan agreements with the California Pollution Control Financing Authority require the Company to maintain certain financial ratios and comply with certain financial covenants. At December 31, 1998, the Company was in compliance with the financial covenants under these agreements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## 5. INCOME TAXES

The components of the provision for income taxes for the years ended December 31 are as follows:

	1998	1997	1996
	-----	-----	-----
Current:			
Federal.....	\$ 59.8	\$20.9	\$30.1
State.....	7.5	8.5	4.7
Federal and state deferred.....	23.2	36.5	2.4
Change in valuation allowance.....	(4.0)	--	0.8
	-----	-----	-----
Provision for income taxes.....	\$ 86.5	\$65.9	\$38.0
	=====	=====	=====

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate for the years ended December 31 is shown below:

	1998	1997	1996
	----	----	----
Statutory federal income tax rate.....	35.0%	35.0%	35.0%
Non-deductible expenses.....	1.3	1.5	2.6
State income taxes, net of federal benefit.....	2.1	2.0	3.6
Other, net.....	(2.4)	(2.3)	1.1
	----	----	----
Effective income tax rate.....	36.0%	36.2%	42.3%
	=====	=====	=====

Components of the net deferred income tax liability in the accompanying Consolidated Balance Sheets at December 31 are as follows:

	1998	1997
	-----	-----
Deferred income tax liabilities:		
Book basis in property over tax basis.....	\$ 95.7	\$ 64.9
Deferred income tax assets:		
Net operating losses and other carryforwards.....	--	(4.0)
Accruals not currently deductible.....	(33.0)	(23.0)
Valuation allowance.....	8.7	9.6
	-----	-----
Net deferred income tax liability.....	\$ 71.4	\$ 47.5
	=====	=====

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has provided a valuation allowance to offset a portion of the deferred tax assets due to uncertainty surrounding the future realization of such deferred tax assets. The Company adjusts the valuation allowance in the period management determines it is more likely than not that deferred tax assets will or will not be realized.

## 6. STOCKHOLDERS' EQUITY

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In June 1998, the Company received a dividend of certain assets from Resources totaling approximately \$437.3 million (the "Resources Dividend"). In June 1998, the Company prepaid a portion of the amounts outstanding under the Company Notes totaling \$565.4 million using the Resources Dividend, cash and certain other assets.

In July 1998, the Company amended and restated its Certificate of Incorporation to authorize capital stock consisting of (a) 50,000,000 shares of preferred stock, par value \$.01 per share (the "Preferred Stock"), and (b) 750,000,000 shares of Common Stock of which 250,000,000 shares 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 Republic Industries 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. See also Note 12, Subsequent Events, for further information.

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

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

#### 7. 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. Options granted under the Stock Incentive Plan are non-qualified and are granted at a price equal to the fair market value of the Company's Common Stock at the date of grant. Generally, options granted will have a term of ten years from the date of grant, and vest in increments of 25% per year over a four year period on the yearly anniversary date of the grant. Options granted to non-employee directors have a term of ten years and vest immediately at the date of grant. The Company has reserved 20.0 million shares of Class A Common Stock for issuance pursuant to options granted under the Stock Incentive Plan and Substitute Options (as defined below). During 1998, options to acquire 573,000 shares of Class A Common Stock were granted under the Stock Incentive Plan.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following table summarizes information about the Company's outstanding and exercisable stock options at December 31, 1998 (shares in thousands):

RANGE OF EXERCISE PRICE	OUTSTANDING			EXERCISABLE	
	SHARES	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE (YRS.)	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
\$14.50-\$18.75.....	473.0	9.85	\$16.81	62.5	\$18.06
\$23.00-\$25.69.....	100.0	9.51	\$24.35	100.0	\$24.35
\$14.50-\$25.69.....	573.0	9.79	\$18.12	162.5	\$21.93

In January 1999, the Board of Directors approved additional grants of options to acquire approximately 2.0 million shares of Class A Common Stock at an exercise price of \$18 7/16 per share.

Republic Industries has various stock option plans under which options to acquire shares of Republic Industries Common Stock were granted to key employees of the Company prior to the Initial Public Offering (the "Republic Industries Stock Options"). Options granted under the plans are non-qualified and are granted at a price equal to the fair market value of the Republic Industries Common Stock at the date of grant. Generally, options granted will have a term of ten years from the date of grant, and will vest in increments of 25% per year over a four year period on the yearly anniversary of the grant date. As of December 31, 1998, approximately 8.3 million Republic Industries Stock Options held by employees of the Company were outstanding, 1.8 million of which were exercisable.

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" in accounting for stock-based employee compensation arrangements whereby no compensation cost related to stock options is deducted in determining net income. Had compensation cost for stock option grants under the Republic Industries' stock option plans and the Company's Stock Incentive Plan been determined pursuant to SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income would have decreased accordingly. Using the Black-Scholes option pricing model for all options granted after December 31, 1995, the Company's pro forma net income and pro forma weighted average fair value of options granted, with related assumptions, are as follows for the years ended December 31:

	1998	1997	1996
Pro forma net income.....	\$ 132.7	\$ 108.3	\$ 47.6
Pro forma earnings per share.....	.98	1.13	.50
Pro forma weighted average fair value of Republic Industries Stock Options granted.....	14.45	13.60	7.34
Pro forma weighted average fair value of the Company's stock options granted.....	7.71	--	--
Risk free interest rates.....	4.76%	5.74%	5.98%
Expected lives.....	5 years	5 years	5 years
Expected volatility.....	40.0%	40.0%	40.0%

Following such time as the Company is no longer a subsidiary of Republic Industries (the "Stand-alone Date") the Company intends to issue substitute options under the Company's Stock Incentive Plan (collectively "Substitute Options") in substitution for grants of Republic Industries Stock Options under Republic Industries' stock option plans as of the Stand-alone Date held by individuals employed by the Company as of such date (the "Company Employees"). Such Substitute Options will provide for the purchase of a number of shares of Class A Common Stock determined

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

based on a ratio of average trading prices of Republic Industries Common Stock and Class A Common Stock immediately prior to the Stand-alone Date. 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 Republic Industries Stock Options consisting of stock options held by the Company Employees will be exercised and that some will be forfeited, and that additional Republic Industries Stock Options could be granted prior to the Stand-alone Date. In addition, the remaining balance of unexercised Republic Industries Stock Options will be converted into Substitute Options by reference to the ratio described above, which will not be known until the Stand-alone Date. See also Note 12, Subsequent Events, for further information.

## 8. COMMITMENTS AND CONTINGENCIES

## LEGAL PROCEEDINGS

The Company is a party to various general legal proceedings which have arisen in the ordinary course of business. While the results of these matters cannot be predicted with certainty, the Company believes that losses, if any, resulting from the ultimate resolution of these matters will not have a material adverse effect on the Company's consolidated 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.

## LEASE COMMITMENTS

The Company and its subsidiaries lease real property, equipment and software under various operating leases with terms from one to twenty-five years.

Future minimum lease obligations under noncancelable real property, equipment and software leases with initial terms in excess of one year at December 31, 1998 are as follows:

Year Ending December 31:	
1999.....	\$2.5
2000.....	2.3
2001.....	1.5
2002.....	.9
2003.....	.8
Thereafter.....	.5
	----
	\$8.5
	=====

## LIABILITY INSURANCE

The Company carries general liability, vehicle liability, workers compensation and employer's liability coverage, as well as umbrella liability policies to provide excess coverage over the underlying limits contained in these primary policies. The Company also carries property insurance.

The Company's liabilities for unpaid and incurred but not reported claims at December 31, 1998 was \$16.9 million under its current risk management program and \$11.1 million under its previous risk management program with Republic Industries (see Note 10, Related Party Transactions, for further information), and are included in other current and other liabilities in the accompanying

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Consolidated Balance Sheets. While the ultimate amount of claims incurred are dependent on future developments, in management's opinion, recorded reserves are adequate to cover the future payment of claims. However, it is reasonably possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in operations in the periods in which such adjustments are known.

## OTHER MATTERS

In the normal course of business, the Company is required to post performance bonds, letters of credit, and/or cash deposits as a financial guarantee of the Company's performance. To date, the Company has satisfied financial responsibility requirements for regulatory agencies by making cash deposits, obtaining bank letters of credit or by obtaining surety bonds. At December 31, 1998, surety bonds and letters of credit totaling \$380.3 million expire through 2005.

The Company's business activities are conducted in the context of a developing and changing statutory and regulatory framework. Governmental regulation of the waste management industry requires the Company to obtain and retain numerous governmental permits to conduct various aspects of its operations. These permits are subject to revocation, modification or denial. The costs and other capital expenditures which may be required to obtain or retain the applicable permits or comply with applicable regulations could be significant.

## 9. RESTRUCTURING AND OTHER CHARGES

During the year ended December 31, 1996, the Company recorded restructuring and other charges of approximately \$8.8 million. These costs included \$5.3 million to close certain landfill operations, \$1.0 million of asset write-offs and \$2.5 million of merger expenses associated with certain business combinations accounted for under the pooling of interests method of accounting. There are no remaining liabilities associated with the 1996 restructuring and other charges as of December 31, 1997.

## 10. RELATED PARTY TRANSACTIONS

Amounts due to Republic Industries consist of the following:

	DECEMBER 31, 1997 -----
Due to Republic Corporate Management Company ("RCMC").....	\$107.8
Notes payable to Resources.....	158.3
	-----
	\$266.1
	=====

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following is an analysis of activity in the due to RCMC account for the years ended December 31:

	1998	1997	1996
	-----	-----	-----
Balance at beginning of period.....	\$107.8	\$ 49.3	\$86.3
Republic Industries overhead allocations.....	7.5	10.2	8.4
Service Agreement fees.....	7.5	--	--
Insurance allocations.....	9.7	15.9	10.2
Self-insurance reserve allocations.....	(9.8)	(7.3)	(4.8)
Intercompany purchases.....	42.4	13.8	12.0
Income taxes.....	24.0	28.7	23.4
Cash transfers.....	(49.6)	(2.8)	(86.2)
Repayment in shares of Class A Common Stock.....	(139.5)	--	--
	-----	-----	-----
Balance at end of period.....	\$ --	\$107.8	\$49.3
	=====	=====	=====

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

Prior to the Initial Public Offering, Republic Industries' corporate general and administrative costs not specifically attributable to its operating subsidiaries were allocated to the Company based upon the ratio of the Company's invested capital to Republic Industries' consolidated invested capital. Such allocations are included in the Company's selling, general and administrative costs and were approximately \$7.5 million, \$10.2 million and \$8.4 million for the years ended December 31, 1998, 1997 and 1996, respectively. These amounts approximate management's estimate of Republic Industries' 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 have incurred to obtain such services on its own or from unaffiliated third parties.

In June 1998, the Company and Republic Industries entered into a services agreement (the "Services Agreement") pursuant to which Republic Industries provides 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 are payable by the Company to Republic Industries in the amount of \$1.25 million per month, subject to review and adjustment from time to time as the Company reduces the amount of services it obtains from Republic Industries. Effective January 1, 1999, such fees payable by the Company to Republic Industries have been reduced to \$.9 million per month. The Company believes that the fees for services provided under the Services Agreement are no less favorable to the Company than could be obtained by the Company internally or from unaffiliated third parties. Charges under the Services



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Agreement for the year ended December 31, 1998 were \$7.5 million and are included in selling, general and administrative expenses.

Prior to the Initial Public Offering, the Company participated in Republic Industries' combined risk management programs for property, casualty and general liability insurance. The Company was charged for annual premiums of \$9.7 million, \$15.9 million and \$10.2 million for the years ended December 31, 1998, 1997 and 1996, respectively.

Notes payable to Resources represent borrowings prior to the Initial Public Offering under revolving credit facilities to fund the Company's operations and to repay debt assumed in acquisitions. Borrowings under these facilities bear interest at prime plus 50 basis points and are payable on demand. In July 1998, the Company repaid the notes payable to Resources through the issuance of approximately 10.7 million shares of Class A Common Stock. Interest expense on notes payable to Resources was \$9.7 million, \$20.2 million and \$18.8 million for the years ended December 31, 1998, 1997 and 1996, respectively.

## 11. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following is an analysis of certain items in the Consolidated Statements of Operations by quarter for 1998 and 1997.

		FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
		-----	-----	-----	-----
Revenue.....	1998	\$300.8	\$335.9	\$355.0	\$377.4
	1997	\$263.2	\$283.7	\$287.6	\$293.2
Operating income.....	1998	\$ 59.0	\$ 70.7	\$ 75.3	\$ 79.3
	1997	\$ 41.0	\$ 47.1	\$ 56.3	\$ 56.9
Net income.....	1998	\$ 34.8	\$ 25.1	\$ 46.2	\$ 47.6
	1997	\$ 23.2	\$ 25.9	\$ 32.5	\$ 34.6
Basic and diluted net income per share.....	1998	\$ .36	\$ .26	\$ .26	\$ .27
	1997	\$ .24	\$ .27	\$ .34	\$ .36
Weighted average common and common equivalent shares outstanding.....	1998	95.7	95.7	175.4	175.4
	1997	95.7	95.7	95.7	95.7

## 12. SUBSEQUENT EVENTS

In March 1999, the IRS advised Republic Industries in writing that the IRS would not rule as requested on Republic Industries' application for a private letter ruling regarding the proposed Distribution. In light of the IRS action, Republic Industries converted all 95.7 million shares of Class B Common Stock into 95.7 million shares of Class A Common Stock on March 2, 1999. The Company is registering all 112.2 million shares of its Class A Common Stock owned by Republic Industries for sale by Republic Industries.

Prior to the Initial Public Offering, employees of the Company were granted stock options under Republic Industries' stock option plans. As of March 2, 1999, approximately 8.3 million Republic Industries options held by the Company's employees were canceled, and the Company's Compensa-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

tion Committee granted replacement options on a one-for-one basis. The replacement options retained the vesting and exercise rights of the original options, subject to certain exercise limitations for individuals who signed stock option repricing agreements with Republic Industries. The exercise price for individual replacement options are priced such that the unrealized gain or loss on each grant of Republic Industries stock options shall generally be maintained under the replacement options. Compensation expense related to the granting of certain replacement options at exercise prices below the fair market value of the common stock at the date of grant is estimated to be approximately \$2.0 million, and will be recorded by the Company in the first quarter of 1999.

