UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 10, 2002

CLEAN HARBORS, INC.
(Exact name of registrant as specified in charter)

Massachusetts	0-16379	04-2997780
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1501 Washington Street Braintree, Massachusetts (Address of principal executive offices)	02184-7535 (Zip Code)

Registrant's telephone number, including area code: (781) 849-1800 ext. 4454

Item 2. Acquisition or Disposition of Assets.

Purchase of CSD Assets

On September 10, 2002, Clean Harbors, Inc. and certain of its wholly-owned subsidiaries (collectively, the "Company") purchased the assets of the Chemical Services Division (the "CSD") of Safety-Kleen Services, Inc. (the "Seller"). The sale included the operating assets of 56 of the Seller's subsidiaries in the United States and the stock of five of the Seller's subsidiaries in Canada (the "CSD Canadian Subsidiaries"). The sale was made pursuant to a sales order issued on June 18, 2002 by the Bankruptcy Court for the District of Delaware as part of the proceedings under Chapter 11 of the Bankruptcy Code in which Safety-Kleen Corp. ("Safety-Kleen") and 73 of its domestic subsidiaries (including the Seller) have been operating since June 2000 as debtors in possession. The sales order authorized the sale of the assets of the CSD to the Company free and clear of all liens, claims, encumbrances and interests except for certain liabilities and obligations assumed by the Company as part of the purchase price. Although the sale closed on September 10, the Company and the Seller have agreed that for tax and accounting purposes the sale shall be deemed to have occurred at 12:01 a.m. on Saturday, September 7.

The assets of the CSD (including the assets of the CSD Canadian

Subsidiaries) acquired by the Company consist primarily of 50 hazardous waste treatment and disposal facilities including, among others, 21 service centers, six wastewater treatment facilities, nine landfills and four incinerators. Such facilities are located in 30 states, Puerto Rico and six Canadian provinces. The most significant of such facilities include a landfill in Buttonwillow, California with approximately 11.3 million cubic yards of remaining capacity, a landfill in Westmorland, California with approximately 2.8 million cubic yards of remaining capacity, a landfill in Lambton, Ontario with approximately 1.9 million cubic yards of remaining capacity which is the largest of the total of three hazardous waste landfills in Canada, three rotary incinerators in Deer Park, Texas which are collectively the largest capacity hazardous waste incinerator in the United States, and an incinerator in Lampton, Ontario which is the largest capacity hazardous waste incinerator in Canada. The acquired assets do not include Safety-Kleen's Pinewood landfill in South Carolina, which Safety-Kleen had previously operated as part of the CSD. The addition of the CSD assets broaden the Company's geographic reach, particularly in the West Coast and Southwest regions and in Canada and Mexico and make the Company the largest operator of hazardous waste treatment and disposal facilities in North America. The combined Company is expected to have annualized revenue of approximately $750 million, approximately 4,400 employees, and approximately 38,000 customers including a sizable majority of the Fortune 500.

In accordance with the Acquisition Agreement between the Seller and the Company dated February 22, 2002, as amended through September 6, 2002, the Company purchased the assets of the CSD for $34.3 million in cash and the assumption of certain environmental liabilities valued at approximately $265 million. The cash portion of the purchase price is subject to adjustment based upon the level of working capital of the CSD as of the closing date, as such level will be determined subsequent to the closing. In addition to the cash purchase price paid to the Seller, the Company also paid an aggregate of $209,000 of cure costs (one-half of the total

cure cots) to third parties in connection with the Company's assumption of certain of the CSD's unexpired contracts and leases which the Company had elected to assume.

Prior to the sale of the CSD assets to the Company, the largest single customer of the CSD had been Safety-Kleen's Branch Sales and Services Division (the "BSSD"), which primarily serves as a "front-end" collection agent for approximately 400,000 clients in the industrial and commercial parts cleaning and hazardous/non-hazardous waste market, particularly with regard to waste fuel and solvent recovery and recycling. In connection with the Company's purchase of the CSD assets, the Company and the Seller entered into a Master Waste Disposal Agreement which will ensure, during the three-year term of the Agreement, that the BSSD will continue to be able to rely upon the Company (which now owns the facilities of the CSD) to provide hazardous waste treatment and disposal services and that the Company will continue to have the BSSD as a major customer.

Under Section 5.15 of the Acquisition Agreement as amended, the Company and the Seller have agreed to certain non-competition and non-solicitation provisions which are intended to separate the respective businesses of the Company and the BSSD for a period of three years after the closing. Under such Section, the Company and the Seller have also agreed during such period not to recruit or otherwise solicit, with certain exceptions, any of their respective employees to leave such employment.

Related Financings

In order to finance the cash portion of the purchase price for the CSD assets, refinance all of the Company's previously outstanding debt, provide cash collateral for letters of credit to support the financial assurances which the Company must provide to governmental entities for the Company's licensed hazardous waste facilities, pay transaction costs and provide for adequate

future working capital, the Company raised $280 million of total financings (which amount includes $20 million of additional loans under the Ableco Financing Agreement described below which closed within three days after the initial closing of such Agreement on September 10, 2002). The $280 million of total financings consist of a $100 million three-year revolving credit facility (the "Revolving Credit Facility"), $115 million of three-year non-amortizing term loans (the "Senior Loans"), $40 million of five-year non-amortizing subordinated loans (the "Subordinated Loans"), and $25 million of Series C convertible preferred stock ("Series C Preferred Stock"). In addition to such financings, the Company has established a letter of credit facility (the "L/C Facility") under which the Company may obtain up to $100 million of letters of credit by providing cash collateral equal to 103% of the amount of such outstanding letter of credit. The Company now has approximately $155 million of outstanding debt and $50 million of restricted cash pledged or reserved as collateral for letters of credit. Upon the issuance of additional letters of credit in March 2003 to support financial assurances, the outstanding debt will increase to approximately $200 million and the restricted cash will increase to approximately $100 million.

The principal terms of the Revolving Credit Facility, the Senior Loans, the Subordinated Loans, the Series C Preferred Stock and the L/C Facility are as follows:

Revolving Credit Facility. The Revolving Credit Facility was established under a Loan and Security Agreement dated September 6, 2002 between the Company and Congress Financial Corporation (New England) as Lender and as Agent for the other Lenders thereunder. The Revolving Credit Agreement allows the Company to borrow up to $100 million in cash and letters of credit, based upon a formula of eligible accounts receivable. This total is separated into two lines of credit, namely a line for the CSD Canadian Subsidiaries of $20 million in Canadian dollars and a line for the Company and its US subsidiaries equal to $100 million in US dollars less the then conversion value of the Canadian line. Letters of credit outstanding at any one time under the Revolving Credit Facility may not exceed $20 million. The Revolving Credit Facility allows for up to 80% of the outstanding balance of the loans to bear interest at an annual rate of LIBOR plus 3.0%, with the balance at prime. The Revolving Credit Agreement requires the Company to pay an unused line fee of 0.25% per annum on the unused portion of the revolving credit.

The Company's obligations under the Revolving Credit Facility are secured by a first security interest in the Company's accounts receivable and a second security interest in substantially all of the Company's other assets (exclusive of real estate, rolling stock and cash collateral provided by the Company to the issuer of the letters of credit under the L/C Facility). The Revolving Credit Facility provides for certain covenants including, among others, requiring the Company to maintain (i) consolidated annualized or rolling four quarters earnings before interest, income taxes, depreciation and amortization ("EBITDA") of not less than $56 million for purposes of calculating the annualized EBITDA as of the completion of the fiscal quarter ending December 31, 2002 and increasing in approximately equal quarterly increments to not less than $170 million for purposes of calculating the rolling four quarters EBITDA as of the completion of the fiscal quarter ending December 31, 2007, and (ii) an annualized or four quarters rolling fixed charge coverage ratio of not less than 0.65 to 1.0 for the fiscal quarter ending December 31, 2002 and increasing in approximately equal quarterly increments to not less than 1.5 to 1.0 for each fiscal quarter ending after December 31, 2004. The covenants generally provide for annualized, rather than rolling four quarters, calculations for each of the first four fiscal quarters commencing on and after October 1, 2002 because, while the closing on September 10, 2002 of the financings related to the CSD asset acquisition significantly increased the Company's level of total outstanding debt and interest costs, the anticipated increases in the Company's EBITDA resulting from the acquisition commenced only with the acquisition and are not reflected in the Company's results of operations for prior periods of 2002.

