

competitors in the MSW disposal business and the small container commercial waste collection business; (2) the management of the Relevant Disposal Assets and Relevant Hauling Assets will not be influenced by Waste Management; and (3) the books, records, competitively sensitive sales, marketing and pricing information, and decision-making concerning the Relevant Disposal Assets and the Relevant Hauling Assets will be kept separate and apart from Waste Management's other operations. Waste Management's influence over the Relevant Disposal Assets and Relevant Hauling Assets shall be limited to that necessary to carry out its obligations under this Hold Separate Stipulation and Order and the proposed Final Judgment.

C. Defendants shall use all reasonable efforts to maintain and increase the sales and revenues of the Relevant Disposal Assets and Relevant Hauling Assets, and shall maintain at 2002 levels, or at previously approved levels for 2003, whichever are higher, all promotional, advertising, sales, technical assistance, marketing and merchandising support for the Relevant Disposal Assets and Relevant Hauling Assets.

D. Defendants shall provide sufficient working capital and lines and sources of credit to continue to maintain the Relevant Hauling Assets and Relevant Disposal Assets as economically viable and competitive ongoing businesses consistent with the requirements of Sections V. A. and B.

E. Defendants shall take all steps necessary to ensure that the Relevant Hauling Assets and Relevant Disposal Assets are fully maintained in operable condition at no less than their current capacity and sales, and shall maintain and adhere to normal repair and maintenance schedules for the Relevant Hauling Assets and Relevant Disposal Assets.

F. Defendants shall not, except as part of a divestiture approved by the United States in accordance with the terms of the proposed Final Judgment, remove, sell, lease, assign, transfer, pledge or otherwise dispose of any of the Relevant Hauling Assets or Relevant Disposal Assets.

G. Defendants shall maintain, in accordance with sound accounting principles, separate, accurate and complete financial ledgers, books and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues and income of the Relevant Hauling Assets and Relevant Disposal Assets.

H. Except in the ordinary course of business or as is otherwise consistent with this Hold Separate Stipulation and Order, Defendants shall not hire, transfer, terminate, or otherwise alter the salary agreements for any Waste Management or Allied employee who, on the date of Defendants' signing of this Hold Separate Stipulation and Order, either: (1) Works with a Relevant Hauling Asset or a Relevant Disposal Asset, or (2) is a member of management referenced in Section V.J. of this Hold Separate Stipulation and Order.

I. Defendants shall take no action that would jeopardize, delay, or impede the sale of the Relevant Disposal Assets or Relevant Hauling Assets.

J. Until such time as the Relevant Hauling Assets and Relevant Disposal Assets are divested pursuant to the terms of the Final Judgment, the Relevant Hauling Assets and Relevant Disposal Assets owned by Waste Management shall be managed by Chuck Wilcox, its Senior Vice President. Mr. Wilcox shall have complete managerial responsibility for the Relevant Hauling Assets and Relevant Disposal Assets owned by Waste Management, subject to the provisions of this Order and the proposed Final Judgment. In the event that Mr. Wilcox is unable to perform his duties, Waste Management shall appoint, subject to the approval of the United States, a replacement within ten (10) working days. Should Waste Management fail to appoint a replacement acceptable to the United States within ten (10) working days, the United States shall appoint a replacement.

K. Defendants shall take no action that would interfere with the ability of any trustee appointed pursuant to the Final Judgment to complete the divestitures pursuant to the Final Judgment to an Acquirer acceptable to the United States.

L. This Hold Separate Stipulation and Order shall remain in effect until consummation of the divestitures contemplated by the proposed Final Judgment or until further order of the Court.

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Dated: June 26, 2003.

Order

It is so ordered on this _____ day of _____,
2003.

United States District Judge

United States District Court for the District of Columbia

Final Judgment

Whereas, Plaintiffs, the United States of America ("United States") and the State of New Jersey ("New Jersey"), filed their Complaint on June 27, 2003, and Plaintiffs and Defendants, Waste Management, Inc. ("Waste Management") and Allied Waste Industries, Inc. ("Allied"), by their respective attorneys, have consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law, and without this Final Judgment constituting any evidence against or admission by any part regarding any issue of law or fact;

And Whereas, Defendants agree to be bound by the provisions of this Final Judgment pending its approval by the Court;

And Whereas, the essence of this Final Judgment is the prompt and certain divestiture of the Relevant Hauling Assets and Relevant Disposal Assets by Defendant Waste Management to assure that competition is not substantially lessened;

And Whereas, the United States requires Defendant Waste Management to amend certain provisions of waste hauling contracts and the United States and New Jersey require Defendant Waste Management to make certain divestitures in order to remedy the loss of competition alleged in the Complaint;

And Whereas, Defendants have represented to Plaintiffs that the divestitures required below can and will be made and that Defendants will later raise no claims of hardship or difficulty as grounds for asking the Court to modify any of the divestitures or other injunctive provisions contained below;