On April 5, 1999, Republic Industries transferred all of its Class A Common Stock in the Company to its indirect, wholly owned subsidiary, AutoNation Insurance Company, Inc. On April 6, 1999, Republic Industries changed its name to AutoNation, Inc. On May 3, 1999, AutoNation Insurance Company sold 100.0 million shares of its Class A Common Stock in the Company through an underwritten secondary public offering.

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\$500,000,000

REPUBLIC SERVICES, INC. (LOGO)

\$ % NOTES DUE 200

\$ % NOTES DUE 200

-----  
PROSPECTUS  
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BANC OF AMERICA SECURITIES LLC

MERRILL LYNCH & CO.

BANC ONE CAPITAL MARKETS, INC.

CHASE SECURITIES INC.  
DEUTSCHE BANK SECURITIES  
DONALDSON, LUFKIN & JENRETTE  
SALOMON SMITH BARNEY

, 1999

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PART II  
INFORMATION NOT REQUIRED IN THE PROSPECTUS

## ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the various expenses in connection with the sale and distribution of the securities being registered hereby, other than underwriting discounts and commissions. All amounts are estimated except the Securities and Exchange Commission (the "Commission") registration fee and the National Association of Securities Dealers' filing fee.

	PAYABLE BY THE REGISTRANT -----
SEC registration fee.....	\$ 139,000
Fee and expenses of the Trustee.....	15,000*
Rating agency fees.....	372,500*
Accounting fees and expenses.....	100,000*
Legal fees and expenses.....	150,000*
Printing and engraving expenses.....	245,000*
Miscellaneous fees and expenses.....	80,500*
	-----
Total.....	\$1,102,000* =====

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\* Estimated

## ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement in connection with specified actions, suits or proceedings, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, a "derivative action", if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such actions, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our certificate of incorporation provides that 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, 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 our company or is or was serving at our request 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, will be indemnified and held harmless by us to the fullest extent authorized by Delaware law, as the same exists or may hereafter be amended, against all expense, liability and loss reasonably incurred or suffered by such person in connection therewith. This right to indemnification includes the right to have our company pay the expenses incurred in defending a proceeding in advance of its final disposition, subject to the provisions of Delaware law. These rights are not exclusive of any other right which any person may have or later acquire under any statute, provision of our certificate of incorporation, bylaws, agreement, vote of stockholders or disinterested directors or otherwise. No repeal or modification of the provision will in any way diminish or adversely affect the rights of any director, officer, employee or agent of ours regarding any occurrence or matter arising prior to any repeal or modification. Our certificate of incorporation also specifically authorizes our company to maintain insurance and to grant similar indemnification rights to our employees or agents.

Delaware law permits a corporation to provide in its certificate of incorporation that 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 for liability for (1) any breach of the director's duty of loyalty to the corporation or its stockholders, (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) payments of unlawful dividends or unlawful stock repurchases or redemptions, or (4) any transaction from which the director derived an improper personal benefit.

Our certificate of incorporation provides that a director of our company will not be personally liable to our company or our stockholders for monetary damages for breach of fiduciary duty as a director, except, if required by Delaware law as amended from time to time, for liability (1) for any breach of the director's duty of loyalty to the our company or our stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the Delaware General Corporation Law, which concerns unlawful payments of dividends, stock purchases or redemptions, or (4) for any transaction from which the director derived an improper personal benefit. Repeal of the provision will eliminate or reduce the effect of the provision regarding any matter occurring, or any cause of action, suit or claim that, but for the provision, would accrue or arise prior to such amendment or repeal.

The form of underwriting agreement filed as Exhibit 1.1 provides for indemnification by the underwriters of our company, our directors and officers, and by our company of the underwriters, for some liabilities, including liabilities arising under the 1933 Act, and affords certain rights of contribution.

The Separation and Distribution Agreement by and between our company and AutoNation will provide for indemnification by our company of AutoNation and its directors, officers and employees for certain liabilities, including liabilities under the 1933 Act.

#### ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

On July 1, 1998, we issued 16,474,417 shares of Class A common stock to subsidiaries of AutoNation 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 AutoNation in our unaudited condensed consolidated financial statements. We issued the Class A common stock under an exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

## ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

## (a) Exhibits.

EXHIBITS	DESCRIPTION OF EXHIBIT
1.1+	-- Form of Purchase Agreement.
3.1	-- Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
3.2	-- Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
4.1	-- Long Term Credit Agreement, dated as of July 10, 1998, among the Company, Bank of America National Trust and Savings Association, as Administrative Agent, and the several financial institutions party thereto (incorporated by reference to Exhibit 4.1 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
4.2*	-- Form of Indenture.
4.3*	-- Form of % Note due 200 .
4.4*	-- Form of % Note due 200 .
5.1+	-- Form of Opinion of Akerman, Senterfitt & Eidson, P.A. re: legality of notes being registered.
10.1	-- Separation and Distribution Agreement dated as of June 30, 1998 by and between the Company and Republic Industries (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.2	-- Amended and Restated Employee Benefits Agreement dated as of March 4, 1999 by and between the Company and Republic Services (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-1/A, Amendment No. 2, dated April 6, 1999).
10.3	-- Services Agreement, dated as of June 30, 1998, by and between the Company and Republic Services (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.4	-- Amendment to Services Agreement, dated as of March 4, 1999, by and between the Company and Republic Services (incorporated by reference to Exhibit 10.4 of the Registrant's Registration Statement on Form S-1/A, Amendment No. 2, dated April 6, 1999).
10.5	-- Tax Indemnification and Allocation Agreement, dated as of June 30, 1998, by and between the Company and Republic Services (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.6	-- 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Registration Statement on Form S-1/A, Amendment No. 2, dated June 30, 1998).
10.7	-- Employment Agreement, dated as of December 7, 1998, by and between James E. O'Connor and the Company (incorporated by reference to Exhibit 10.6 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1998).
10.8	-- Employment Agreement, dated as of January 11, 1999, by and between James H. Cosman and the Company (incorporated by reference to Exhibit 10.7 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1998).
10.9	-- Asset Sale Agreement, dated September 27, 1998, by and between the Company and Waste Management, Inc., as amended, and the supplemental agreements thereto (incorporated by reference to Exhibits 2.1, 2.2 and 2.3 of the Registrant's Current Report on Form 8-K dated February 16, 1999).
21.1+	-- Subsidiaries of the Company.
23.1*	-- Consent of Arthur Andersen LLP.
23.2+	-- Consent of Akerman, Senterfitt & Eidson, P.A. (included in Exhibit 5.1).
24.1+	-- Power of Attorney (included on the signature page of the Registration Statement).
25.1+	-- Statement of Eligibility of Trustee.

\* filed herewith

+ previously filed.

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

Financial Statement Schedule II, Valuation and Qualifying Accounts and Reserves, for Each of the Three Years Ended December 31, 1998.

ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Fort Lauderdale, State of Florida, on May 19, 1999.

REPUBLIC SERVICES, INC.

By: /s/ HARRIS W. HUDSON

-----  
Harris W. Hudson  
Vice Chairman

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
* ----- H. Wayne Huizenga	Chairman of the Board	May 19, 1999
/s/ HARRIS W. HUDSON ----- Harris W. Hudson	Vice Chairman and Director	May 19, 1999
* ----- James E. O'Connor	Chief Executive Officer and Director (principal executive officer)	May 19, 1999
* ----- Tod C. Holmes	Senior Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)	May 19, 1999
* ----- John W. Croghan	Director	May 19, 1999
* ----- Ramon A. Rodriguez	Director	May 19, 1999
* ----- Allan C. Sorensen	Director	May 19, 1999
*By: /s/ HARRIS W. HUDSON		
----- Harris W. Hudson, by power of attorney		



REPORT OF INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANTS ON SCHEDULE

To Republic Services, Inc.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Republic Services, Inc. and subsidiaries included in this registration statement and have issued our report thereon dated January 28, 1999, except with respect to the matters discussed in Note 12, as to which the date is May 3, 1999. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule included under Item 16(b) is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Fort Lauderdale, Florida,  
January 28, 1999, except with respect  
to the matters discussed in Note 12, as  
to which the date is May 3, 1999.

S-1

## REPUBLIC SERVICES, INC.

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

	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO INCOME	ACCOUNTS WRITTEN OFF	OTHER (1)	BALANCE AT END OF YEAR
	-----	-----	-----	-----	-----
CLASSIFICATIONS					
Allowance for doubtful accounts:					
1998.....	\$13.6	\$5.1	\$ (7.2)	\$10.6	\$22.1
1997.....	8.3	4.1	(4.1)	5.3	13.6
1996.....	7.2	2.6	(2.5)	1.0	8.3

- -----

(1) Allowance of acquired businesses.

S-2

## INDEX TO EXHIBITS

EXHIBIT NUMBER - - - - -	DESCRIPTION - - - - -
1.1+	-- Form of Purchase Agreement.
3.1	-- Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
3.2	-- Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
4.1	-- Long Term Credit Agreement, dated as of July 10, 1998, among the Company, Bank of America National Trust and Savings Association, as Administrative Agent, and the several financial institutions party thereto (incorporated by reference to Exhibit 4.1 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
4.2*	-- Form of Indenture.
4.3*	-- Form of % Note due 200 .
4.4*	-- Form of % Note due 200 .
5.1+	-- Form of Opinion of Akerman, Senterfitt & Eidson, P.A. re: legality of notes being registered.
10.1	-- Separation and Distribution Agreement dated as of June 30, 1998 by and between the Company and AutoNation (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.2	-- Amended and Restated Employee Benefits Agreement dated as of March 4, 1999 by and between the Company and Republic Services (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-1/A, Amendment No. 2, dated April 6, 1999).
10.3	-- Services Agreement, dated as of June 30, 1998, by and between the Company and AutoNation (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.4	-- Amendment to Services Agreement, dated as of March 4, 1999, by and between the Company and Republic Services (incorporated by reference to Exhibit 10.4 of the Registrant's Registration Statement on Form S-1/A, Amendment No. 2, dated April 6, 1999).
10.5	-- Tax Indemnification and Allocation Agreement, dated as of June 30, 1998, by and between the Company and AutoNation (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.6	-- 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Registration Statement on Form S-1/A, Amendment No. 2, dated June 30, 1998).
10.7	-- Employment Agreement, dated as of December 7, 1998, by and between James E. O'Connor and the Company (incorporated by reference to Exhibit 10.7 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1998).
10.8	-- Employment Agreement, dated as of January 11, 1999, by and between James H. Cosman and the Company (incorporated by reference to Exhibit 10.7 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1998).
10.9	-- Asset Sale Agreement, dated September 27, 1998, by and between the Company and Waste Management, Inc., as amended, and the supplemental agreements thereto (incorporated by reference to Exhibits 2.1, 2.2 and 2.3 of the Registrant's Current Report on Form 8-K dated February 16, 1999).
21.1+	-- Subsidiaries of the Company.
23.1*	-- Consent of Arthur Andersen LLP.
23.2+	-- Consent of Akerman, Senterfitt & Eidson, P.A. (included in Exhibit 5.1).
24.1+	-- Power of Attorney (included on the signature page of the Registration Statement).
25.1+	-- Statement of Eligibility of Trustee.

- - - - -  
\* filed herewith

+ previously filed

REPUBLIC SERVICES, INC., AS ISSUER,

AND

THE BANK OF NEW YORK, AS TRUSTEE

-----

INDENTURE

DATED AS OF MAY \_\_, 1999

-----

\_\_\_% NOTES DUE 200\_  
\_\_\_% NOTES DUE 200\_

## REPUBLIC SERVICES, INC.

## RECONCILIATION AND TIE WITH THE TRUST INDENTURE ACT OF 1939

TRUST INDENTURE ACT SECTION	INDENTURE SECTION
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Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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TESTIMONIUM

SIGNATURES

INDENTURE, dated as of May \_\_, 1999, between Republic Services, Inc. and The Bank of New York, as trustee (the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the creation of two separate series of securities under this Indenture: (i) an issue of \_\_\_% Notes due 200\_\_ in the aggregate principal amount of \$\_\_\_ million and (ii) an issue of \_\_\_% Notes due 200\_ in the aggregate principal amount of \$\_\_\_ million (together, the "Securities"), of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture and the Securities;

This Indenture is subject to, and shall be governed by, the provisions of the Trust Indenture Act that are required to be part of and to govern indentures qualified under the Trust Indenture Act;

All acts and things necessary have been done to make (i) the Securities, when duly issued and executed by the Company and authenticated and delivered hereunder, the valid obligations of the Company and (ii) this Indenture a valid agreement of the Company;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;

(d) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(e) all references to \$, US\$, dollars or United States dollars shall refer to the lawful currency of the United States of America; and

(f) all references herein to particular Sections or Articles refer to this Indenture unless otherwise so indicated.

Certain terms used principally in Article Four are defined in Article Four.

"Affiliate" means, with respect to any specified Person: (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; (ii) any other Person that owns, directly or indirectly, 5% or more of such specified Person's Capital Stock or any officer or director of any such specified Person or other Person or, with respect to any natural Person, any person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin; or (iii) any other Person 5% or more of the Voting Stock of which is beneficially owned or held directly or indirectly by such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Security or beneficial interest therein, the rules and procedures of the Depositary for such Security to the extent applicable to such transaction and as in effect at the time of such transfer or transaction.

"Attributable Debt" means, when used in connection with a sale and leaseback transaction, at any date of determination, the product of (1) the net proceeds from such sale and leaseback transaction multiplied by (2) a fraction, the numerator of which is the number of full years of the term of the lease relating to the property involved in such sale and leaseback transaction (without regard to any options to renew or extend such term) remaining at the date of the making of such computation and the denominator of which is the number of full years of the term of such lease measured from the first day of such term.

"Bankruptcy Law" means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state law or foreign law relating to bankruptcy, insolvency, receivership, winding up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"Board of Directors" means either the Board of Directors of the Company or any duly authorized committee or subcommittee of such Board, except as the context may otherwise require.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company, as the case may be, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Book-Entry Security" means any Global Securities bearing the legend specified in Exhibits A and B evidencing all or part of a series of Securities, authenticated and delivered to the Depository for such series or its nominee, and registered in the name of such Depository or nominee.

"Business Day" means any day that is not a Saturday, a Sunday or a day on which banking institutions or trust companies in New York City and Fort Lauderdale, Florida are authorized or obligated by law to close.