Senior Loans and Subordinated Loans. Both the Senior Loans and the Subordinated Loans were provided under a Financing Agreement dated September 6, 2002 (the "Ableco Financing Agreement") between the Company, the Lenders thereunder and Ableco Finance LLC as Agent for the Lenders. The Senior Loans bear interest at an annual rate of LIBOR plus 7.25%, and the Subordinated Loans bear interest at an annual rate of 22.0% (of which up to one-half may be either paid in cash or in kind at the Company's option).

The Senior Loans and the Subordinated Loans are secured by a first security or mortgage interest in substantially all of the Company's assets, except for second security interests in the Company's accounts receivable in which the Agent under the Revolving Credit Facility has a first security interest and the cash collateral provided by the Company to the issuer

of letters of credit under the L/C Facility in which such issuer has a first security interest. The Ableco Financing Agreement provides for certain covenants including, among others, requiring the Company to maintain (i) consolidated annualized or rolling four quarters EBITDA of not less than $56 million for purposes of calculating the annualized EBITDA as of the completion of the fiscal quarter ending December 31, 2002 and increasing in approximately equal quarterly increments to not less than $170 million for purposes of calculating the rolling four quarters EBITDA as of the completion of the fiscal quarter ending December 31, 2007, (ii) an annualized or rolling four quarters fixed charge coverage ratio of not less than 0.65 to 1.0 for the fiscal quarter ending December 31, 2002 and increasing in approximately equal quarterly increments to not less than 1.5 to 1.0 for each fiscal quarter ending after December 31, 2004, and (iii) a ratio of consolidated funded indebtedness to either consolidated annualized or rolling four quarters EBITDA of not more than 3.5 to 1.0 for the fiscal quarter ending December 31, 2002 and decreasing in approximately equal quarterly increments to not more than 1.5 to 1.0 for each fiscal quarter ending on or after December 31, 2004.

Series C Preferred Stock. The Series C Preferred Stock was issued by the Company on September 10, 2002 to certain affiliates of the Lenders under the Ableco Financing Agreement pursuant to a Securities Purchase Agreement dated September 6, 2002 between the Company and such investors.

The Series C Preferred Stock provides for dividends at an annual rate of 6% (which after the first year will accrue and compound), will be mandatorily redeemable after seven years, and (together with accrued dividends thereon) will be convertible at the holder's option into shares of the Company's common stock. The conversion price will initially be $10.50 per share of common stock, subject to customary adjustments for antidilution and potential reset to $8.00 per share if both (i) the Company's Consolidated EBITDA for the year ending December 31, 2003 is less than $115 million and (ii) the average trading price for the Company's common stock for the month of December 2003 is less than $27.50. In no event, however, will the Company be obligated to issue more shares of common stock upon the conversion of the Series C Preferred Stock than is permitted under the rules and regulations of The Nasdaq Stock Market. Accordingly, unless the Company's common stockholders shall in the future approve the issuance of a greater number of common shares upon the conversion of the preferred shares, the maximum number of common shares which may be issued upon conversion of the Series C Preferred Stock will be limited to approximately 2,380,953 shares based upon the $25 million purchase price for the Series C Preferred Stock and the initial conversion price of $10.50 per share. To the extent (if any) that the purchase price of the Series C Preferred Shares, plus the amount of any accrued dividends, would otherwise be convertible into more than the number of shares permitted under NASDAQ rules, and the Company's common stockholders shall not have approved the issuance of the excess common shares, the Company will be obligated to issue only that approximately 2,380,953 common shares and to pay in cash to the holders of the Series C Preferred Stock the then market value of the additional common shares which can not be issued because of the foregoing limitation.

The terms of the Series C Preferred Stock provide for certain covenants for the benefit of the holders thereof. Among other matters, without the approval of the holders of a majority of the outstanding shares of Series C Preferred Stock, the Company shall not be permitted to (i) pay

cash dividends upon its outstanding common stock, (ii) incur indebtedness in excess of indebtedness under the Revolving Credit Facility, the Ableco Financing Agreement, the L/C Facility and certain other forms of permitted indebtedness, (ii) merge or make material acquisitions or dispositions with certain exceptions, (iii) create new classes of preferred stock, or (iv) amend its charter in any manner which would have an adverse effect upon the holders of the Series C Preferred Stock. Should the Company fail to comply with these covenants and fail to cure the default within 30 days of notice from the holders of the Series C Preferred Stock, (i) the dividend rate on the Series C Preferred Stock would increase to 12% per annum until the later of (A) the six-month anniversary of the covenant default or (B) the date on which such covenant default is cured and (ii) the conversion price for the Series C Preferred Stock would decrease (subject to potential subsequent adjustments to the conversion price as described above) to an amount equal to either (A) $8.00 per share of common stock if the conversion price in effect on the date of the covenant default is greater than $8.00 per share of common stock, or (B) 90% of the conversion price in effect on the date of the covenant default if the conversion price in effect on the date of the covenant default is less than or equal to $8.00 per share of common stock.

L/C Facility. The L/C Facility was established under a Letter of Credit Facility Agreement dated September 6, 2002 between the Company and Fleet National Bank ("Fleet"). The L/C Facility Agreement provides that Fleet will issue up to $100 million of letters of credit at the Company's request provided that the Company provides cash collateral equal to 103% of the amount of the outstanding letters of credit (with the Company retaining the interest earned on such cash collateral). The Company will pay Fleet's customary charges for the issuance of such letters of credit plus an annual fee equal to 0.3% of the outstanding amount thereof. The term of the L/C Facility will expire on September 9, 2005.

Item 7. Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

Attached are audited balance sheets of the CSD, together with notes thereto and a report thereon of Arthur Andersen LLP, as at the completion of each of Safety-Kleen's three most recently completed fiscal years ended August 31, 2001, 2000, and 1999. For reasons discussed in Note 2 to such audited balance sheets of the CSD, Safety-Kleen (which has been operating under Chapter 11 of the Bankruptcy Code since June 2000) has not been able to deliver to the Company any audited statements of income or cash flows of the CSD or related footnotes. Accordingly, the Company is able to file with this Report the audited balance sheets of the CSD and will be able to file, within 60 days hereafter by amendment to this Report, an unaudited pro forma combined balance sheet of the Company and the CSD as at the completion of the Company's most recent fiscal year on December 31, 2001, but the Company will not be able to file any audited statements of income or cash flows of the CSD or an unaudited pro forma combined statement of operations for the Company and the CSD based thereon. By letter dated February 22, 2002, the Commission's staff has provided, subject to the terms described therein, "no-action" relief to the Company with respect to the Company's inability to file audited statements of income or cash flows of the CSD or an unaudited pro forma combined statement of operations of the Company and the CSD based thereon.

(b) Pro forma financial information.

See Item 7(a) above.

(c) Exhibits.

