

November 19, 2008

Confidential Settlement Proposal

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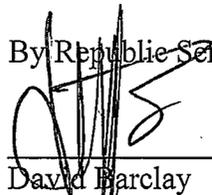
Anticipatory Waiver of Invocation of the "State-Action" Defense in Specific Potential Antitrust Enforcement Action Filed by the Texas Attorney General's Office

Dear Assistant Attorney General Van Winkle:

This letter is to provide to the Texas Attorney General's Office (the "Attorney General") a certain agreement to a limited waiver by Republic Services, Inc. ("Republic") (which, for clarification, will continue in existence as the parent entity following the merger with Allied Waste Industries, Inc. ("Allied")) in consideration for the Attorney General's consent to a settlement proposal made by Republic and Allied to resolve all objections of the Attorney General to the proposed merger of Republic and Allied.

Specifically, as requested by the Attorney General, Republic will waive its right to invoke the defense known as the "state-action defense" (established by the U.S. Supreme Court in Parker v. Brown, 317 U.S. 341 (1943)) in any law enforcement action filed by the Attorney General under the antitrust laws seeking to prohibit a transaction between Republic and the City of Dallas that would result in Republic holding ownership of controlling interests in or a long-term lease for the McCommas Bluff Landfill. Republic's agreement to this limited waiver of the state action defense will remain in effect during the term of the Final Judgment entered pursuant to the Consent Agreement between Republic and Allied and the United States of America (by the U.S. Department of Justice) and the State of Texas (by the Attorney General) settling all objections by the U.S. Department of Justice and the Attorney General to the merger of Republic and Allied, or for a period of ten (10) years, whichever period of time is shorter.

By Republic Services, Inc.



David Barclay
Senior Vice President and General Counsel