"Capital Stock" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests (including partnership interests) in (however designated) the equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Securities Act, Exchange Act and Trust Indenture Act then the body performing such duties at such time.

"Company" means Republic Services, Inc., until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by any one of its Chairman of the Board, its President, its Chief Executive Officer, its Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by any one of its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary and delivered to the Trustee.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (the "Remaining Life") of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Notes.

"Comparable Treasury Price" means, with respect to any Redemption Date, (A) the average of five Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Consolidated Net Tangible Assets" means, as of any date, the total amount of assets of the Company and its Restricted Subsidiaries on a consolidated basis (less applicable reserves and other properly deductible items) after deducting therefrom (1) all current liabilities (excluding any current liabilities which are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed or which is supported by other borrowings with a maturity of more than 12 months from the date of calculation,) (2) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles and (3) appropriate adjustments on account of minority interests of other Persons holding stock of the Company's Subsidiaries, all as set forth on the most recent balance sheet of the Company and its consolidated Subsidiaries (but, in any event, as of a date within 120 days of the date of determination) in each case excluding intercompany items and computed in accordance with generally accepted accounting principles as in effect from time to time.



"Consolidation" means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries if and to the extent the accounts of such Person and each of its subsidiaries would normally be consolidated with those of such Person, all in accordance with GAAP. The term "Consolidated" shall have a similar meaning.

"Corporate Trust Office" means the office of the Trustee or an affiliate or agent thereof at which at any particular time the corporate trust business for the purposes of this Indenture shall be principally administered, which office at the date of execution of this Indenture is located at 101 Barclay Street, Floor 21W, New York, New York 10286.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Depository" means, with respect to the Securities issued in the form of one or more Book-Entry Securities, The Depository Trust Company ("DTC"), its nominees and successors, or another Person designated as Depository by the Company, which must be a clearing agency registered under the Exchange Act.

"Event of Default" has the meaning specified in Section 501.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exempted Debt" means the sum, without duplication, of the following items outstanding as of the date Exempted Debt is being determined: (1) Indebtedness of Republic Services, Inc. and the Restricted Subsidiaries Incurred after the date of the Indenture and secured by Liens created, assumed or otherwise Incurred or permitted to exist pursuant to Section 1005 hereof and (2) Attributable Debt of Republic Services, Inc. and the Restricted Subsidiaries in respect of all sale and leaseback transactions with regard to any Principal Property entered into pursuant to Section 1006 hereof.

"Fair Market Value" means, with respect to any asset or property, the sale value that would be obtained in an arm's-length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Fair Market Value shall be determined by the Board of Directors of the Company acting in good faith and shall be evidenced by a resolution of the Board of Directors.

"Funded Debt" means all Indebtedness for money borrowed, including purchase money indebtedness, having a maturity of more than one year from the date of its creation or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the obligor in respect thereof, beyond one year from its creation.

"Generally Accepted Accounting Principles" or "GAAP" means generally accepted accounting principles in the United States as in effect on the Issue Date.

"Global Securities" means Global Securities to be issued as Book-Entry Securities issued to the Depository in accordance with Section 306.

"Guarantee" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Holder" means the registered holder of any Security.

"Incur" means issue, assume, guarantee, incur or otherwise become liable for. The terms "Incurred," "Incurrence" and "Incurring" shall each have a correlative meaning.

"Indebtedness" means with respect to any Person at any date of determination (without duplication), indebtedness for borrowed money or indebtedness evidenced by bonds, notes, debentures or other similar instruments given to finance the acquisition of any businesses, properties or assets of any kind (including, without limitation, capital stock or other equity interests in any Person).

"Indenture" means this instrument as originally executed (including all exhibits and schedules thereto) and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Indenture Obligations" means the obligations of the Company and any other obligor under this Indenture or under the Securities, to pay principal of, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with this Indenture, the Securities and the performance of all other obligations to the Trustee and the Holders under this Indenture and the Securities, according to the respective terms hereof and thereof.

"Independent Investment Banker" means either Banc of America Securities LLC or Merrill Lynch, Pierce, Fenner & Smith Incorporated, or, if both firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee after consultation with the Company.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Securities.

"Issue Date" means the original issue date of the Securities under this Indenture.

"Lien" with respect to any property or assets, means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such property or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing), but not including the interest of a lessor under a lease that is an operating lease under GAAP.

"Maturity" means, when used with respect to the Securities, the date on which the principal of the Securities becomes due and payable as therein provided or as provided in this Indenture, whether at Stated Maturity or the Redemption Date and whether by declaration of acceleration, call for redemption or otherwise.

"Moody's" means Moody's Investors Service, Inc. or any successor rating agency.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company and in form and substance reasonably satisfactory to, and delivered to, the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company or the Trustee, unless an Opinion of Independent Counsel is required pursuant to the terms of this Indenture, and who shall be reasonably acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

"Opinion of Independent Counsel" means a written opinion of counsel which is issued by a Person who is not an employee, director or consultant (other than non-employee legal counsel) of the Company and who shall be reasonably acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

"Outstanding" when used with respect to Securities means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(a) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company or any Affiliate thereof) in trust or set aside and segregated in trust by the Company or any Affiliate thereof (if the Company or any Affiliate thereof shall act as its own Paying Agent) for the Holders of such Securities; provided that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor reasonably satisfactory to the Trustee has been made;

(c) Securities, to the extent provided in Sections 402 and 403, with respect to which the Company has effected defeasance or covenant defeasance as provided in Article Four; and

(d) Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee and the Company proof reasonably satisfactory to each of them that such Securities are held by a bona fide purchaser in whose hands the Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the reasonable satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor.

"Paying Agent" means any Person (including the Company) authorized by the Company to pay the principal of, premium, if any, or interest on, any Securities on behalf of the Company.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 307 in exchange for a mutilated Security or in lieu of a lost, destroyed or stolen Security shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Security.

"Preferred Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or nonvoting) of such Person's preferred or preference stock, whether now outstanding or issued after the date of the Indenture, including, without limitation, all series and classes of such preferred or preference stock.

"Principal Property" means any land, land improvements or building, together with the land upon which it is erected and fixtures comprising a part thereof, in each case, owned or leased by the Company or any Restricted Subsidiary and located in the United States, the gross book value (without deduction of any reserve for depreciation) of which on the date as of which the determination is being made is an amount which exceeds 2% of Consolidated Net Tangible Assets but not including such land, land improvements, buildings or portions thereof which is financed through the issuance of tax exempt governmental obligations, or any such property that has been determined by Board Resolution of Republic Services, Inc. not to be of material importance to the respective businesses conducted by the Company or such Restricted Subsidiary effective as of the date such resolution is adopted.

"Redemption Date" when used with respect to any Security to be redeemed pursuant to any provision in this Indenture means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price" when used with respect to any Security to be redeemed pursuant to any provision in this Indenture means the price at which it is to be redeemed pursuant to this Indenture.

"Reference Treasury Dealer" means (i) each of Banc of America Securities LLC and Merrill Lynch, Pierce Fenner & Smith Incorporated, provided, however, that if either of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute for such initial purchaser another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Independent Investment Banker after consultation with the Company.

"Reference Treasury Dealer Quotations" mean, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

"Regular Record Date" for the interest payable on any Interest Payment Date means the May 15th or November 15th (whether or not a Business Day) next preceding such Interest Payment Date.

"Responsible Officer" when used with respect to the Trustee means any officer assigned to the Corporate Trust Office or any agent of the Trustee appointed hereunder, including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee or any agent of the Trustee appointed hereunder to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Restricted Subsidiary" means any Subsidiary which, at the time of determination, owns or is a lessee pursuant to a capital lease of any Principal Property.

"S&P" means Standard & Poor's Rating Group, a division of McGraw Hill, Inc. or any successor rating agency.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Indebtedness" means any Indebtedness of the Company which is not expressly subordinated in right of payment to any other Indebtedness of the Company.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 308.

"Stated Maturity" means, when used with respect to any Security, the date specified in such Security as the fixed date on which the payment of principal or interest of such Security is due and payable.

"Subsidiary" of a Person means, with respect to any Person, any corporation, association, partnership or other business entity of which at least a majority of the total voting power of the Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person.

"Temporary Cash Investments" means (1) any evidence of Indebtedness, maturing not more than one year

after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (2) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than \$500,000,000, whose debt has a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or any successor rating agency or "A-1" (or higher) according to S&P or any successor rating agency, including the Trustee or any of its affiliates, (3) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, including the Trustee or any of its affiliates, and (4) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of \$500,000,000; provided that the short term debt of such commercial bank has a rating, at the time of investment, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P.

"Treasury Rate" means, with respect to any Redemption Date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published Maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate will be calculated on the third Business Day preceding the Redemption Date.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture, until a successor trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor trustee.



"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, or any successor statute.

"Voting Stock" of a Person means Capital Stock of any class or kind ordinarily having the power to vote for the election of directors of the Company.

Section 102. Other Definitions.

Term -----	Defined in Section -----
"Act"	105
"Agent Members"	306
"CUSIP"	309
"Defaulted Interest"	308
"Defeased Securities"	401
"Securities"	Recitals
"Security Register"	305
"Security Registrar"	305
"Special Payment Date"	308
"Successor Company"	801
"U.S. Government Obligations"	404

Section 103. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company and any other obligor on the Securities (if applicable) shall furnish to the Trustee an Officers' Certificate in a form and substance reasonably acceptable to the Trustee stating that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) relating to the proposed action have been complied with, and an Opinion of Counsel in a form and substance reasonably acceptable to the Trustee stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such certificates or opinions is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or individual or firm signing such opinion has read and understands such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual or such firm, he or it has made such examination or investigation as is necessary to enable him or it to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual or such firm, such condition or covenant has been complied with.

#### Section 104. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate of an officer of the Company or other obligor on the Securities may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company or other obligor on the Securities stating that the information with respect to such factual matters is in the possession of the Company or other obligor on the Securities, unless such officer or counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous. Opinions of Counsel required to be delivered to the Trustee may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, including certificates certifying as to matters of fact, including that various financial covenants have been complied with.

Any certificate or opinion of an officer of the Company or other obligor on the Securities may be based, insofar as it relates to accounting matters, upon a certificate or opinion of, or representations by, an accountant or firm of accountants in the employ of the Company, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the accounting matters upon which his certificate or opinion may be based are erroneous. Any certificate or opinion of any independent firm of public accountants filed with the Trustee shall contain a statement that such firm is independent with respect to the Company.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 105. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section 105.

(b) The ownership of Securities shall be proved by the Security Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other Act by the Holder of any Security shall bind every future Holder of the same Security or the Holder of every Security issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, suffered or omitted to be done by the Trustee, any Paying Agent or the Company or any other obligor of the Securities in reliance thereon, whether or not notation of such action is made upon such Security.

(d) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or

writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(e) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of such Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding Trust Indenture Act Section 316(c), any such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not more than 30 days prior to the first solicitation of Holders generally in connection therewith and no later than the date such first solicitation is completed.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for purposes of determining whether Holders of the requisite proportion of Securities then Outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for this purpose the Securities then Outstanding shall be computed as of such record date; provided that no such request, demand, authorization, direction, notice, consent, waiver or other Act by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after such record date. (f) For purposes of this Indenture, any action by the Holders which may be taken in writing may be taken by electronic means or as otherwise reasonably acceptable to the Trustee.

Section 106. Notices, etc., to the Trustee, the Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Company or any other obligor on the Securities shall be sufficient for every purpose (except as provided in Section 501(d), in which case, the notice shall be delivered by certified mail) hereunder if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight

courier, to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Trustee Administration, or at any other address previously furnished in writing to the Holders or the Company, or any other obligor on the Securities by the Trustee and shall be deemed given upon actual receipt by the Trustee; or

(b) the Company by the Trustee or any Holder shall be sufficient for every purpose (except as provided in Section 501(d), in which case, the notice shall be delivered by certified mail) hereunder if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to the Company addressed to Republic Services, Inc., 110 S.E. 6th Street, 28th Floor, Fort Lauderdale, Florida 33301, Attention: Chief Financial Officer, or at any other address previously furnished in writing to the Trustee by the Company.

Section 107. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to each Holder affected by such event, at its address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice when mailed to a Holder in the aforesaid manner shall be conclusively deemed to have been received by such Holder whether or not actually received by such Holder. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event as required by any provision of this Indenture, then any method of giving such notice as shall be reasonably satisfactory to the Trustee and reasonably calculated to reach its destination shall be deemed to be a sufficient giving of such notice.

Section 108. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with any provision of the Trust Indenture Act or another provision which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, the provision or

requirement of the Trust Indenture Act shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

Section 109. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 110. Successors and Assigns.

All covenants and agreements in this Indenture by the Company and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 111. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 112. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person (other than the parties hereto and their successors hereunder, any Paying Agent and the Holders) any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 113. Governing Law.

THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

Section 114. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, Maturity or Stated Maturity of any Security shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Securities) payment of interest or principal or premium, if any, need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date or Redemption Date, or at the Maturity or Stated Maturity and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date,

Redemption Date, Maturity or Stated Maturity, as the case may be, to the next succeeding Business Day.

Section 115. Independence of Covenants.

All covenants and agreements in this Indenture shall be given independent effect so that if a particular action or condition is not permitted by any such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

Section 116. Schedules and Exhibits.

All schedules and exhibits attached hereto are by this reference made a part hereof with the same effect as if herein set forth in full.

Section 117. Counterparts.

This Indenture may be executed in any number of counterparts, each of which shall be deemed an original; but all such counterparts shall together constitute but one and the same instrument.

## ARTICLE TWO

## SECURITY FORMS

## Section 201. Forms Generally.

The (i) \_\_\_% Notes due 200\_ and the Trustee's certificate of authentication thereon shall be in substantially the form of Exhibit A hereto; and (ii) the \_\_\_% Notes due 200\_ and the Trustee's certification of authentication thereon shall be in substantially the form of Exhibit B hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted hereby and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange, any organizational document or governing instrument or applicable law or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. Any portion of the text of any Security may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Security.