INDEX OF EXHIBITS

2.1 Acquisition Agreement by and between Safety-Kleen Services, Inc. as Seller, and Clean Harbors, Inc., as Purchaser, dated as of February 22, 2002 [Incorporated by reference to Exhibit 2.1 to the Company's Report on Form 8-K dated February 22, 2002]

2.2 First Amendment to Acquisition Agreement by and between Safety-Kleen Services, Inc. as Seller, and Clean Harbors, Inc. as Purchaser, dated as of March 8, 2002 [Incorporated by reference to Exhibit 2.2 to the Company's Form 10-K Annual Report for the Year 2002]

2.3 Second Amendment to Acquisition Agreement by and between Safety-Kleen Services, Inc. as Seller, and Clean Harbors, Inc. as Purchaser, dated as of April 30, 2002 [Incorporated by reference to Exhibit 2.3 to the Company's Form 10-Q Quarterly Report for the Quarterly Period ended March 31, 2002]

2.4 Third Amendment to Acquisition Agreement by and between Safety-Kleen Services, Inc., as Seller, and Clean Harbors, Inc., as Purchaser, dated as of September 6, 2002

3.3 Certificate of Vote of Directors Establishing a Class or Series of Stock (Series C Convertible Preferred Stock) filed on September 9, 2002

4.24 Loan and Security Agreement dated September 6, 2002 by and among Congress Financial Corporation (New England) as Agent, Congress Financial Corporation (New England), and the other financial institutions party thereto from time to time as Lenders, and Clean Harbors, Inc. and its Subsidiaries as Borrowers

4.25 Financing Agreement dated as of September 6, 2002 by and among Clean Harbors, Inc., certain of its Subsidiaries signatory thereto, as Borrowers, certain of its Subsidiaries signatory thereto, as Guarantors, the Financial Institutions from time to time party thereto, as Lenders, and Ableco Finance LLC, as Agent

4.26 Letter of Credit Facility, Reimbursement and Security Agreement dated as of September 6, 2002 by and between Clean Harbors, Inc. and Fleet National Bank

4.27 Deposit Account Control and Intercreditor Agreement dated as of September 6, 2002 by and among Clean Harbors, Inc., Fleet National Bank, in its capacity as issuer of letters of credit under the Fleet Facility Agreement and as depositary bank, and Ableco Finance LLC, in its capacity as agent for lenders under the Ableco Financing Agreement

10.44 Master Waste Disposal Agreement dated as of September 10, 2002 by and between Safety-Kleen Services, Inc., and Clean Harbors Environmental Services, Inc.

10.45 Bill of Sale and Assignment dated as of September 10, 2002 by Safety-Kleen Services, Inc. and its Subsidiaries named therein, as Sellers, and Clean Harbors, Inc., as Purchaser, and its Subsidiaries named therein, as Purchasing Subs

10.46 Assumption Agreement made as of September 10, 2002 by Clean Harbors, Inc. in favor of Safety-Kleen Services, Inc. and its Subsidiaries named therein

10.47 Securities Purchase Agreement dated September 6, 2002 among Clean Harbors, Inc. and the Buyers listed on Schedule A thereto

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Clean Harbors, Inc.
(Registrant)

/s/ Alan S. McKim

Chairman of the Board of Directors,
President and Chief Executive Officer

September 25, 2002

Chemical Services Division of Safety-Kleen Corp.
(Debtors-in-Possession As of June 9, 2000)

Combined Balance Sheets
At August 31, 2001, 2000 and 1999
Together with Report of Independent Public Accountants

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Safety-Kleen Corp.:

We have audited the accompanying combined balance sheets of the Chemical Services Division of Safety-Kleen Corp., (the "Company" - see Note 1), at August 31, 2001, 2000, and 1999. 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheets are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheets. 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 combined balance sheets referred to above present fairly, in all material respects, the financial position of the Chemical Services Division of Safety-Kleen Corp, at August 31, 2001, 2000, and 1999, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2, the Company was unable to prepare and present combined statement of operations and cash flow data for the three years ended August 31, 2001, in accordance with accounting principles generally accepted in the United States. Therefore, we are unable to express, and we do not express, an opinion on the Company's statements of operations, cash flows or changes in net parent company investment for the three years ended August 31, 2001.

The accompanying combined balance sheets have been prepared assuming that the Company will continue as a going concern. As discussed in Notes 1 and 2 to the combined balance sheets, on June 9, 2000, Safety-Kleen Corp. and certain of its subsidiaries (including all of the Company's domestic operations), collectively referred to as the "Debtors", each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code and continue to operate their respective businesses as debtors-in-possession. The Debtors' plans in regard to these matters, including their intent to file a plan of reorganization acceptable to the Bankruptcy Court and the creditors, are also described in Notes 1 and 2. These matters, among others, raise substantial doubt about the Company's ability to continue as a going concern. In the event a plan of reorganization is accepted, continuation of the business thereafter is dependent on the Company's ability to achieve successful future operations. The accompanying combined balance sheets do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

ARTHUR ANDERSEN LLP

Charlotte, North Carolina
April 11, 2002

CHEMICAL SERVICES DIVISION OF SAFETY-KLEEN CORP.
(DEBTORS-IN-POSSESSION AS OF JUNE 9, 2000 - NOTE 1)
COMBINED BALANCE SHEETS
($ in thousands)

	August 31,		
	2001	2000	1999
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 477	$ 321	$ 1,194
Accounts receivable, net	99,375	144,754	133,840
Inventories and supplies	7,143	7,988	9,808
Deferred income taxes	4,153	1,775	11,594
Other current assets	10,769	12,276	25,267
Total current assets	121,917	167,114	181,703
Property, plant and equipment, net	240,160	262,181	565,784
Intangible assets, net	333,358	347,192	447,056
Other assets	23,451	33,667	49,566
Total assets	$ 718,886	$ 810,154	$ 1,244,109
LIABILITIES AND PARENT COMPANY INVESTMENT, NET:			
Current liabilities:			
Accounts payable	$ 19,128	$ 31,050	$ 69,664
Current portion of environmental liabilities	32,114	27,385	28,568
Income taxes payable	9,058	3,584	6,145
Unearned revenue	11,730	20,637	20,895
Accrued other liabilities	32,575	18,296	33,584
Current portion of long-term debt	21,778	22,897	812,368
Total current liabilities	126,383	123,849	971,224
Environmental liabilities	276,841	232,317	190,512
Deferred income taxes	47,711	44,552	45,625
Other long-term liabilities	4,257	1,729	1,403
Long-term debt and other financing	--	--	16,050
Liabilities subject to compromise	959,079	963,354	--
Commitments and contingencies (Note 10)			
Parent company investment, net	(695,385)	(555,647)	19,295
Total liabilities and parent company investment,net	$ 718,886	$ 810,154	$ 1,244,109

See accompanying Notes to Combined Balance Sheets.

CHEMICAL SERVICES DIVISION OF SAFETY-KLEEN CORP.
NOTES TO COMBINED BALANCE SHEETS

1. BUSINESS, ORGANIZATION AND BANKRUPTCY

Organization and Safety-Kleen

Safety-Kleen Corp. was incorporated in Delaware in 1978 as Rollins Environmental Services, Inc. ("Rollins"), later changed its name to Laidlaw Environmental Services, Inc. ("LESI") and subsequently changed its name to Safety-Kleen Corp.

On May 15, 1997, pursuant to a stock purchase agreement among Rollins, Laidlaw Inc., a Canadian corporation ("Laidlaw"), and its subsidiary, Laidlaw Transportation Inc. ("LTI"), Rollins acquired the hazardous and industrial waste operations of Laidlaw (the "Rollins Acquisition"). As a result of the Rollins Acquisition, Laidlaw owned 67% of the issued and outstanding common shares of LESI. Accordingly, the business combination was accounted for as a reverse acquisition using the purchase method of accounting, with Rollins being treated as the acquired company. Coincident with the closing of the Rollins Acquisition, the continuing legal entity changed its name from Rollins Environmental Services, Inc. to Laidlaw Environmental Services, Inc.