The definitive Securities shall be printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the Securities may be listed, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

The Securities shall be issued initially in the form of one or more Global Securities, substantially in the forms set forth on Exhibits A and B, respectively, deposited upon issuance with the Trustee, as custodian for the Depositary, registered in the name of the Depositary or its nominee, in each case for credit to an account of a direct or indirect participant of the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Global Securities may from time to time be increased (but in no event shall the aggregate principal amount of the Global Securities exceed \$\_\_\_ million) or decreased upon the written direction of the Company by adjustments made on the records of the Trustee, as custodian for the Depositary or its nominee, as hereinafter provided.

The terms and provisions contained in the form of the Securities set forth in Exhibits A and B shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.



## ARTICLE THREE

## THE SECURITIES

## Section 301. Title and Terms.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is limited to \$\_\_\_\_,000,000 in principal amount of Securities, except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 303, 304, 305, 307, 906 or 1108.

The Securities shall be known and designated as the "\_\_\_\_% Notes due 200\_" and the "\_\_\_\_% Notes due 200\_" of the Company.

The Stated Maturity of the \_\_\_\_% Notes due 200\_ shall be June 1, 200\_, and the Securities shall each bear interest at the rate of \_\_\_\_% per annum, as such interest rate may be adjusted as set forth in the Securities, from \_\_\_\_\_, 1999, or from the most recent Interest Payment Date to which interest has been paid, payable semiannually on June 1 and December 1 in each year, commencing \_\_\_\_\_, 1999, until the principal thereof is paid or duly provided for.

The Stated Maturity of the \_\_\_\_% Notes due 200\_ shall be June 1, 200\_, and the Securities shall each bear interest at the rate of \_\_\_\_% per annum, as such interest rate may be adjusted as set forth in the Securities, from \_\_\_\_\_, 1999, or from the most recent Interest Payment Date to which interest has been paid, payable semiannually on June 1 and December 1 in each year, commencing \_\_\_\_\_, 1999, until the principal thereof is paid or duly provided for.

The principal of, premium, if any, and interest on, the Securities shall be payable and the Securities shall be exchangeable and transferable at an office or agency of the Company in The City of New York maintained for such purposes (which initially will be the Corporate Trust Office of the Trustee; provided, however, that payment of interest may be made at the option of the Company by check mailed to addresses of the Persons entitled thereto as shown on the Security Register.

The Securities shall be redeemable as provided in Article Eleven and in the Securities.

The Indebtedness evidenced by the Securities shall rank pari passu in right of payment with all other Senior Indebtedness.

At the election of the Company, the entire Indebtedness on the Securities or certain of the Company's obligations and covenants and certain Defaults and Events of Default thereunder may be defeased as provided in Article Four.

Section 302. Denominations.

The Securities shall be issuable only in fully registered form without coupons and only in denominations of \$1,000 and any integral multiple thereof.

Section 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by one of its Chairman of the Board, its President, its Chief Executive Officer, its Chief Financial Officer or one of its Vice Presidents. The signatures of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities; and the Trustee in accordance with such Company Order shall authenticate and deliver such Securities as provided in this Indenture and not otherwise.

Each Security shall be dated the date of its authentication.

No Security endorsed thereon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

In case the Company, pursuant to Article Eight, shall, in a single transaction or through a series of related transactions, be consolidated, amalgamated, combined or merged with or into any other Person or shall sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person, and the successor Person resulting from such consolidation, amalgamation, or combination or surviving such merger, or into which the Company shall have been merged, or the

successor Person which shall have participated in the sale, assignment, conveyance, transfer, lease or other disposition as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article Eight, any of the Securities authenticated or delivered prior to such consolidation, amalgamation, combination, merger, sale, assignment, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Securities executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Securities surrendered for such exchange and of like principal amount; and the Trustee, upon Company Request of the successor Person, shall authenticate and deliver Securities as specified in such request for the purpose of such exchange. If Securities shall at any time be authenticated and delivered in any new name of a successor Person pursuant to this Section 303 in exchange or substitution for or upon registration of transfer of any Securities, such successor Person, at the option of the Holders but without expense to them, shall provide for the exchange of all Securities at the time Outstanding for Securities authenticated and delivered in such new name.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities on behalf of the Trustee. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Security Registrar or Paying Agent to deal with the Company and its Affiliates.

If an officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates such Security such Security shall be valid nevertheless.

#### Section 304. Temporary Securities.

Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 1002, without charge to the Holder. Upon surrender

for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of authorized denominations. Until so exchanged, the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

Section 305. Registration, Registration of Transfer and Exchange.

The Company shall cause the Trustee to keep, so long as it is the Security Registrar, at the Corporate Trust Office of the Trustee, or such other office as the Trustee may designate, a register (the register maintained in such office or in any other office or agency designated pursuant to Section 1002 being herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations as the Security Registrar may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee shall initially be the "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided. The Company may change the Security Registrar or appoint one or more Co-Security Registrars without prior notice; provided that the Company shall promptly notify the Trustee if the Company changes the Security Registrar or appoints a co-Security Registrar.

Upon surrender for registration of transfer of any Security at the office or agency of the Company designated pursuant to Section 1002, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series of any authorized denomination or denominations, of a like aggregate principal amount.

Furthermore, any Holder of the Global Security shall, by acceptance of such Global Security, agree that transfers of beneficial interests in such Global Security may be effected only through a book-entry system maintained by the Holder of such Global Security (or its agent), and that ownership of a beneficial interest in a Security shall be required to be reflected in a book entry. At the option of the Holder, Securities may be exchanged for other Securities of any authorized denomination or denominations, of a like aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, Securities of the same series which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same

Indebtedness, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer, or for exchange, repurchase or redemption, shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer, exchange or redemption of Securities, other than exchanges pursuant to Sections 305 or 307 not involving any transfer, except for any tax or other governmental charge that may be imposed in connection therewith.

The Company shall not be required (a) to issue, register the transfer of or exchange any Security during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of the Securities selected for redemption under Section 1104 and ending at the close of business on the day of such mailing or (b) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of Securities being redeemed in part.

Any Security authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, any Global Security, whether pursuant to this Section 305, Sections 303, 304, 307, 906 or 1108 or otherwise, shall also be a Global Security and bear the legend specified in Exhibits A and B hereto.

Section 306. Book Entry Provisions for Global Securities.

(a) Each Global Security initially shall (i) be registered in the name of the Depositary for such Global Security or the nominee of such Depositary, (ii) be deposited with, or on behalf of, the Depositary or with the Trustee as custodian for such Depositary and (iii) bear legends as set forth in Exhibits A and B hereto.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary, or the Trustee as its custodian, or under such Global Security, and the Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or shall impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any Security.

(b) Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depositary for such Global Security or a nominee thereof unless (i) such Depositary (A) has notified the Company that it is unwilling or unable to continue as Depositary for such Global Security or (B) has ceased to be a clearing agency registered as such under the Exchange Act, and in either case the Company fails to appoint a successor Depositary, (ii) the Company, at its option, executes and delivers to the Trustee a Company Order stating that it elects to cause the issuance of the Securities in certificated form and that all Global Securities shall be exchanged in whole for Securities that are not Global Securities (in which case, such exchange shall be effected by the Trustee) or (iii) there shall have occurred and be continuing an Event of Default or any Default.

(c) If any Global Security is to be exchanged for other Securities or canceled in whole, it shall be surrendered by or on behalf of the Depositary or its nominee to the Trustee, as Security Registrar, for exchange or cancellation as provided in this Article Three. If any Global Security is to be exchanged for other Securities or canceled in part, or if another Security is to be exchanged in whole or in part for a beneficial interest in any Global Security, then either (i) such Global Security shall be so surrendered for exchange or cancellation as provided in this Article Three or (ii) the principal amount thereof shall be reduced or increased by an amount equal to the portion thereof to be so exchanged or canceled, or equal to the principal amount of such other Security to be so exchanged for a beneficial interest therein, as the case may be, by means of an appropriate adjustment made on the records of the Trustee, as Security Registrar, whereupon the Trustee, in accordance with the Applicable Procedures, shall instruct the Depositary or its authorized representative to make a corresponding adjustment to its records. Upon any such surrender or adjustment of a Global Security, the Trustee shall, subject to this Section 306(c) and as otherwise provided in this Article Three, authenticate and deliver any Securities issuable in exchange for such Global Security (or any portion thereof) to or upon the order of, and registered in such names as may be directed by, the Depositary or its authorized representative. Upon the request of the Trustee in connection with the occurrence of any of the events specified in the preceding paragraph, the Company shall promptly make available to the Trustee a reasonable supply of Securities that are not in the form of Global Securities. The Trustee shall be entitled to conclusively rely upon any order, direction or request of the Depositary or its authorized representative which is given or made pursuant to this Article Three if such order, direction or request is given or made in accordance with the Applicable Procedures.

(d) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Article Three or otherwise, shall be authenticated and delivered

in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

(e) The Depositary or its nominee, as registered owner of a Global Security, shall be the Holder of such Global Security for all purposes under this Indenture and the Securities, and owners of beneficial interests in a Global Security shall hold such interests pursuant to the Applicable Procedures. Accordingly, any such owner's beneficial interest in a Global Security will be shown only on, and the transfer of such interest shall be effected only through, records maintained by the Depositary or its nominee or its Agent Members.

Section 307. Mutilated, Destroyed, Lost and Stolen Securities.

If (a) any mutilated Security is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee, such security or indemnity, in each case, as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon a Company Request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a replacement Security of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a replacement Security, pay or purchase such Security, as the case may be.

Upon the issuance of any replacement Securities under this Section, the Company may require the payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charges that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every replacement Security issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

## Section 308. Payment of Interest; Interest Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, on the Stated Maturity of such interest shall be paid to the Person in whose name the Security (or any Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest payment.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on the Stated Maturity of such interest, and interest on such defaulted interest at the then applicable interest rate borne by the Securities, to the extent lawful (such defaulted interest and interest thereon herein collectively called "Defaulted Interest"), shall forthwith cease to be payable to the Holder on the Regular Record Date; and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Subsection (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or any relevant Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date (not less than 30 days after such notice) of the proposed payment (the "Special Payment Date"), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the Special Payment Date, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Subsection provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the Special Payment Date and shall fix the Special Record Date not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company in writing of such Special Record Date. In the name and at the expense of the Company, the Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at its address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Payment Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities are



registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection (b).

(b) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by this Indenture not inconsistent with the requirements of such exchange, if, after written notice given by the Company to the Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 308, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

#### Section 309. CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and the Company, or the Trustee on behalf of the Company, shall use CUSIP numbers in notices of redemption or exchange as a convenience to Holders; provided, however, that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of redemption or exchange and that reliance may be placed only on the other identification numbers printed on the Securities; and provided further, however, that failure to use CUSIP numbers in any notice of redemption or exchange shall not affect the validity or sufficiency of such notice. The Company will promptly notify the Trustee of any change in the "CUSIP" numbers.

#### Section 310. Persons Deemed Owners.

Prior to and at the time of due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company, or the Trustee may treat the Person in whose name any Security is registered as the owner of such Security for the purpose of receiving payment of principal of, premium, if any, and (subject to Section 308) interest on, such Security and for all other purposes whatsoever, whether or not such Security is overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

#### Section 311. Cancellation.

All Securities surrendered for payment, purchase, redemption, registration of transfer or exchange shall be delivered to the Trustee and, if not already canceled, shall

be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section 311, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall, upon written request of the Company, be disposed in accordance with the Trustee's standard procedures, unless by a Company Order received by the Trustee prior to such disposition, the Company shall direct that the canceled Securities be returned to it. The Trustee shall provide the Company a list of all Securities that have been canceled from time to time as requested by the Company.

Section 312. Computation of Interest.

Interest on the Securities shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

## ARTICLE FOUR

## DEFEASANCE AND COVENANT DEFEASANCE

## Section 401. Company's Option to Effect Defeasance or Covenant Defeasance.

The Company may, at its option by Board Resolution, at any time, with respect to a series of Securities, elect to have either Section 402 or Section 403 be applied to all of the Outstanding Securities of the applicable series (the "Defeased Securities"), upon compliance with the conditions set forth below in this Article Four.

## Section 402. Defeasance and Discharge.

Upon the Company's exercise under Section 401 of the option applicable to this Section 402, the Company and any other obligor upon the applicable series of Securities, if any, shall be deemed to have been discharged from its obligations with respect to the Defeased Securities on the date the conditions set forth in Section 404 below are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Company and any other obligor under this Indenture shall be deemed to have paid and discharged the entire Indebtedness represented by the Defeased Securities, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 405 and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such series of Securities and this Indenture insofar as such series of Securities are concerned (and the Trustee, at the expense of the Company and upon Company Request, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Defeased Securities to receive, solely from the trust fund described in Section 404 and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on, such series of Securities, when such payments are due, (b) the Company's obligations with respect to such Defeased Securities under Sections 303, 304, 305, 307, 1002 and 1003, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder, including, without limitation, the Trustee's rights under Section 607, and (d) this Article Four. Subject to compliance with this Article Four, the Company may exercise its option under this Section 402 notwithstanding the prior exercise of its option under Section 403 with respect to a series of Securities.

## Section 403. Covenant Defeasance.

Upon the Company's exercise under Section 401 of the option applicable to this Section 403, the Company shall be released from its obligations under any covenant or provision contained or referred to in Sections 1005, 1006 and 1007, with respect to the

Defeased Securities, on and after the date the conditions set forth in Section 404 below are satisfied (hereinafter, "covenant defeasance"), and the Defeased Securities shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder, and the Events of Default under Section 501(c) and (d) shall cease to be in full force and effect with respect to the applicable series of Securities. For this purpose, such covenant defeasance means that, with respect to the Defeased Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501(c) and (d) but, except as specified above, the remainder of this Indenture and such Defeased Securities shall be unaffected thereby.

Section 404. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to application of either Section 402 or Section 403 to the Defeased Securities:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such series of Securities, (a) cash in United States dollars in an amount, (b) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms and with no further reinvestment will provide, not later than one day before the due date of payment, money in an amount, or (c) a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge, the principal of, premium, if any, and interest on, the Defeased Securities, on the Stated Maturity of such principal or interest. For this purpose, "U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government

Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt;

(2) In the case of an election under Section 402, the Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date hereof, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Independent Counsel in the United States shall confirm that, the Holders of the Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(3) In the case of an election under Section 403, the Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States to the effect that the Holders of the Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(4) No Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Section 501(e) is concerned, at any time during the period ending on the 91st day after the date of deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(5) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company or any Restricted Subsidiary is a party or by which it is bound;

(6) Such defeasance or covenant defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless such trust shall be registered under such Act or exempt from registration thereunder;

(7) The Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(8) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the applicable series of Securities over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others;

(9) No event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the applicable series of Securities on the date of such deposit or at any time ending on the 91st day after the date of such deposit; and

(10) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Independent Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 402 or the covenant defeasance under Section 403 (as the case may be) have been complied with.

Opinions of Counsel or Opinions of Independent Counsel required to be delivered under this Section shall be in form and substance reasonably satisfactory to the Trustee and may have qualifications customary for opinions of the type required and counsel delivering such opinions may rely on certificates of the Company or government or other officials customary for opinions of the type required, which certificates shall be limited as to matters of fact, including that various financial covenants have been complied with.

Section 405. Deposited Money and U.S. Government Obligations to Be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all United States dollars and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee pursuant to Section 404 in respect of the Defeased Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such series of Securities and this Indenture, to the payment, either directly or through any Paying Agent (excluding the Company or any of its Affiliates acting as Paying Agent), as the Trustee may determine, to the Holders of such series of Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited

pursuant to Section 404 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is imposed, assessed or for the account of the Holders of the Defeased Securities.

Anything in this Article Four to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any United States dollars or U.S. Government Obligations held by it as provided in Section 404 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect defeasance or covenant defeasance.

Section 406. Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or U.S. Government Obligations in accordance with Section 402 or 403, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the applicable series of Securities shall be revived and reinstated, with present and prospective effect, as though no deposit had occurred pursuant to Section 402 or 403, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such United States dollars or U.S. Government Obligations in accordance with Section 402 or 403, as the case may be; provided, however, that if the Company makes any payment to the Trustee or Paying Agent of principal of, premium, if any, or interest on any Security of such series following the reinstatement of its obligations, the Trustee or Paying Agent shall promptly pay any such amount to the Holders of the Securities of such series and the Company shall be subrogated to the rights of the Holders of such series of Securities to receive such payment from the United States dollars and U.S. Government Obligations held by the Trustee or Paying Agent pursuant to Section 402 or 403.

## ARTICLE FIVE

## REMEDIES

## Section 501. Events of Default.

"Event of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) with respect to a particular series of Securities:

(a) there shall be a default in the payment of any installment of interest on any of the Securities of such series when it becomes due and payable, and such default shall continue for a period of 30 days;

(b) there shall be a default in the payment of the principal of (or premium, if any, on) any of the Securities of such series when it becomes due and payable, whether at Maturity, upon redemption by declaration or otherwise);

(c) there shall be a default in the performance, or breach, of any covenant or agreement of the Company applicable to such series of Securities (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (a) and (b)) and such default or breach shall continue for a period of 60 days after written notice to the Company specifying such failure and requiring the Company or any Restricted Subsidiary to remedy the same has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Outstanding Securities of each affected series, with each affected series voting as a separate class;

(d) any Indebtedness of the Company or any Restricted Subsidiary of the Company with an aggregate principal amount of at least \$25,000,000 shall not have been paid when due and shall continue not to be paid for 25 days after written notice by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Outstanding Securities of each series (with the Holders of all Outstanding Securities voting as one class);

(e) (i) there shall have been the entry by a court of competent jurisdiction of (A) a decree or order for relief in respect of the Company or any of its Significant Subsidiaries in an involuntary case or proceeding under any applicable Bankruptcy Law or (B) a decree or order adjudging the Company or any Subsidiary bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Subsidiary under any applicable federal or state



law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any Subsidiary or of any substantial part of their respective properties, or ordering the winding up or liquidation of their affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days or (ii) (A) the Company or any Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent, (B) the Company or any Subsidiary consents to the entry of a decree or order for relief in respect of the Company or such Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it, (C) the Company or any Subsidiary files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, (D) the Company or any Subsidiary (1) consents to the filing of such petition or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or such Subsidiary or of any substantial part of their respective properties, (2) makes an assignment for the benefit of creditors or (3) admits in writing its inability to pay its debts generally as they become due or (E) the Company or any Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (e) (ii).

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Sections 501(e)) shall occur and be continuing, unless the principal and interest with respect to all of the Securities of such series shall have already become due and payable, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities of all series affected thereby then Outstanding may, and the Trustee at the request of such Holders shall, declare all unpaid principal of, premium, if any, and accrued interest on all Securities of the series affected thereby to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders of the Securities) and upon any such declaration, such principal, premium, if any, and interest shall become due and payable immediately. If an Event of Default specified in clause (e) of Section 501 occurs and is continuing, unless the principal and interest with respect to the Securities shall have already become due and payable, then all the Securities shall ipso facto become and be due and payable immediately in an amount equal to the principal amount of the Securities, together with accrued and unpaid interest, if any, to the date the Securities become due and payable, without any declaration or other act on the part of the Trustee or any Holder. Thereupon, the Trustee may, at its discretion, proceed to protect and enforce the rights of the Holders of the Securities by appropriate judicial proceedings.

In the event of a declaration of acceleration because of an Event of Default set forth in clause (d) of Section 501 has occurred and is continuing, such declaration

acceleration shall be automatically rescinded and annulled if the Event of Default triggering such Event of Default pursuant to clause (d) above shall be remedied or cured by the Company or the relevant Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the declaration of acceleration with respect thereto.

At any time after a declaration of acceleration with respect to any of the Securities of any series, but before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the holders of a majority in aggregate principal amount of the Outstanding Securities of any affected series (with each affected series voting as a separate class), by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(a) the Company has paid or deposited with the Trustee a sum sufficient to pay

(i) all sums paid or advanced by the Trustee under this Indenture and the reasonable compensation, fees and expenses, disbursements and advances of the Trustee, its agents and counsel,

(ii) all overdue interest on all Outstanding Securities of such series,

(iii) the principal of and premium, if any, on any Outstanding Securities of such series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by such series of Securities, and

(iv) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the applicable series of Securities;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the non-payment of principal of, premium, if any, and interest on the applicable series Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513. No such rescission shall affect any subsequent Default or impair any right consequent thereon.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(a) default is made in the payment of any interest on any Security of any series when such interest becomes due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of the principal of or premium, if any, on any Security of any series at the Stated Maturity thereof or otherwise,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such series of Securities, the whole amount then due and payable on the Securities of such series for principal and premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the rate borne by the Securities of such series; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Securities of such series and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Securities of such series, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders under this Indenture by such appropriate private or judicial proceedings as the Trustee shall deem most effectual to protect and enforce such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy or to enforce any other proper remedy, subject however to Section 512. No recovery of any such judgment upon any property of the Company shall affect or impair any rights, powers or remedies of the Trustee or the Holders.

Section 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor, upon the Securities of any series or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of such series of Securities shall then be due and

payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, and premium, if any, and interest owing and unpaid in respect of the Securities of any series and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, fees and expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

For purposes of this Section, the Trustee is hereby designated as the attorney-in-fact for the Holders.

Section 505. Trustee May Enforce Claims without Possession of Securities.

All rights of action and claims under this Indenture with respect to any series of Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities of such series or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, fees and expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities of such series in respect of which such judgment has been recovered.

## Section 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article or otherwise on behalf of the Holders or the Trustee pursuant to this Article or through any proceeding or any arrangement or restructuring in anticipation or in lieu of any proceeding contemplated by this Article shall be applied, subject to applicable law, in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium, if any, or interest, upon presentation of the several Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To the payment of the amounts then due and unpaid upon the Securities for principal, premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, on the Securities of such series in the order of the maturity of the installments of such interest, such payments to be made ratably to the Persons entitled thereto, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium, if any, and interest; and

THIRD: The balance, if any, to the Person or Persons entitled thereto, including the Company, provided that all sums due and owing to the Holders and the Trustee have been paid in full as required by this Indenture.

## Section 507. Limitation on Suits.

No Holder of any series of Securities shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture or any series of Securities, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Holders of not less than 25% in aggregate principal amount of the Outstanding Securities of each affected series (voting as one class) shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as trustee hereunder;

(c) such Holder or Holders have offered to the Trustee indemnity reasonably satisfactory to it against the costs, fees and expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer (and, if requested, provision) of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of the affected series (voting as one class);

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture or any Security of any series to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture or any Security of any series, except in the manner provided in this Indenture and for the equal and ratable benefit of all the Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right based on the terms stated herein, which is absolute and unconditional, to receive payment of the principal of, premium, if any, and (subject to Section 308) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption or repurchase, on the Redemption Date or the repurchase date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, any other obligor on the Securities, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or

otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 512. Control by Holders.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of any or all series affected (voting as one class) shall have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee under this Article Five, provided that

(a) such direction shall not be in conflict with any rule of law or with this Indenture (including, without limitation, Section 507), expose the Trustee to personal liability or be unduly prejudicial to Holders not joining therein; and

(b) subject to the provisions of Section 315 of the Trust Indenture Act, the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 513. Waiver of Past Defaults.

Prior to the acceleration of the maturity of the Securities, the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities of any or all series affected may on behalf of the Holders of all Outstanding Securities of such series waive any past Default or Event of Default and its consequences, except a Default or Event of Default

(a) in the payment of the principal of, premium, if any, or interest on any Security (which may only be waived with the consent of each Holder of Securities affected); or

(b) in respect of a covenant or a provision hereof which under this Indenture cannot be modified or amended without the consent of the Holder of each Security Outstanding affected by such modification or amendment.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant, but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities (voting as one class), or to any suit instituted by any Holder for the enforcement of the payment of the principal of, premium, if any, or interest on, any Security on or after the respective Stated Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

Section 515. Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company from paying all or any portion of the principal of, premium, if any, or interest on the Securities contemplated herein or in the Securities or which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 516. Remedies Subject to Applicable Law.

All rights, remedies and powers provided by this Article Five may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Indenture are intended to



be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

ARTICLE SIX

THE TRUSTEE

Section 601. Duties of Trustee.

Subject to the provisions of Trust Indenture Act Sections 315(a) through 315(d):

(a) if a Default or an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his own affairs;

(b) except during the continuance of a Default or an Event of Default:

(1) the Trustee need perform only those duties as are specifically set forth in this Indenture and no covenants or obligations shall be implied in this Indenture against the Trustee; and

(2) in the absence of bad faith or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions which by any provision hereof are required to be furnished to the Trustee, to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein);

(c) the Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this Subsection (c) does not limit the effect of Subsection (b) of this Section 601;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith, in accordance with a direction of the Holders of a majority in principal amount of Outstanding Securities relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power confirmed upon the Trustee under this Indenture;

(d) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it;

(e) whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to Subsections (a), (b), (c) and (d) of this Section 601; and

(f) the Trustee shall not be liable for interest on any money or assets received by it except as the Trustee may agree in writing with the Company. Assets held in trust by the Trustee need not be segregated from other assets except to the extent required by law.

#### Section 602. Notice of Defaults.

Within 90 days after a Responsible Officer of the Trustee receives actual notice of the occurrence of any Default, the Trustee shall transmit by mail to all Holders and any other Persons entitled to receive reports pursuant to Section 313(c) of the Trust Indenture Act, as their names and addresses appear in the Security Register, notice of such Default hereunder actually known to the Trustee, unless such Default shall have been cured or waived; provided, however, that, except in the case of a Default in the payment of the principal of, premium, if any, or interest on any Security, the Trustee shall be protected in withholding such notice if and so long as a trust committee of Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders.

#### Section 603. Certain Rights of Trustee.

Subject to the provisions of Section 601 hereof and Trust Indenture Act Sections 315(a) through 315(d):

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon receipt by it of any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of Indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) the Trustee may consult with counsel of its selection and any advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture other than any liabilities arising out of the negligence, bad faith or willful misconduct of the Trustee;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, appraisal, bond, debenture, note, coupon, security or other paper or document unless requested in writing to do so by the Holders of not less than a majority in aggregate principal amount of the Securities then Outstanding; provided that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to proceeding; the reasonable expenses of every such investigation so requested by the Holders of not less than 25% in aggregate principal amount of the Securities Outstanding shall be paid by the Company or, if paid by the Trustee or any predecessor Trustee, shall be repaid by the Company upon demand; provided, further, the Trustee in its discretion may make such further inquiry or investigation into such facts or matters as it may deem fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be required to take notice, and shall not be deemed to have notice, of any Default or Event of Default hereunder, except Events of Default described in paragraphs (a) and (b) of Section 501 hereof unless the Trustee shall be notified specifically of the Default or Event of Default on a written instrument or document received by the Trustee at its Notice Address by the Company or by the Holders of at least 10% of the aggregate principal amount of the Securities then outstanding and such notice references the Securities and this Indenture. In the absence of delivery of notice satisfying those requirements, the Trustee may assume conclusively that there is no Default or Event of Default, except as noted above;

(i) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officers' Certificate; and

(j) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed by the Trustee to act hereunder.

Section 604. Trustee Not Responsible for Recitals, Dispositions of Securities or Application of Proceeds Thereof.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and that the statements made by it in any Statement of Eligibility and Qualification on Form T-1 to be supplied to the Company will be true and accurate subject to the qualifications set forth therein. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

## Section 605. Trustee and Agents May Hold Securities; Collections; etc.

The Trustee, any Paying Agent, Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities, with the same rights it would have if it were not the Trustee, Paying Agent, Security Registrar or such other agent and, subject to Trust Indenture Act Sections 310 and 311, may otherwise deal with the Company and receive, collect, hold and retain collections from the Company with the same rights it would have if it were not the Trustee, Paying Agent, Security Registrar or such other agent.

## Section 606. Money Held in Trust.

All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds, except to the extent required by mandatory provisions of law. Except for funds or securities deposited with the Trustee pursuant to Article Four, the Trustee shall be required to invest all moneys received by the Trustee, until used or applied as herein provided, in Temporary Cash Investments in accordance with the written directions of the Company.

In the event of a loss on the sale of such investments (after giving effect to any interest or other income thereon except to the extent theretofore paid to the Company), the Trustee shall have no responsibility in respect of such loss except that the Trustee shall notify the Company of the amount of such loss and the Company shall promptly pay such amount to the Trustee to be credited as part of the moneys originally invested.