On May 26, 1998, LESI completed the acquisition of the former Safety-Kleen Corp. ("Old Safety-Kleen"). Effective July 1, 1998, LESI began doing business as Safety-Kleen Corp. and its stock began trading on the New York Stock Exchange ("NYSE") under the name Safety-Kleen Corp. and the ticker symbol SK. The stock was suspended from trading on the NYSE and the Pacific Exchange, Inc. ("PCX") on June 12, 2000 and removed from listing and registration on the NYSE on July 20, 2000, and the PCX on September 29, 2000. The stock now trades over the counter as SKLNQ.

Safety-Kleen Corp. through its subsidiaries (collectively, "Safety-Kleen"), provides a range of services designed to collect, transport, process, recycle or dispose of hazardous and non-hazardous industrial and commercial waste streams. Safety-Kleen provides these services through its two primary operating divisions - the Chemical Services Division and the Branch Sales and Service Division ("BSSD").

Support services consisting primarily of legal, accounting, finance and information technology are provided to the operating divisions through Safety Kleen's corporate division ("Corporate"). As further discussed in Note 2, certain assets and liabilities in the Combined Balance Sheets include allocations, primarily from Corporate.

Chemical Services Division

The accompanying Combined Balance Sheets of the Chemical Services Division (the "Company") at August 31, 2001, 2000 and 1999, have been presented on a carve-out basis. The Company operates approximately 100 primary and satellite locations from which it provides waste management services in North America. The services offered consist primarily of the collection, treatment and disposal of a wide variety of hazardous or non-hazardous liquid and solid wastes, in drum, tanker or roll-off containers from customer locations. The Company provides final treatment and disposal services for hazardous and non-hazardous wastes, through the Company's network of thermal destruction incinerators, landfills and wastewater treatment facilities, in certain instances after accumulating and treating waste at service centers.

The Company is comprised of specific internal business units of Safety-Kleen, included within certain domestic, Canadian and Mexican subsidiaries.

On February 22, 2002, Safety-Kleen entered into a definitive agreement with Clean Harbors, Inc. ("Clean Harbors") to sell certain net assets of Safety-Kleen including certain net assets of the Company. Pursuant to the terms of the agreement, Clean Harbors would purchase the defined net assets, excluding Safety-Kleen (Pinewood), Inc. (the "Pinewood Facility") and certain allocated assets and liabilities of the Company, from Safety-Kleen for $46.3 million in cash, subject to defined working capital adjustments, and the assumption of certain liabilities, including environmental liabilities. The book value of the net assets to be sold, net of the liabilities to be assumed, at August 31, 2001 was in excess of $300 million. On March 8, 2002, the Bankruptcy Court approved the bidding and auction procedures for the sale. Pursuant to the bidding procedures, all qualified bidders interested in purchasing some of all of the aforementioned net assets must submit an alternative qualified bid on or before May 20, 2002. There can be no assurance that the Bankruptcy Court and/or the various regulatory agencies will approve the sale to Clean Harbors or an alternative purchaser, or that Safety-Kleen will be able to complete the sale.

Safety-Kleen Bankruptcy

On June 9, 2000, Safety-Kleen Corp. and 73 of its domestic subsidiaries (collectively, the "Debtors"), including all of the Company's domestic operations, filed voluntary petitions for relief (the "Chapter 11 Cases") under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. (SS) 101-1330, as amended (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Chapter 11 Cases are being jointly administered for procedural purposes only before the Bankruptcy Court under case No. 00-2303 (PJW). Excluded from the filing were certain of Safety-Kleen Corp.'s non wholly-owned domestic subsidiaries and all Safety-Kleen Corp.'s indirect foreign subsidiaries, including all of the Company's Canadian operations. See Note 15 for Condensed Combined Balance Sheets of entities in bankruptcy.

The Debtors remain in possession of their properties and assets, and the management of the Debtors continues to operate their respective businesses as debtors-in-possession under Sections 1107 and 1108 of the Bankruptcy Code. As debtors-in-possession, the Debtors are authorized to manage their properties and operate their businesses, but may not engage in transactions outside the ordinary course of business without the approval of the Bankruptcy Court.

Under Section 365 of the Bankruptcy Code, subject to the approval of the Bankruptcy Court, the Debtors may assume or reject executory contracts and unexpired leases. Parties affected by these rejections may file proofs of claim with the Bankruptcy Court in accordance with the reorganization process. Claims for damages resulting from the rejection of executory contracts or unexpired leases will be subject to separate bar dates, generally thirty days after entry of the order approving the rejection. At various times since the commencement of the Chapter 11 Cases, the Bankruptcy Court has approved the Debtors' requests to reject certain contracts or leases that were deemed burdensome or of no further value to the Company. As of April 11, 2002, the Debtors had not yet completed their review of all contracts and leases for assumption or rejection, but ultimately will assume or reject all such contracts and leases. The Debtors have until the confirmation of a plan or plans of reorganization to assume or reject executory contracts, nonresidential real property leases, and certain other leases. The Debtors cannot presently determine or reasonably predict the ultimate liability that may result from rejecting such contracts or leases or from the filings of rejection damage claims, but such rejections could result in additional liabilities subject to compromise (see Note 8).

Consummation of a plan or plans of reorganization is the principal objective of the Chapter 11 Cases. A plan of reorganization sets forth the means for satisfying claims against and interests in the Debtors, including the liabilities subject to compromise. Generally, pre-petition liabilities are subject to settlement under such a plan or plans of reorganization, which must be voted upon by creditors and equity holders and approved by the Bankruptcy

Court. The Debtors have retained Lazard Freres & Co. LLC, an investment bank, as corporate restructuring advisor to assist them in formulating and negotiating a plan or plans of reorganization for the Debtors. Although the Debtors expect to file a reorganization plan or plans as soon as reasonably possible, there can be no assurance that a reorganization plan or plans will be proposed by the Debtors or confirmed by the Bankruptcy Court, or that any such plan or plans will be consummated.

As provided by the Bankruptcy Code, the Debtors initially had the exclusive right to submit a plan or plans of reorganization for 120 days from the date the petitions were filed. On October 17, 2000, the Debtors received Bankruptcy Court approval to extend the exclusive period to file a plan or plans of reorganization in the Chapter 11 Cases from October 7, 2000, to April 30, 2001, and extended the Debtors' exclusive right to solicit acceptances of such plan or plans from December 6, 2000, to June 29, 2001. On May 16, 2001, the Debtors received Bankruptcy Court approval to further extend the exclusive period to file a plan or plans of reorganization in the Chapter 11 Cases to September 19, 2001, and extended the Debtors' exclusive right to solicit acceptances of such plan or plans to November 19, 2001. On February 11, 2002, the Debtors received Bankruptcy Court approval to further extend the exclusive period to file a plan or plans of reorganization in the Chapter 11 Cases to April 30, 2002 and extended the Debtors' exclusive right to solicit acceptances of the plan or plans to June 30, 2002.

Currently, it is not possible to predict the length of time the Debtors will operate under the protection of Chapter 11, the outcome of the Chapter 11 proceedings in general, or the effect of the proceedings on the business of Safety-Kleen or on the interests of the various creditors and security holders. Under the Bankruptcy Code, post-petition liabilities and pre-petition liabilities subject to compromise must be satisfied before shareholders can receive any distribution. The ultimate recovery to Safety-Kleen Corp. shareholders, if any, will not be determined until the end of the case when the fair value of the Debtors' assets is compared to the liabilities and claims against the Debtors. There can be no assurance as to what value, if any, will be ascribed to the Safety-Kleen Corp. common stock in the bankruptcy proceedings. Safety-Kleen Corp. does not believe that their common shareholders will receive any distribution upon consummation of a plan or plans of reorganization.