## Section 607. Compensation and Indemnification of Trustee and Its Prior Claim.

The Company covenants and agrees to pay to the Trustee from time to time, such compensation as agreed to in writing by the Company and the Trustee and reasonable compensation for all other services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of all express trust), and the Company covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable fees, expenses, disbursements and advances incurred or made by or on behalf of the Trustee in accordance with any of the provisions of this Indenture and as agreed upon in the fee agreement between the Trustee and the Company (including the reasonable compensation and the fees, expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ); except any such expense, disbursement or advance as may arise from its negligence, bad faith or willful misconduct. The Company also covenants and agrees to indemnify the Trustee and its directors, officers, agents and employees and each predecessor Trustee (the "Indemnitees") for, and to hold them harmless against, any claim, loss, liability, damage, tax, assessment or other

governmental charge (other than taxes applicable to the Trustee's compensation hereunder) or expense incurred without negligence, bad faith or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including enforcement of this Section 607 and also including any liability which the Indemnitees may incur as a result of failure to withhold, pay or report any tax, assessment, fine, penalty, damages or other governmental charge, and the costs, fees and expenses of defending itself against or investigating any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligations of the Company under this Section 607 to compensate and indemnify the Indemnitees and each predecessor Trustee and to pay or reimburse the Trustee and each predecessor Trustee for reasonable fees, expenses, disbursements and advances shall constitute an additional obligation hereunder and shall survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee and each predecessor Trustee.

Section 608. Conflicting Interests.

The Trustee shall comply with the provisions of Section 310(b) of the Trust Indenture Act.

Section 609. Trustee Eligibility.

There shall at all times be a Trustee hereunder which shall be eligible to act as trustee under Trust Indenture Act Section 310(a) and which shall have a combined capital and surplus of at least \$50,000,000, to the extent there is an institution eligible and willing to serve. If the Trustee does not have a Corporate Trust Office in The City of New York, the Trustee may appoint an agent in The City of New York reasonably acceptable to the Company to conduct any activities which the Trustee may be required under this Indenture to conduct in The City of New York. If such Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 609, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 609, the Trustee shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 610. Resignation and Removal; Appointment of Successor Trustee.

(a) No resignation or removal of the Trustee and no appointment of a successor trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor trustee under Section 611.

(b) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign by giving written notice thereof to the Company no later than 30 Business Days prior to the proposed date of resignation. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument executed by authority of the Board of Directors of the Company, a copy of which shall be delivered to the resigning Trustee and a copy to the successor trustee. If an instrument of acceptance by a successor trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may, or any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint and prescribe a successor trustee.

(c) The Trustee may be removed at any time for any cause or for no cause by an Act of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of Trust Indenture Act Section 310(b) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months,

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case, (i) the Company by a Board Resolution may remove the Trustee, or (ii) subject to Section 514, the Holder of any Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor trustee and shall comply with the applicable requirements of Section 611. If, within 60 days after such resignation, removal or incapability, or the occurrence of such vacancy, the Company has not appointed a successor Trustee, a successor trustee shall be appointed by the Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Company and the retiring Trustee. If no successor trustee shall have been so appointed by the Company or the Holders of the Securities and accepted appointment in the manner provided herein, the Trustee or the Holder of any Security who has been a bona fide Holder for at least six months may, subject to Section 514, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Securities as their names and addresses appear in the Security Register. Each notice shall include the name of the successor trustee and the address of its Corporate Trust Office or agent hereunder.

#### Section 611. Acceptance of Appointment by Successor.

Every successor trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee as if originally named as Trustee hereunder; but, nevertheless, on the written request of the Company or the successor trustee, upon payment of its charges pursuant to Section 607 then unpaid, such retiring Trustee shall pay over to the successor trustee all moneys, Temporary Cash Investments and other property relating thereto at the time held by it hereunder and shall execute and deliver an instrument transferring to such successor trustee all such rights, powers, duties and obligations. Upon request of any such successor trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers.

No successor trustee with respect to the Securities shall accept appointment as provided in this Section 611 unless at the time of such acceptance such successor trustee shall be eligible to act as trustee under the provisions of Trust Indenture Act Section 310(a) and this Article Six and shall have a combined capital and surplus of at least \$50,000,000 and have a Corporate Trust Office or an agent selected in accordance with Section 609.



Upon acceptance of appointment by any successor trustee as provided in this Section 611, the Company shall give notice thereof to the Holders of the Securities, by mailing such notice to such Holders at their addresses as they shall appear on the Security Register. If the acceptance of appointment is substantially contemporaneous with the appointment, then the notice called for by the preceding sentence may be combined with the notice called for by Section 610. If the Company fails to give such notice within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be given at the expense of the Company.

Section 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee (including the trust created by this Indenture) shall be the successor of the Trustee hereunder, provided that such corporation shall be eligible under Trust Indenture Act Section 310(a) and this Article Six and shall have a combined capital and surplus of at least \$50,000,000 and have a Corporate Trust Office or an agent selected in accordance with Section 609, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Securities so authenticated; and, in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor trustee; and in all such cases such certificate shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have; provided that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 613. Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or other obligor under the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor). A Trustee who has resigned or been removed shall be subject to Trust Indenture Act Section 311(a) to the extent indicated therein, as qualified by Trust Indenture Act Section 311(b).

## ARTICLE SEVEN

## HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

## Section 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(a) semiannually, not more than 10 days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date; and

(b) at such other times as the Trustee may reasonably request in writing, within 30 days after receipt by the Company of any such request, a list of similar form and content to that in subsection (a) hereof as of a date not more than 15 days prior to the time such list is furnished;

provided, however, that if and so long as the Trustee shall be the Security Registrar, no such list need be furnished.

## Section 702. Disclosure of Names and Addresses of Holders.

Holders may communicate pursuant to Trust Indenture Act Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities, and the Trustee shall comply with Trust Indenture Act Section 312(b). The Company, the Trustee, the Security Registrar and any other Person shall have the protection of Trust Indenture Act Section 312(c). Further, every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders in accordance with Trust Indenture Act Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Trust Indenture Act Section 312.

## Section 703. Reports by Trustee.

(a) Within 60 days after May 1 of each year commencing with the first May 1 after the issuance of Securities, the Trustee, if so required under the Trust Indenture Act, shall transmit by mail to all Holders, in the manner and to the extent provided in Trust Indenture Act Section 313(c), a brief report dated as of such May 1 in accordance with and with respect to the matters required by Trust Indenture Act Section 313(a). The Trustee shall also transmit by mail to all Holders, in the manner and to the extent provided in Trust Indenture Act Section 313(c), a brief report in accordance

with and with respect to the matters required by Trust Indenture Act Section 313(b)(2).

(b) A copy of each report transmitted to Holders pursuant to this Section 703 shall, at the time of such transmission, be mailed to the Company and filed with each stock exchange, if any, upon which the Securities are listed and also with the Commission. The Company will notify the Trustee promptly if the Securities are listed on any stock exchange.

Section 704. Reports by Company.

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; provided that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

The Trustee shall be under no obligation to analyze or make any credit decision with respect to any financial statements or reports received by it hereunder, but shall hold such financial statements or reports solely for the benefit of and/or review by the holders of the Securities.

Delivery of such reports, information and documents to the Trustee hereunder and under Section 1007 is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 705. Statement as to Compliance.

The Company will deliver to the Trustee within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate stating whether or not to the best knowledge of the signers thereof the Company is in compliance (without regard to periods of grace or notice requirements) with all conditions and covenants under this Indenture, and if the Company shall not be in compliance, specifying such non-compliance and the nature and status thereof of which such signers may have knowledge.

Section 706. Statement by Officers as to Default.

The Company shall deliver to the Trustee, as soon as possible and in any event within five days after the Company becomes aware of the occurrence of any Event of Default or an event which, with notice or the lapse of time or both, would constitute an Event of Default, an Officers' Certificate setting forth the details of such Event of Default or default and the action which the Company proposes to take with respect thereto.

## ARTICLE EIGHT

## CONSOLIDATION, MERGER, SALE OF ASSETS

## Section 801. Company May Consolidate, etc., Only on Certain Terms.

The Company will not, in a single transaction or through a series of related transactions, consolidate, amalgamate, combine or merge with or into any other Person or, directly or indirectly, sell, assign, convey, lease, transfer or otherwise dispose of all or substantially all of its properties and assets to any Person or group of Persons, or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions, if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, lease, transfer or disposition of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis to any other Person or group of Persons, unless at the time and after giving effect thereto:

(i) either (a) the Company will be the continuing corporation in the case of a merger, combination or consolidation or (b) the Person (if other than the Company) formed by such consolidation or the resulting, surviving or transferee Person, if other than the Company (the "Successor Company",) will be a corporation duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person expressly assumes, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of the Company under the Securities and this Indenture, and in each case, the Securities and the Indenture will remain in full force and effect as so supplemented;

(ii) immediately after giving effect to such transaction or series of transactions on a pro forma basis, including, without limitation, any Indebtedness Incurred or anticipated to be Incurred in connection with or in respect of such transaction or series of transactions, no Default or Event of Default will have occurred and be continuing and the Company will have delivered to the Trustee an Officer's Certificate to that effect;

(iii) at the time of the transaction the Company or the Successor Company will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each to the effect that such transaction or series of transactions, and, if a supplemental indenture is required in connection with such transaction or series of transactions to

effectuate such assumption, such supplemental indenture in respect thereof comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied.

Notwithstanding the foregoing, any Restricted Subsidiary may consolidate, amalgamate or combine with or merge with or into or, directly or indirectly, sell, assign, convey, lease, transfer or otherwise dispose of all or substantially all of its properties and assets to the Company or, subject to the condition set forth in clause (ii) in the preceding sentence, to any other Restricted Subsidiary.

Section 802. Successor Substituted.

Upon any consolidation, combination, amalgamation or merger, or any sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company, if any, in accordance with Section 801, the successor Person formed by such consolidation or into which the Company is merged or the successor Person to which such sale, assignment, conveyance, transfer, lease or disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture and the Securities with the same effect as if such successor had been named as the Company herein, in the Securities and the Company shall be discharged from all obligations and covenants under the Indenture and the Securities; provided that in the case of a transfer by lease, the predecessor shall not be released from the payment of principal and interest on the Securities.

## ARTICLE NINE

## SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures and Agreements without Consent of Holders.

Without the consent of any Holders, the Company and any other obligor under the Securities when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto or agreements or other instruments with respect to the Indenture or any series of the Securities, in form satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company pursuant to the provisions of Article Eight and the assumption by such successor of the covenants, agreements and obligations of the Company in the Indenture and in the Securities;

(b) to surrender any right or power conferred upon the Company by the Indenture, to add to the covenants of the Company such further covenants, restrictions, conditions or provisions for the protection of the Holders as the Board of Directors of the Company shall consider to be for the protection of the Holders, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions, conditions, or provisions a default or an Event of Default under the Indenture (provided, however, that with respect to any such additional covenant, restriction, condition, or provision, such supplemental indenture may provide for a period of grace after default, which may be shorter or longer than that allowed in the case of other defaults, may provide for an immediate enforcement upon such default, may limit the remedies available to the Trustee upon such default, or may limit the right of Holders of a majority in aggregate principal amount of any series of the Securities to waive such default);

(c) to cure any ambiguity or to correct or supplement any provision contained in the Indenture, in any supplemental indenture or in the Securities of any series that may be defective or inconsistent with any other provision contained herein or therein, to convey, transfer, assign, mortgage or pledge any property to or with the Trustee, or to make such other provisions in regard to matters or questions arising under the Indenture as shall not adversely affect the interests of any Holders;

(d) to modify or amend the Indenture in such a manner as to permit the qualification of the Indenture or any supplemental indenture under the Trust Indenture Act as then in effect;

(e) to comply with the provisions of Article Eight;

(f) to add guarantees with respect to any series of the Securities of any series or to secure any series of the Securities of any series;

(g) to make any change that does not adversely affect the rights of any Holder; and

(h) to evidence and provide for the acceptance of appointment by a successor or separate Trustee with respect to the Securities of any series and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the Indenture by more than one Trustee.

Section 902. Supplemental Indentures and Agreements with Consent of Holders.

Except as permitted by Section 901, with the consent of the Holders of at least a majority in aggregate principal amount of the Outstanding Securities of all series affected thereby (voting as one class), by Act of said Holders delivered to the Company and the Trustee, the Company when authorized by Board Resolutions, and the Trustee may (i) enter into an indenture or indentures supplemental hereto or agreements in form and substance reasonably satisfactory to the Trustee, for the purpose of adding any provisions to, amending, modifying or changing in any manner, or eliminating any of the provisions of the Indenture, of any supplemental indenture or the Securities of each such series (including but not limited to, for the purpose of modifying in any manner the rights of the Holders under this Indenture or the Securities of such series) or (ii) waive compliance with any provision in the Indenture or the Securities of such series (other than waivers of past defaults covered by Section 513 and waivers of covenants covered by Section 1008); provided, however, that no such supplemental indenture, agreement or instrument shall, without the consent of the Holder of each Outstanding Security of all series affected thereby:

(a) reduce the percentage in principal amount of the Outstanding Securities of such series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver or compliance with certain provisions of this Indenture;

(b) reduce the rate of or extend the time for payment of interest on the Securities of such series or reduce the amount of any payment of interest on the Securities of such series;

(c) reduce the principal of or extend the Stated Maturity of the Securities of such series;

(d) reduce the premium payable upon the redemption of the Securities of such series or change the time at which the Securities of such series may or shall be redeemed;

(e) impair the right to institute suit for enforcement of any payment of principal, premium, if any, or interest on the Securities of such series after the Stated Maturity thereof (or in the case of redemption, on or after the Redemption Date);

(f) make the Securities of such series payable in a currency other than U.S. dollars;

(g) modify any of the provisions of this Section 902 or Section 513 or 1008, except to increase the percentage of such Outstanding Securities of such series required for such actions or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each such Security of such series affected thereby;

(h) amend or modify any of the provisions of this Indenture in any manner which subordinates the Securities of such series issued hereunder in right of payment to any other Indebtedness of the Company;

(i) release any security that may have been granted with respect to the Securities of such series; or

(j) make any change in the provisions of the Indenture relating to waivers of defaults or amendments that require unanimous consent.

Upon the written request of the Company, accompanied by a copy of Board Resolutions authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture.