Certain of Safety-Kleen Corp.'s domestic subsidiaries which filed the Chapter 11 Cases are included in the accompanying Combined Balance Sheets.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the basis of presentation and the significant accounting policies followed in the preparation of these Combined Balance Sheets is as follows:

Basis of Presentation

The accompanying Combined Balance Sheets of the Company have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets, and payment of liabilities in the ordinary course of business, and do not reflect adjustments that might result if the Company is unable to continue as a going concern. The Debtors' history of significant losses, stockholders' deficit and their Chapter 11 filings, as well as issues related to compliance with debt covenants and financial assurance requirements discussed in Notes 7 and 10, raise substantial doubt about the Company's ability to continue as a going concern. The Debtors intend to file a plan or plans of reorganization with the Bankruptcy Court. Continuing as a going concern is dependent upon, among other things, the Debtors' formulation of a plan or plans of reorganization, the success of future business operations, and the generation of sufficient cash from operations and financing sources to meet Debtors' obligations. The accompanying Combined Balance Sheets do not reflect: (i) the realizable value of assets on a liquidation basis or their availability to satisfy liabilities; (ii) aggregate pre-petition liability amounts that may be allowed for unrecorded claims or contingencies, or their status or priority; (iii) the effect of any changes to the Company's capital structure or in the Company's business operations as the result of an approved plan or plans of reorganization; or (iv) adjustments to the carrying value of assets (including goodwill and other

intangibles) or liability amounts that may be necessary as a result of actions by the Bankruptcy Court.

The Company's Combined Balance Sheets at August 31, 2001 and 2000 have been presented in conformity with the AICPA's Statement of Position 90-7, "Financial Reporting By Entities in Reorganization Under the Bankruptcy Code", ("SOP 90-7"). This statement requires, among other things, a segregation of liabilities subject to compromise by the Bankruptcy Court as of the bankruptcy filing date and identification of all transactions and events that are directly associated with the reorganization of the Debtors. In recording liabilities subject to compromise, the Company must make certain estimates relating to the amounts it expects to be allowed in the bankruptcy proceeding. The actual amounts required to settle these claims could significantly differ from the amounts currently recorded.

The accompanying Combined Balance Sheets of the Company at August 31, 2001, 2000 and 1999 have been presented on a carve-out basis. As further discussed below, certain assets and liabilities in the Combined Balance Sheets include allocations, primarily from Corporate. Management believes that the allocations are made on a reasonable basis; however, the Combined Balance Sheets may not necessarily reflect the financial position of the Company if the Company had been a separate, stand-alone entity during the periods presented.

Accounting principles generally accepted in the United States and the regulations of the Securities and Exchange Commission ("SEC") require the inclusion of a statement of operations, cash flows and changes in stockholders' equity. As reported in Safety-Kleen's Form 10-K/A filed with the SEC, Safety-Kleen Corp. and the Company have identified material deficiencies in many of the financial systems, processes and related internal controls. As a result, the Company is unable to prepare, for audit, a combined statement of operations, combined statement of cash flows, combined statement of changes in parent company investment, net or an abbreviated statement of operations such as a statement of revenues and direct expenses. The parent company investment, net in the accompanying Combined Balance Sheets includes the net intercompany balances, including those subject to compromise (see Note 8).

Combination

The accompanying Combined Balance Sheets include the accounts of the Company. All significant intracompany balances have been eliminated as part of the combination. All intercompany balances are included as a component of parent company investment, net in the accompanying Combined Balance Sheets.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and term deposits in investments with initial maturities of three months or less. These investments are stated at cost, which approximates market value.

Restricted Funds Held By Trustees

Restricted funds held by trustees are included in other assets and consist principally of financial assurance funds deposited in connection with landfill final closure and post-closure obligations, amounts held for landfill and other construction arising from industrial revenue financings, and amounts held to establish a GSX Contribution Fund for the Pinewood Facility (see Note 10). These amounts are principally invested in fixed income securities of federal, state and local governmental entities and financial institutions.

The Company considers its landfill closure, post-closure, construction and escrow investments totaling $2.0 million, $12.4 million and $13.0 million at August 31, 2001, 2000 and 1999, respectively, to be held to maturity. The Company has the ability, and management has the intent, to hold investment securities to maturity. Reductions in market value considered by management to

be other than temporary are reported as a realized loss and reduction in the cost basis of the security. At August 31, 2001, 2000 and 1999 the aggregate fair value of these investments approximate their net book value and substantially all of these investments mature within one year. The GSX Contribution Fund for the Pinewood Facility totaling $20.2 million, $19.1 million and $18.3 million at August 31, 2001, 2000 and 1999, respectively, has been treated as if it were available for sale (see Note 10). Accordingly, unrealized gains and losses resulting from changes between the cost basis and fair value of the securities in this fund are recorded as adjustments to parent company investment, net.

Inventories and Supplies

Inventories consist primarily of supplies and repair parts, which are valued at the lower of cost or market as determined on a first-in, first-out basis. The Company periodically reviews its inventories for obsolete or unsaleable items and adjusts its carrying value to reflect estimated realizable values.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures for major renewals and improvements, which extend the life or usefulness of the asset, are capitalized. Items of an ordinary repair or maintenance nature, as well as major maintenance activities, are charged directly to operating expense as incurred. The Company capitalizes expenditures which extend the life of the related property or mitigate or prevent future environmental contamination.

During the construction and development period of an asset, the costs incurred, including applicable interest costs, are classified as construction-in-process. Once an asset has been completed and placed in service, it is transferred to the appropriate category and depreciation

commences. In addition, the Company capitalizes applicable interest costs associated with partially developed landfill sites, which are included in land, landfill sites and improvements (see Note 4).

Depreciation and amortization of certain property, plant and equipment is provided on a straight-line basis over their estimated useful lives, with the exception of landfill assets, for which depreciation and amortization are provided on a units of production or capacity basis. Leasehold improvements are capitalized and amortized over the shorter of the improvement life or the remaining term of the lease plus renewal period.

Intangible Assets

The Company evaluates the excess of the purchase price over the amounts assigned to tangible assets and liabilities (excess purchase price) associated with each of its acquisitions to value the identifiable intangible assets. Any portion of the excess purchase price that cannot be separately identified represents goodwill. The Company evaluates the estimated economic lives of each asset, including goodwill, and has amortized the asset over that life.

Permits -- The Company has reflected the excess of the fair value of non-landfill facilities over the tangible assets acquired as permits. The Company has determined the value of acquired permits based on either a discounted cash flow or other appraisal method. The Company has evaluated and determined that the non-landfill permits have estimated economic lives in excess of 40 years, but believes 40 years is appropriate for amortization of these assets. Accordingly, the Company is amortizing the value of permits over a period of 40 years.

Goodwill -- The remaining excess purchase price of acquired companies, following the allocation to permits and the identified intangible assets discussed above, has been classified as goodwill. The Company considers legal, contractual, regulatory, obsolescence and competitive factors in determining the useful life

and amortization period of this intangible asset. The Company believes the goodwill associated with the acquired companies has estimated lives ranging from 40 years to an undeterminable life. As such, the Company has amortized the goodwill over 40 years.

Goodwill is reviewed for impairment when events or circumstances indicate it may not be recoverable. If it is determined that goodwill may be impaired and the estimated undiscounted future cash flows, excluding interest, of the underlying business are less than the carrying amount of the goodwill, then an impairment loss is recognized. The impairment loss is based on the difference between the fair value of the underlying business and the carrying amount. The method of determining fair value differs based on the nature of the underlying business.

Impairment of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of", the Company periodically evaluates whether events and circumstances have occurred that indicate that the remaining useful life of any of its tangible and intangible assets may warrant revision or that the carrying amounts might not be recoverable. When factors indicate that the tangible and intangible assets should be evaluated for possible impairment, the Company uses an estimate of the future undiscounted cash flows generated by the underlying assets to determine if a write-down is required. If a write-down is required, the Company adjusts the book value of the underlying goodwill and then the book value of the impaired long-lived assets to their estimated fair values (see Note 4).

Deferred Financing Costs

Deferred financing costs of $0.4 million at August 31, 1999 have been recorded for borrowings directly related to the Company. Additional deferred financing costs have been allocated to the Company to the extent and in the same manner as the underlying allocated debt instruments. See allocation methodology summary and debt instrument allocation below. Deferred financing costs are amortized over the life of the related debt instrument and are included in other assets in the accompanying Combined Balance Sheets at August 31, 2001, 2000 and 1999. As a result of the Chapter 11 Cases discussed in Note 1, deferred financing costs at the date of the filing of $14.8 million related to pre-petition debt instruments were written off.

Landfill Accounting and Environmental Liabilities

Environmental liabilities include accruals for the estimates of the Company's obligations associated with:

. Regulatory mandated landfill cell closure, final closure and post-closure activities. The Company accrues cell closure costs over the life of the cell, and accrues final closure and post-closure costs over the life of the landfill, as capacity is consumed.

. Regulatory mandated closure and post-closure activities for facilities other than landfills, such as incinerators. The Company accrues these costs when management commits to a definitive plan of closure with respect to the facility.

. Costs associated with remedial environmental matters at the Company's facilities. The Company accrues for these costs on a site-by-site basis, when management deems such obligations to be probable and reasonably estimable.

. Sites named on the United States Environmental Protection Agency's National Priorities List ("Superfund") with which the Company is allegedly connected. The Company typically accrues its estimate of its obligations

related to these sites no later than the completion of a remedial investigation and/or feasibility study.

Accruals are adjusted if, and as, further information relative to the underlying obligations develop or circumstances change. Changes in estimated landfill cell closure, final closure and post-closure liabilities are recognized prospectively. Changes in the Company's estimates of its obligations relative to non-landfill closure and post-closure activities, remedial situations and Superfund sites are recorded in the period in which the estimates change.

In conjunction with the acquisitions of certain facilities, the Company has obtained varying amounts and types of indemnification from potential environmental liabilities existing at the time of acquisition. Such indemnities typically cover all or a portion of the costs associated with the remediation of such pre-existing environmental liabilities, and may be for a limited period of time. No liabilities are recorded at the acquisition date if it is probable that the indemnifying party has the intent and financial ability to perform under those indemnities. Indemnifications contractually required of Laidlaw have not been considered in the determination of the Company's environmental liabilities (see Note 14).

Site costs -- Site costs include the costs of landfill site acquisition, permitting, preparation and improvement. These amounts are recorded at cost, which includes capitalized interest, as applicable. Site costs, net of amortization, are combined with management's estimate of the costs required to complete construction of the landfill to determine the amount to be amortized over the remaining estimated useful economic life of a site. Amortization of site costs is recorded on a units-of-consumption basis, such that the site costs should be completely amortized at the date the landfill ceases accepting waste.

Final closure and post-closure obligations for landfills -- Final closure costs include the costs required to cap the final cell of the landfill and the costs required to dismantle certain structures for landfills and other landfill improvements. In addition, final closure costs include regulatory mandated groundwater monitoring, leachate management, financial assurance and other costs incurred in the closure process. Post-closure costs include substantially all costs that are required to be incurred subsequent to the closure of the landfill, including, among others, groundwater monitoring, leachate management, and financial assurance. Regulatory post-closure periods are generally 30 years after landfill closure, but may be as long as 100 years after landfill closure. Final closure and post-closure obligations are discounted. Final closure and post-closure obligations are accrued on a units-of-consumption basis, such that the present value of the final closure and post-closure obligations is accrued at the date the landfill discontinues accepting waste.

Landfill capacity -- Landfill capacity, which is the basis for the amortization of site costs and for the accrual of final closure and post-closure obligations, represents total permitted airspace, plus unpermitted airspace that management believes is probable of ultimately being permitted based on established criteria. The Company applies a comprehensive set of criteria for evaluating the probability of obtaining a permit for future expansion airspace at existing sites, which provides management a sufficient basis to evaluate the likelihood of success of unpermitted expansions. Those criteria are as follows:

- Personnel are actively working to obtain the permit or permit modifications (land use, state and federal) necessary for expansion of an existing landfill, and progress is being made on the project;

- At the time the expansion is included in the Company's estimate of the landfill's useful economic life, it is probable that the required approvals will be received within the normal application and processing time periods for approvals in the jurisdiction in which the landfill is located. The Company expects to submit the application within the next year and expects to receive all necessary approvals to accept waste within the next five years;

- The owner of the landfill or the Company has a legal right to use or obtain land associated with the expansion plan;

. There are no significant known political, technical, legal, or business restrictions or issues that could impair the success of such expansion;

. A financial feasibility analysis has been completed, and the results demonstrate that the expansion has a positive financial and operational impact such that management is committed to pursuing the expansion; and

. Additional airspace and related additional costs, including permitting, final closure and post-closure costs, have been estimated based on the conceptual design of the proposed expansion.

Exceptions to the criteria set forth above may be approved through a landfill-specific approval process that includes prompt approval from Safety-Kleen's Chief Financial Officer and review by the Audit Committee of the Board of Directors of Safety-Kleen. At August 31, 2001, 2000 and 1999, there were two unpermitted expansions included in the Company's landfill accounting model, which together represented approximately 1% of the Company's remaining airspace at these dates. Neither of these expansions represented exceptions to the Company's established criteria.

At August 31, 2001, the Company has 10 active landfill sites (including the Company's non-commercial landfill), which have estimated remaining lives (based on anticipated waste volumes) and property, plant and equipment, net as follows ($ in thousands):

Remaining lives (years)	Number of sites	Property, plant and equipment, net
0-5	3	$ 18,910
6-10	--	--
11-20	4	40,803
21-40	--	--
40 +	3	16,862
	10	$ 76,575

Amortization of cell construction costs and accrual of cell closure obligations -- Landfills are typically comprised of a number of cells, which are constructed within a defined acreage (or footprint). The cells are typically discrete units, which require both separate construction and separate capping and closure procedures. Cell construction costs are the costs required to excavate and construct the landfill cell. These costs are typically amortized on a units-of-consumption basis, such that they are completely amortized when that specific cell ceases accepting waste. Cell closure costs, which are the costs required to construct the cell cap, are accrued over the life of the cell. These costs are typically accrued on a units-of-consumption basis, such that the total amount required to cap the cell is accrued when the specific cell ceases accepting waste. In some instances, the Company has landfills that are engineered and constructed as "progressive trenches." In progressive trench landfills, a number of contiguous cells form a progressive trench. In those instances, the Company amortizes cell construction costs, and accrues cell closure obligations, over the airspace within the entire trench, such that the cell construction costs will be fully amortized, and the cell closure costs will be fully accrued, when that specific progressive trench ceases accepting waste.

Final closure and post-closure obligations for facilities other than landfills -- Final closure costs include costs required to dismantle and decontaminate certain structures, financial assurance and other costs incurred during the closure process. Post-closure costs, if required, include associated maintenance and monitoring costs and financial assurance costs as required by the closure permit. Post-closure periods are performance based and are not generally specified in terms of years in the closure permit, but may generally range from

10 to 30 years or more. These obligations generally are not discounted.

Remedial liabilities, including Superfund liabilities -- Remedial liabilities include the costs of removal or containment of contaminated material, the treatment of potentially contaminated groundwater and maintenance and monitoring costs necessary to comply with regulatory requirements.

Discounting of long-term environmental related liabilities -- Costs of future expenditures for landfill final closure and post-closure are discounted based on management's expectations of when it will incur the expenditure. Generally, remediation obligations are not discounted. However, in limited instances, certain remediation obligations are discounted if they are closely connected to the regulatory post-closure obligations and/or the amount and timing of the cash payments are fixed and reliably determinable.

Credit Concentration

Concentration of credit risks in accounts receivable is limited due to the large number of customers comprising the Company's customer base throughout North America. The Company performs periodic credit evaluations of its customers. The Company establishes an allowance for uncollectible accounts based on the credit risk applicable to particular customers, historical trends and other relevant information.