It shall not be necessary for any Act of Holders under this Section 902 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

#### Section 903. Execution of Supplemental Indentures and Agreements.

In executing, or accepting the additional trusts created by, any supplemental indenture, agreement, instrument or waiver permitted by this Article Nine or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Trust Indenture Act Sections 315(a) through 315(d) and Section 601 hereof) shall be fully protected in relying upon, an Opinion of Counsel and



an Officers' Certificate stating that the execution of such supplemental indenture, agreement or instrument (a) is authorized or permitted by this Indenture and (b) does not violate the provisions of any agreement or instrument evidencing any other Indebtedness of the Company or any Restricted Subsidiary. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture, agreement or instrument which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities of the series affected thereby theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article Nine shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article Nine may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

Section 907. Notice of Supplemental Indentures.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of Section 902, the Company shall give notice thereof to the Holders of each Outstanding Security of any series affected, in the manner provided for in Section 106, setting forth in general terms the substance of such supplemental indenture. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

## ARTICLE TEN

## COVENANTS

## Section 1001. Payment of Principal, Premium and Interest.

The Company shall duly and punctually pay the principal of, premium, if any, and interest on each of the series of Securities in accordance with the terms of the applicable series of the Securities and this Indenture.

## Section 1002. Maintenance of Office or Agency.

The Company shall maintain an office or agency where Securities may be presented or surrendered for payment. The Company also will maintain in The City of New York an office or agency where Securities may be surrendered for registration of transfer, redemption or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The office of the Trustee or its affiliates, at its corporate trust office initially located at 101 Barclay Street, Floor 21W, New York, New York 10286, will be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such purposes. The Company will give prompt written notice to the Trustee of the location and any change in the location of any such offices or agencies. If at any time the Company shall fail to maintain any such required offices or agencies or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the office of the Trustee or its affiliates and the Company hereby appoints the Trustee or its affiliates such agent as its agent to receive all such presentations, surrenders, notices and demands.

The Company may from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Securities may be presented or surrendered for any or all such purposes, and may from time to time rescind such designation. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

The Trustee shall initially act as Paying Agent for the Securities.

## Section 1003. Money for Security Payments to Be Held in Trust.

If the Company or any of its Affiliates shall at any time act as Paying Agent, it will, on or before each due date of the principal of, premium, if any, or interest on any of the Securities, segregate and hold in trust for the benefit of the Holders entitled thereto a sum sufficient to pay the principal, premium, if any, or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

If the Company or any of its Affiliates is not acting as Paying Agent, the Company will, on or before 10:00 a.m. New York City time of each due date of the principal of, premium, if any, or interest on any of the Securities, deposit with a Paying Agent a sum in same day funds sufficient to pay the principal, premium, if any, or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of such action or any failure so to act.

If the Company is not acting as Paying Agent, the Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of the principal of, premium, if any, or interest on the Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(b) give the Trustee notice of any Default by the Company (or any other obligor upon the Securities) in the making of any payment of principal, premium, if any, or interest on the Securities;

(c) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent; and

(d) acknowledge, accept and agree to comply in all aspects with the provisions of this Indenture relating to the duties, rights and liabilities of such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security and remaining unclaimed for two years after such principal and premium, if any, or interest has become due and payable shall promptly be paid to the Company on

Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), and mail to each such Holder, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification, publication and mailing, any unclaimed balance of such money then remaining will promptly be repaid to the Company.

Section 1004. Corporate Existence.

Subject to Article Eight, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect the corporate existence and related rights and franchises (charter and statutory) of the Company and each Restricted Subsidiary; provided, however, that the Company shall not be required to preserve any such right or franchise or the corporate existence of any such Restricted Subsidiary or any trademark, trade name or service mark of the Company or any Restricted Subsidiary if the Board of Directors of the Company shall determine that the preservation thereof is no longer necessary or desirable in the conduct or the business of the Company and its Restricted Subsidiaries taken as a whole and that the loss thereof is not adverse in any material respect to the ability of the Company to perform its obligations hereunder.

Section 1005. Restrictions on Liens.

(a) The Company will not, and will not permit any Restricted Subsidiary of the Company to, incur any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property of the Company or a Restricted Subsidiary, whether such shares of stock, Indebtedness or other obligations of a Subsidiary or Principal Property is owned at the date of the Indenture or thereafter acquired, without in any such case effectively providing that all the Securities will be directly secured equally and ratably with such Lien.

(b) The foregoing restrictions will not apply to:

(1) the Incurrence of any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture (including acquisitions by way of merger or consolidation) by the Company or a Restricted Subsidiary contemporaneously with such acquisition, or within 120 days thereafter, to secure or provide for the payment or financing of any part of the purchase

price thereof, or the assumption of any Lien upon any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture existing at the time of such acquisition, or the acquisition of any shares of stock, Indebtedness or other obligations of a subsidiary or any Principal Property subject to any Lien without the assumption thereof, provided that every such Lien referred to in this clause (1) shall attach only to the shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property so acquired and fixed improvements thereon;

(2) any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property existing at the date of the Indenture;

(3) any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property in favor of the Company or any Restricted Subsidiary;

(4) any Lien on Principal Property being constructed or improved securing loans to finance such construction or improvements;

(5) any Lien on shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property Incurred in connection with the issuance of tax exempt government obligations; and

(6) any renewal of or substitution for any Lien permitted by any of the preceding clauses (1) through (5), provided, in the case of a Lien permitted under clause (1), (2) or (4), the debt secured is not increased nor the Lien extended to any additional assets.

(c) Notwithstanding the foregoing, the Company or any Restricted Subsidiary may create or assume Liens in addition to those permitted by clauses (1) through (6), and renew, extend or replace such Liens, provided that at the time of such creation, assumption, renewal, extension or replacement of such Lien, and after giving effect thereto, together with any sale and leaseback transactions permitted under Section 1006(b) hereof, Exempted Debt does not exceed 20% of Consolidated Net Tangible Assets.

(d) For the purposes of this Section 1005 and Section 1006, the giving of a guarantee which is secured by a Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property, and the creation of a Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property to secure Indebtedness that existed prior to the creation of such Lien, shall be deemed to involve the creation of Indebtedness in an amount equal to the principal amount guaranteed or secured by such Lien.

## Section 1006. Limitation on Sale and Leaseback Transactions.

(a) The Company will not, and will not permit any Restricted Subsidiary to, sell or transfer, directly or indirectly, except to the Company or a Restricted Subsidiary, any Principal Property as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property, except a lease for a period of two years or less at the end of which it is intended that the use of such property by the lessee will be discontinued; provided that, notwithstanding the foregoing, the Company or any Restricted Subsidiary may sell any such Principal Property and lease it back for a longer period:

(1) if the Company or such Restricted Subsidiary would be entitled, pursuant to Section 1005 hereof, to create a mortgage on the property to be leased securing Funded Debt in an amount equal to the Attributable Debt with respect to such sale and leaseback transaction without equally and ratably securing the outstanding Securities; or

(2) if the Company promptly informs the Trustee of such transaction, the net proceeds of such transaction are at least equal to the Fair Market Value (as determined by Board Resolution) of such property, and the Company causes an amount equal to the net proceeds of the sale to be applied to the retirement, within 180 days after receipt of such proceeds, of Funded Debt Incurred or assumed by the Company or a Restricted Subsidiary (including the Securities); provided further that, in lieu of applying all or any part of such net proceeds to such retirement, the Company may, within 75 days after such sale or transfer, deliver or cause to be delivered to the applicable trustee for cancellation either debentures or notes evidencing Funded Debt of the Company (which may include the Outstanding Securities) or of a Restricted Subsidiary previously authenticated and delivered by the applicable trustee, and not theretofore tendered for sinking fund purposes or called for a sinking fund or otherwise applied as a credit against an obligation to redeem or retire such Notes or debentures. If the Company so delivers debentures or Notes to the applicable trustee with an Officers' Certificate, the amount of cash that the Company will be required to apply to the retirement of Funded Debt will be reduced by an amount equal to the aggregate of the then applicable optional redemption prices (not including any optional sinking fund redemption prices) of such debentures or Notes, or if there are no such redemption prices, the principal amount of such debentures or Notes, provided, that in the case of debentures or Notes which provide for an amount less than the principal amount thereof to be due and payable upon a declaration of the maturity thereof, such amount of cash shall be reduced by the amount of principal of such debentures or Notes that would be due and payable as of the date of such application upon a declaration of acceleration of the maturity thereof pursuant to the terms of the indenture pursuant to which such debentures or Notes were issued; or

(3) if the Company, within 180 days after the sale or transfer, applies or causes a Restricted Subsidiary to apply an amount equal to the greater of the net proceeds of such sale or transfer or Fair Market Value of the Principal Property so sold and leased back at the time of entering into such sale and leaseback transaction (in either case as determined by Board Resolution of the Company) to purchase other Principal Property having a Fair Market Value at least equal to the Fair Market Value of the Principal Property (or portion thereof) sold or transferred in such sale and leaseback transaction.

(b) Notwithstanding the foregoing, the Company or any Restricted Subsidiary may enter into sale and leaseback transactions in addition to those permitted in this paragraph and without any obligation to retire any outstanding notes or other Funded Debt, provided that at the time of entering into such sale and leaseback transactions and after giving effect thereto, together with any Liens permitted under Section 1005(c) hereof, Exempted Debt does not exceed 20% of Consolidated Net Tangible Assets.

#### Section 1007. Provisions of Financial Statements.

Whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, the Company will, to the extent permitted under the Exchange Act, file with the Commission the annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to Sections 13(a) or 15(d) if the Company was so subject, such documents to be filed with the Commission on or prior to the date (the "Required Filing Date") by which the Company would have been required so to file such documents if the Company was so subject. The Company will also in any event (x) within 15 days of each Required Filing Date (i) transmit by mail to all holders, as their names and addresses appear in the security register, without cost to such holders and (ii) file with the Trustee copies of the annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to Sections 13(a) or 15(d) of the Exchange Act if the Company were subject to either of such Sections and (y) if filing such documents by the Company with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective holder at the Company's cost.

#### Section 1008. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Sections 1005, 1006 and 1007 if, before or after the time for such compliance, the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding of each series affected thereby (voting as one class) shall, by Act of such Holders, waive such compliance in such instance with such covenant or provision, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

## ARTICLE ELEVEN

## REDEMPTION OF SECURITIES

## Section 1101. Rights of Redemption.

Each series of Securities will be redeemable, as a whole or in part, at the option of the Company, at any time or from time to time, at a Redemption Price (a "Redemption Price") equal to the greater of (i) 100% of the principal amount of the applicable series of Securities to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the applicable series of Securities discounted to the Redemption Date (the "Redemption Date") on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate, plus \_\_\_ basis points for the \_\_\_% Notes due 200\_ and \_\_\_ basis points for the \_\_\_% Notes due 200\_, respectively, plus, in each case, accrued interest thereon to the Redemption Date.

## Section 1102. Applicability of Article.

Redemption of Securities at the election of the Company or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article Eleven.

## Section 1103. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities pursuant to Section 1101 shall be evidenced by a Company Order and an Officers' Certificate. In case of any redemption at the election of the Company, the Company shall, not less than 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice period shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of the applicable series of Securities to be redeemed.

## Section 1104. Selection by Trustee of Securities to Be Redeemed.

If less than all of the applicable series of Securities are to be redeemed, the particular Securities or portions thereof to be redeemed shall be selected not more than 60 nor less than 30 days prior to the Redemption Date. The Trustee shall select the Securities or portions thereof to be redeemed on a pro rata basis, by lot or by any other method the Trustee shall deem fair and appropriate. The amounts to be redeemed shall be equal to \$1,000 or any integral multiple thereof.

The Trustee shall promptly notify the Company and the Security Registrar in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.



For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

Section 1105. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at its address appearing in the Security Register.

All notices of redemption shall state:

(a) the Redemption Date;

(b) the Redemption Price;

(c) if less than all Outstanding Securities of a series are to be redeemed, the identification of the particular Securities to be redeemed;

(d) in the case of a Security to be redeemed in part, the principal amount of such Security to be redeemed and that after the Redemption Date upon surrender of such Security, new Security or Securities in the aggregate principal amount equal to the unredeemed portion thereof will be issued;

(e) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(f) that on the Redemption Date, the Redemption Price will become due and payable upon each such Security or portion thereof to be redeemed, and that (unless the Company shall default in payment of the Redemption Price) interest thereon shall cease to accrue on and after said date;

(g) the names and addresses of the Paying Agent and the offices or agencies referred to in Section 1002 where such Securities are to be surrendered for payment of the Redemption Price;

(h) the CUSIP number, if any, relating to such Securities; and

(i) the procedures that a Holder must follow to surrender the Securities to be redeemed.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's written request, by the Trustee in the name and at the expense of the Company. If the Company elects to give notice of redemption, it shall provide the Trustee with a certificate stating that such notice has been given in compliance with the requirements of this Section 1105.

The notice if mailed in the manner herein provided shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Security designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security.

Section 1106. Deposit of Redemption Price.

On or prior to 10:00 a.m. New York City time on any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company or any of its Affiliates is acting as Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in same day funds sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date or Special Payment Date) accrued interest on, all the applicable series of Securities or portions thereof which are to be redeemed on that date. The Paying Agent shall promptly mail or deliver to Holders of Securities so redeemed payment in an amount equal to the Redemption Price of the Securities purchased from each such Holder. Subject to Section 601(f), all money, if any, earned on funds held in trust by the Trustee or any Paying Agent shall be remitted to the Company.

Section 1107. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities of the series so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities of such series shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such on the relevant Regular Record Dates and Special Record Dates according to the terms and the provisions of Section 308.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and premium, if any, shall, until paid, bear interest from the Redemption Date at the rate borne by such Security.

## Section 1108. Securities Redeemed or Purchased in Part.

Any Security which is to be redeemed or purchased only in part shall be surrendered to the Paying Agent at the office or agency maintained for such purpose pursuant to Section 1002 (with, if the Company, the Security Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Security Registrar or the Trustee, as the case may be, duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate principal amount equal to, and in exchange for, the unredeemed portion of the principal of the Security so surrendered that is not redeemed or purchased.