Revenue Recognition

The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Consolidated Financial Statements." SAB No. 101 requires that four basic criteria must be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed and determinable; and (iv) collectibility is reasonably assured.

In accordance with SAB No. 101, the Company recognizes revenue upon disposal for its waste collection and disposal activities. Unearned revenue has been recorded for services billed but not earned in the accompanying Combined Balance Sheets. Direct costs associated with the handling and transportation of waste prior to disposal are capitalized as a component of other current assets in the accompanying Combined Balance Sheets. Deferral periods related to unearned revenue and the related direct costs typically range from one to six months.

Income Taxes

The Company's domestic operating results are included in Safety-Kleen's consolidated income tax returns. Certain of the Company's Canadian operations file separately for tax purposes. Income taxes have been presented in the accompanying Combined Balance Sheets as if the Company's domestic operations filed its returns on a consolidated basis. Current tax liabilities are presented as if such obligations are due

to taxing authorities. Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. Future tax benefits, such as net operating loss carryforwards, are recognized to the extent that realization of such benefits is more likely than not.

Foreign Currency

Foreign operations' balances are translated according to the provisions of SFAS No. 52, "Foreign Currency Translation". The functional currency of each foreign operation is in its respective local currency. Assets and liabilities are translated to U.S. Dollars at the exchange rate in effect at the balance sheet date. Cumulative translation adjustments are included in parent company investment, net in the accompanying Combined Balance Sheets. Recorded balances

that are denominated in a currency other than the functional currency are adjusted to the functional currency using the exchange rate at the balance sheet date.

Allocation Methodology

The accompanying Combined Balance Sheets of the Company at August 31, 2001, 2000 and 1999, have been presented on a carve-out basis. For all periods presented, certain assets and liabilities in the Combined Balance Sheets include allocations, primarily from Corporate. To the extent that an asset or liability is identifiable and directly related to the Company, it is reflected in the accompanying Combined Balance Sheets. For assets and liabilities that are indirectly related to the Company, management has developed reasonable methods to allocate these assets and liabilities. Assets or liabilities that exclusively relate to corporate level activities are not allocated to the Company. All of the allocations and estimates in the Combined Balance Sheets are based on assumptions that management believes are reasonable under the circumstances. However, the financial information included herein may not reflect the financial position of the Company in the future or what it would have been had the Company been a separate, stand-alone entity during the years presented.

The following specific allocation methodologies of selected assets or liabilities were used by management to prepare the accompanying Combined Balance Sheets:

Other current assets - Safety-Kleen has certain insurance policies which provide coverage for all its divisions and for which any related prepaid asset has historically been included in other current assets of Corporate. As these policies provide coverage to all divisions, the prepaid assets applicable to the Company were allocated using the following methods:

- Prepaid automobile insurance - At August 31, 2000, the allocation was based on the number of vehicles per division, resulting in $0.3 million of prepaid automobile insurance allocation to the Company. No allocations were required at August 31, 2001 or 1999.

- Prepaid worker's compensation and general liability insurance - At August 31, 2000, the allocation was based on claims history, resulting in $0.2 million of prepaid worker's compensation and general liability insurance allocation to the Company. No allocations were required at August 31, 2001 or 1999.

- Prepaid environmental impairment liability ("EIL") insurance - Allocations were based on covered items obtained from facility listings, non-owned facility listings and transporter listings. Based on this methodology, $0.1 million, $0.2 million and $0.3 million of prepaid EIL insurance was allocated to the Company at August 31, 2001, 2000 and 1999, respectively.

- Prepaid financial assurance - Allocations for all years presented considered the amount of financial assurance coverage required at individual Company facilities in relation to the total premiums for those specific Company facilities, based on the August 31, 2001 policies. Based on this methodology, $1.1 million, $1.6 million, and $1.4 million of prepaid financial assurance insurance was allocated to the Company at August 31, 2001, 2000 and 1999, respectively.

Property, plant and equipment, net - Computer equipment, office equipment and other equipment recorded on Corporate were allocated based on headcount. Leasehold improvements were allocated based on the facility to which they relate. Based on this methodology, $4.3 million, $3.7 million and $0.8 million of equipment and leasehold improvements, net, were allocated to the Company at August 31, 2001, 2000 and 1999, respectively.

Other assets - Deferred financing costs of $0.4 million, $1.4 million and $16.8 million were allocated to the Company in a manner consistent with the associated debt instruments at August 31, 2001, 2000 and 1999, respectively. See discussion of long-term debt and other financing allocations below.

Accounts payable - Accounts payable recorded on Corporate that could not specifically be identified as relating to the Company, BSSD or Corporate were allocated on the basis of total Corporate costs charged to the Company during the fiscal year, resulting in $0.6 million, $0.9 million and $2.6 million of allocations to the Company at August 31, 2001, 2000 and 1999, respectively.

Accrued other liabilities - The significant allocations related to accrued other liabilities are as follows:

- At August 31, 2001, 2000 and 1999, $3.4 million, $1.0 million and $8.0 million, respectively, of accrued interest payable was allocated to the Company in a manner consistent with the associated debt instruments. See discussion of long-term debt and other financing allocations below.

- Accrued professional fees related to attorneys and consultants used by Safety-Kleen specifically for environmental issues were allocated based on financial assurance coverage requirements. Professional fees related to the bankruptcy, restructuring, the restatement and other external reporting requirements of Safety-Kleen are considered costs of corporate activities and have not been allocated to the Company. Based on this methodology, $2.0 million and $0.1 million of accrued professional fees were allocated to the Company at August 31, 2001 and 1999, respectively. No allocations were required at August 31, 2000.

- Accruals for fully self-insured employee-related health care benefits were allocated based on relevant headcount. At August 31, 2001, 2000 and 1999, $1.9 million, $1.9 million and $1.4 million, respectively, of health care accruals were allocated to the Company.

- Safety-Kleen estimates accruals for self-insured worker's compensation, general liability (including product liability), property, and vehicle liability, based on actuarially determined estimates of the incurred but not reported claims plus any reported but not paid claims and premiums. Accruals for premiums not paid at August 31, 2001, 2000 and 1999, were allocated based on revenue by division. Accruals for incurred but not reported claims and reported but not paid claims were allocated based upon actuarial claims data. At August 31, 2001, 2000 and 1999, $2.2 million, $0.2 million and $1.7 million, respectively, of related insurance accruals were allocated to the Company.

- Accruals for penalties assessed by the United States Environmental Protection Agency ("EPA") and various states for alleged violations of federal and state financial assurance requirements under the Toxic Substance Control Act ("TSCA"), and the Resource Conservation and Recovery Act ("RCRA") and state hazardous waste programs are also included in accrued other liabilities at August 31, 2001 and 2000. Approximately $3.1 million and $0.6 million of these accruals were allocated to the Company at August 31, 2001 and 2000, respectively, based on financial assurance coverage requirements by facility. No allocations were required at August 31, 1999.

Income taxes - All income tax related assets and liabilities are computed based on the separate return method. Current tax liabilities are presented as if such obligations are due to taxing authorities. See Note 13 for further discussion.

Derivative instruments - During fiscal 2000 and 1999, Safety-Kleen participated in significant derivative transactions both to hedge its interest rate exposure and for trading purposes. Qualifying hedges, which were not required to be reported on the balance sheet under accounting principles generally accepted in the United States in effect at these dates, do not impact the accompanying Combined Balance Sheets. Derivative trading transactions are considered corporate activities that are not allocated to the Company.

Other long-term liabilities - The long-term portion of self-insured worker's

compensation and general liability (including product liability) accruals are included in other long-term liabilities and were allocated as discussed above. At August 31, 2001, 2000 and 1999, $2.8 million, $1.1 million and $1.1 million, respectively, of long-term self-insured worker's compensation and general liability insurance accruals were allocated to the Company.