## ARTICLE TWELVE

## SATISFACTION AND DISCHARGE

## Section 1201. Satisfaction and Discharge of Indenture.

This Indenture shall be discharged and shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Securities as expressly provided for herein) as to all Outstanding Securities of any series hereunder, and the Trustee, upon Company Request and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either

(1) all the Securities of such series theretofore authenticated and delivered (other than (i) lost, stolen or destroyed Securities of such series which have been replaced or paid as provided in Section 308 or (ii) all Securities of such series for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(2) all such Securities of such series not theretofore delivered to the Trustee for cancellation (i) have become due and payable or, (ii) will become due and payable at their Stated Maturity within one year; and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount in United States dollars sufficient (in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee) to pay and discharge (without consideration of any reinvestment and after payment of all taxes or other charges and assessments in respect thereof payable by the Trustee) the entire Indebtedness on the Securities of such series not theretofore delivered to the Trustee for cancellation, including the principal of, premium, if any, and accrued interest on, the Securities of such series at such Maturity, Stated Maturity or Redemption Date;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Independent Counsel, in form and substance satisfactory to the

Trustee, each stating that (i) all conditions precedent herein relating to the satisfaction and discharge hereof have been complied with, (ii) no default with respect to the Securities of such series has occurred and is continuing on the date of such deposit and (iii) such deposit does not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Company is a party.

Notwithstanding the satisfaction and discharge hereof, the obligations of the Company to the Trustee under Section 607 and, if United States dollars shall have been deposited with the Trustee pursuant to subclause (2) of subsection (a) of this Section 1201, the obligations of the Trustee under Section 1202 and the last paragraph of Section 1003 shall survive.

Section 1202. Application of Trust Money.

Subject to the provisions of the last paragraph Section 1003, all United States dollars deposited with the Trustee pursuant to Section 1201 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal of, premium, if any, and interest on, the Securities for whose payment such United States dollars have been deposited with the Trustee.

\* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the day and year first above written.

REPUBLIC SERVICES, INC.

By: \_\_\_\_\_

Name:  
Title:

THE BANK OF NEW YORK

By: \_\_\_\_\_

Name:  
Title:

[Legend if Security is a Global Security]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 306 OF THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

## REPUBLIC SERVICES, INC.

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 \_\_\_% NOTE DUE 200\_

CUSIP NO. \_\_\_\_\_

No. 1

\$\_\_\_\_\_,000,000

Republic Services, Inc., a Delaware corporation (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of \_\_\_\_\_ HUNDRED MILLION DOLLARS (\$\_\_\_\_\_,000,000) United States dollars on \_\_\_\_\_, 200\_, at the office or agency of the Company referred to below, and to pay interest thereon from \_\_\_\_\_, 1999, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on June 1 and December 1 in each year, commencing \_\_\_\_\_, 1999 at the rate of \_\_\_% per annum, in United States dollars, until the principal hereof is paid or duly provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be the May 15 or November 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in this Indenture.

Payment of the principal of, premium, if any, and interest on, this Security, and exchange or transfer of this Security, will be made at the office or agency of the Company in The City of New York maintained for such purpose (which initially will be a corporate trust office of the Trustee or its affiliate located at 101 Barclay Street, Floor



21W, New York, NY 10286), or at such other office or agency as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture by manual signature of an authorized signer, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

REPUBLIC SERVICES, INC.

By: \_\_\_\_\_

Name:  
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the \_\_\_% Notes due 200\_ referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

Dated:

## REPUBLIC SERVICES, INC.

\_\_\_% Note due 200\_\_

This Security is one of a duly authorized issue of Securities of the Company designated as its \_\_\_% Notes due 200\_\_ (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to \$\_\_\_,000,000, issued under and subject to the terms of an indenture (herein called the "Indenture") dated as of May \_\_, 1999, between the Company and The Bank of New York, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Securities may be redeemed at any time, at the option of the Company, in whole or in part, at any time and from time to time, upon not less than 30 and not more than 60 days' notice to the Holders thereof as provided in the Indenture, at a Redemption Price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate, plus \_\_\_ basis points, plus, in each case, accrued interest to the Redemption Date (subject to the right of holders of record of such Securities on relevant record dates to receive interest due on an interest payment date), if any.

If less than all of the Securities are to be redeemed, the Trustee shall select, not more than 60 nor less than 30 days before the Redemption Date, the Securities or portions thereof to be redeemed on a pro rata basis, by lot or by any other method the Trustee shall deem fair and appropriate.

In the case of any redemption of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date or Special Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities and (b) certain covenants and Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders and certain amendments which required the consent of all of the Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders under the Indenture and the Securities at any time by the Company and the Trustee with the consent of the Holders of at least a majority in aggregate principal amount of the Securities of all series at the time Outstanding that are affected (voting as one class). The Indenture also contains provisions permitting the Holders of at least a majority in aggregate principal amount of the Securities (100% of the Holders in certain circumstances) of all series at the time Outstanding that are affected (voting as one class), on behalf of the Holders of all the Securities of such affected series, to waive compliance by the Company with certain provisions of the Indenture and the Securities of such series and certain past Defaults and Events of Default under the Indenture and the Securities and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company or any other obligor on the Securities (in the event such other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, and premium, if any, and interest on, this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a

written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities in certificated form are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

Except as indicated in the Indenture, no service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE TO CONFLICT OF LAWS PRINCIPLES THEREOF.

All terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

[Legend if Security is a Global Security]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 306 OF THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

## REPUBLIC SERVICES, INC.

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\_\_\_% NOTE DUE 200\_

CUSIP NO. \_\_\_\_\_

No. 1

\$\_\_\_\_\_,000,000

Republic Services, Inc., a Delaware corporation (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of \_\_\_\_\_ HUNDRED MILLION DOLLARS (\$\_\_\_\_\_,000,000) United States dollars on \_\_\_\_\_, 200\_, at the office or agency of the Company referred to below, and to pay interest thereon from \_\_\_\_\_, 1999, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on June 1 and December 1 in each year, commencing \_\_\_\_\_, 1999 at the rate of \_\_\_% per annum, in United States dollars, until the principal hereof is paid or duly provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be the May 15 or November 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in this Indenture.

Payment of the principal of, premium, if any, and interest on, this Security, and exchange or transfer of this Security, will be made at the office or agency of the Company in The City of New York maintained for such purpose (which initially will be a corporate trust office of the Trustee or its affiliate located at 101 Barclay Street, Floor 21W, New York, NY 10286), or at such other office or agency as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the

address of the Person entitled thereto as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture by manual signature of an authorized signer, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

REPUBLIC SERVICES, INC.

By: \_\_\_\_\_  
Name:  
Title:



TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the \_\_\_% Notes due 200\_ referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

Dated:

## REPUBLIC SERVICES, INC.

\_\_\_% Note due 200\_\_

This Security is one of a duly authorized issue of Securities of the Company designated as its \_\_\_% Notes due 200\_\_ (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to \$\_\_\_,000,000, issued under and subject to the terms of an indenture (herein called the "Indenture") dated as of May \_\_, 1999, between the Company and The Bank of New York, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Securities may be redeemed at any time, at the option of the Company, in whole or in part, at any time and from time to time, upon not less than 30 and not more than 60 days' notice to the Holders thereof as provided in the Indenture, at a Redemption Price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate, plus \_\_\_ basis points, plus, in each case, accrued interest to the Redemption Date (subject to the right of holders of record of such Securities on relevant record dates to receive interest due on an interest payment date), if any.

If less than all of the Securities are to be redeemed, the Trustee shall select, not more than 60 nor less than 30 days before the Redemption Date, the Securities or portions thereof to be redeemed on a pro rata basis, by lot or by any other method the Trustee shall deem fair and appropriate.

In the case of any redemption of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date or Special Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities and (b) certain covenants and Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders and certain amendments which required the consent of all of the Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders under the Indenture and the Securities at any time by the Company and the Trustee with the consent of the Holders of at least a majority in aggregate principal amount of the Securities of all series at the time Outstanding that are affected (voting as one class). The Indenture also contains provisions permitting the Holders of at least a majority in aggregate principal amount of the Securities (100% of the Holders in certain circumstances) of all series at the time Outstanding that are affected (voting as one class), on behalf of the Holders of all the Securities of such affected series, to waive compliance by the Company with certain provisions of the Indenture and the Securities of such series and certain past Defaults and Events of Default under the Indenture and the Securities and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company or any other obligor on the Securities (in the event such other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, and premium, if any, and interest on, this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a

written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities in certificated form are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

Except as indicated in the Indenture, no service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE TO CONFLICT OF LAWS PRINCIPLES THEREOF.

All terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

## REPUBLIC SERVICES, INC.

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 \_\_\_% NOTE DUE 200\_

CUSIP NO. \_\_\_\_\_

No. 1

\$\_\_\_\_\_,000,000

Republic Services, Inc., a Delaware corporation (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of \_\_\_\_\_ HUNDRED MILLION DOLLARS (\$\_\_\_\_\_,000,000) United States dollars on \_\_\_\_\_, 200\_, at the office or agency of the Company referred to below, and to pay interest thereon from \_\_\_\_\_, 1999, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on June 1 and December 1 in each year, commencing \_\_\_\_\_, 1999 at the rate of \_\_\_% per annum, in United States dollars, until the principal hereof is paid or duly provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be the May 15 or November 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in this Indenture.

Payment of the principal of, premium, if any, and interest on, this Security, and exchange or transfer of this Security, will be made at the office or agency of the Company in The City of New York maintained for such purpose (which initially will be a corporate trust office of the Trustee or its affiliate located at 101 Barclay Street, Floor

21W, New York, NY 10286), or at such other office or agency as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture by manual signature of an authorized signer, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

REPUBLIC SERVICES, INC.

By:

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Name:  
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the \_\_\_% Notes due 200\_ referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

Dated:

## REPUBLIC SERVICES, INC.

\_\_\_% Note due 200\_\_

This Security is one of a duly authorized issue of Securities of the Company designated as its \_\_\_% Notes due 200\_\_ (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to \$\_\_\_,000,000, issued under and subject to the terms of an indenture (herein called the "Indenture") dated as of May \_\_, 1999, between the Company and The Bank of New York, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Securities may be redeemed at any time, at the option of the Company, in whole or in part, at any time and from time to time, upon not less than 30 and not more than 60 days' notice to the Holders thereof as provided in the Indenture, at a Redemption Price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate, plus \_\_\_ basis points, plus, in each case, accrued interest to the Redemption Date (subject to the right of holders of record of such Securities on relevant record dates to receive interest due on an interest payment date), if any.

If less than all of the Securities are to be redeemed, the Trustee shall select, not more than 60 nor less than 30 days before the Redemption Date, the Securities or portions thereof to be redeemed on a pro rata basis, by lot or by any other method the Trustee shall deem fair and appropriate.

In the case of any redemption of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date or Special Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.



In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities and (b) certain covenants and Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders and certain amendments which required the consent of all of the Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders under the Indenture and the Securities at any time by the Company and the Trustee with the consent of the Holders of at least a majority in aggregate principal amount of the Securities of all series at the time Outstanding that are affected (voting as one class). The Indenture also contains provisions permitting the Holders of at least a majority in aggregate principal amount of the Securities (100% of the Holders in certain circumstances) of all series at the time Outstanding that are affected (voting as one class), on behalf of the Holders of all the Securities of such affected series, to waive compliance by the Company with certain provisions of the Indenture and the Securities of such series and certain past Defaults and Events of Default under the Indenture and the Securities and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company or any other obligor on the Securities (in the event such other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, and premium, if any, and interest on, this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a

written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities in certificated form are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

Except as indicated in the Indenture, no service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE TO CONFLICT OF LAWS PRINCIPLES THEREOF.

All terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

[Legend if Security is a Global Security]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 306 OF THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

## REPUBLIC SERVICES, INC.

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\_\_\_% NOTE DUE 200\_

CUSIP NO. \_\_\_\_\_

No. 1

\$\_\_\_\_,000,000

Republic Services, Inc., a Delaware corporation (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of \_\_\_\_\_ HUNDRED MILLION DOLLARS (\$\_\_\_\_,000,000) United States dollars on \_\_\_\_\_, 200\_, at the office or agency of the Company referred to below, and to pay interest thereon from \_\_\_\_\_, 1999, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on June 1 and December 1 in each year, commencing \_\_\_\_\_, 1999 at the rate of \_\_\_% per annum, in United States dollars, until the principal hereof is paid or duly provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security is registered at the close of business on the Regular Record Date for such interest, which shall be the May 15 or November 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in this Indenture.

Payment of the principal of, premium, if any, and interest on, this Security, and exchange or transfer of this Security, will be made at the office or agency of the Company in The City of New York maintained for such purpose (which initially will be a corporate trust office of the Trustee or its affiliate located at 101 Barclay Street, Floor 21W, New York, NY 10286), or at such other office or agency as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the

address of the Person entitled thereto as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture by manual signature of an authorized signer, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

REPUBLIC SERVICES, INC.

By: \_\_\_\_\_  
Name:  
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the \_\_\_% Notes due 200\_ referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

Dated:

## REPUBLIC SERVICES, INC.

\_\_\_% Note due 200\_\_

This Security is one of a duly authorized issue of Securities of the Company designated as its \_\_\_% Notes due 200\_\_ (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to \$\_\_\_,000,000, issued under and subject to the terms of an indenture (herein called the "Indenture") dated as of May \_\_, 1999, between the Company and The Bank of New York, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Securities may be redeemed at any time, at the option of the Company, in whole or in part, at any time and from time to time, upon not less than 30 and not more than 60 days' notice to the Holders thereof as provided in the Indenture, at a Redemption Price equal to the greater of (1) 100% of the principal amount of the Securities to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate, plus \_\_\_ basis points, plus, in each case, accrued interest to the Redemption Date (subject to the right of holders of record of such Securities on relevant record dates to receive interest due on an interest payment date), if any.

If less than all of the Securities are to be redeemed, the Trustee shall select, not more than 60 nor less than 30 days before the Redemption Date, the Securities or portions thereof to be redeemed on a pro rata basis, by lot or by any other method the Trustee shall deem fair and appropriate.

In the case of any redemption of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date or Special Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

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No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company or any other obligor on the Securities (in the event such other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, and premium, if any, and interest on, this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a



written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities in certificated form are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

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Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE TO CONFLICT OF LAWS PRINCIPLES THEREOF.

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[Legend if Security is a Global Security]

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UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

## CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

As independent certified public accountants, we hereby consent to the use of our reports (and to all references to our Firm) included in or made a part of this Amendment No. 1 to the registration statement.

ARTHUR ANDERSEN LLP

Fort Lauderdale, Florida,  
May 19, 1999.