Long-term debt and other financing - All debt instruments directly related to the operations of the Company are included in the accompanying Combined Balance Sheets. Debt instruments not specifically attributable to the operations of the Company or BSSD have been allocated to the respective operating divisions considering the purchase price of Old Safety-Kleen and the market capitalization of LESI at the time of that acquisition and the associated refinancing. See Note 7 for further discussion.

Liabilities subject to compromise - As discussed in Note 8, certain liabilities have been classified as subject to compromise under bankruptcy reorganization proceedings. The liabilities subject to compromise recorded at Corporate which required allocations at August 31, 2001 and 2000, consist of certain trade accounts payable, accrued insurance liabilities, accrued interest and long-term debt. These liabilities were allocated as described above. Other liabilities subject to compromise that are reflected in the accompanying Combined Balance Sheets relate specifically to the Company.

Use of Estimates

The preparation of the Combined Balance Sheets in conformity with accounting principles generally accepted in the United States 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 Combined Balance Sheets. Certain estimates require management's judgement, and when applied, materially affect the Company's Combined Balance Sheets. The Company considers the "Basis of Presentation" (see above), environmental liabilities, income taxes, asset impairments, litigation contingencies, Safety-Kleen (Pinewood), Inc. and recent accounting developments to include estimates and assumptions that required or will require management's judgement. These estimates involve matters that are inherently uncertain in nature and have a material effect on the accompanying Combined Balance Sheets. Actual results could differ materially from those estimates.

Recent Accounting Developments

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", which establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133", which delayed the original effective date of SFAS No. 133 until fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", which amends SFAS No. 133. SFAS No. 138 addresses a limited number of issues related to the implementation of SFAS No. 133. On September 1, 2001, the Company adopted the provisions of SFAS No. 133, as amended. The Company is not a party to any significant derivative contracts. Therefore, the adoption of SFAS 133 had no impact on the Company's financial position.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations", and SFAS

No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated or completed after June 30, 2001. SFAS No. 141 also specifies criteria for intangible assets acquired in a business combination to be recognized and reported apart from goodwill. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The Company is required to adopt the provisions of SFAS No. 141 immediately for new transactions and SFAS No. 142 at the earlier of its emergence from bankruptcy or September 1, 2002. Early adoption of SFAS No. 142 is permitted.

The Company's existing goodwill and intangible assets will continue to be amortized prior to the adoption of SFAS No. 142. Upon adoption of SFAS No. 142, the Company must evaluate its existing intangible assets and goodwill. Upon adoption of SFAS No. 142, the Company will be required to reassess the useful lives and residual values of all recorded intangible assets, and make any necessary amortization period adjustments by the end of the second fiscal quarter following adoption. Additionally, to the extent an intangible asset is identified as having an indefinite useful life, the Company will be required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142 by the end of the second fiscal quarter following adoption. Any impairment loss will be measured as of the date of adoption and recognized as the cumulative effect of a change in accounting principle.

As of September 1, 2002, the Company expects to have unamortized goodwill of approximately $96 million, which will be subject to the transition provisions of SFAS No. 142. The Company believes it will likely incur a write-down in the value of its intangible assets at the earlier of its emergence from bankruptcy, as provided by SOP 90-7, or the adoption of SFAS No. 142.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 will require, upon adoption, that the Company recognize as a component of asset cost, the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. Under this statement, the liability is discounted and accretion expense is recognized using the credit-adjusted risk-free interest rate in effect when the liability was initially recognized. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company will be required to adopt SFAS No. 143 at the earlier of its emergence from bankruptcy or September 1, 2002. The Company is currently in the process of evaluating the impact of SFAS No. 143; however, the adoption of this standard is expected to result in the recognition of additional assets and liabilities.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement supersedes FASB statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" for the disposal of a segment of a business (as previously defined in that opinion). SFAS No. 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001. The Company will be required to adopt SFAS No. 144 at the earlier of its emergence from bankruptcy or September 1, 2002. The new rules change the criteria for classifying an asset as held-for-sale. The standard also broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations, and changes the timing of recognizing losses on such operations. The Company is currently in the process of evaluating the potential impact that the adoption of SFAS No. 144 will have on its combined financial position.

3. ACCOUNTS RECEIVABLE

Net accounts receivable at August 31, 2001, 2000 and 1999 consist of the following ($ in thousands):

	2001	2000	1999
Trade accounts receivable	$ 94,211	$ 140,663	$ 105,771
Accrued revenue	16,131	16,891	17,635
Other receivables	1,572	2,466	15,278
Allowance for uncollectible accounts	(12,539)	(15,266)	(4,844)
Accounts receivable, net	$ 99,375	$ 144,754	$ 133,840

4. LONG-LIVED ASSETS

Property, Plant and Equipment

Net property, plant and equipment at August 31, 2001, 2000, and 1999 consist of the following ($ in thousands):

	2001	2000	1999	Range of Estimated Useful Lives
Land	$ 22,586	$ 25,260	$ 42,500	N/A
Landfill sites and improvements	173,278	170,746	428,423	0-126 years
Buildings	80,349	81,152	150,560	20-40 years
Machinery and equipment	165,730	176,266	263,160	3-40 years
Leasehold improvements	1,600	1,692	2,355	Lesser of useful life or lease term
Construction in process	6,669	6,611	10,098	N/A
Total property, plant and equipment	450,212	461,727	897,096	
Less: Accumulated depreciation and amortization	(210,052)	(199,546)	(331,312)	
Property, plant and equipment, net	$ 240,160	$ 262,181	$ 565,784	

During fiscal 2001, the Company had no capitalized interest costs, as contractually required interest payments have been stayed by the Chapter 11 Cases. During fiscal 2000 and 1999, the Company capitalized total interest costs of $1.2 million and $2.4 million, respectively.

Intangible Assets

Net intangible assets at August 31, 2001, 2000 and 1999 consist of the following ($ in thousands):

	2001	2000	1999
Permits, non-landfill	$ 308,648	$ 308,774	$ 324,809
Goodwill	109,585	112,029	192,742
Total intangible assets	418,233	420,803	517,551
Less: accumulated amortization	(84,875)	(73,611)	(70,495)
Intangible assets, net	$ 333,358	$ 347,192	$ 447,056

Impairment and Other Charges

SFAS No. 121 requires the assessment of long-lived assets for impairment whenever events ("Triggering Events") occur which may indicate that those assets have become impaired. Triggering Events may be events, which directly cause impairment (e.g., decisions to close facilities or the effects of new government regulations) or may be indicators of the existence of other direct causes of impairment (e.g., continuing or increasing losses, declining customer demand, etc.).

The Company believes that the Chapter 11 Cases and the events that led up to it constitute triggering events. In connection with its comprehensive review of its operations, the Company evaluated the recoverability of long-lived assets at August 31, 2001 and 2000 by reference to estimated future cash flows. As a result, the Company identified certain impairments that have been recorded in fiscal 2001, 2000 and 1999 (see table below).

Fair values for impaired assets were determined for landfills, incinerators, wastewater treatment and other facilities, primarily based on future cash flow projections discounted using rates appropriate for the risks involved with the identified assets. For those facilities that were to be sold, management based fair value on their best estimate of sales value less cost to sell.

Fiscal 2001

The components of fiscal 2001 impairments consisted of the following ($ in thousands):

Provision for early facility closures and post-closures:	
Bridgeport incinerator	$ 34,123
Coffeyville incinerator	9,017
Hilliard wastewater treatment facility	1,174
Burton transportation facility	459
Total	44,773
Asset impairment and other charges	5,395
Total	$ 50,168

During fiscal 2001, the Company ceased operations at two incinerators, a wastewater treatment facility and a transportation facility. As a result of these closures, the Company recorded a provision for early facility closures and post-closures of approximately $44.8 million. Certain post-closure costs are expected to be incurred over a period approximating 30 years. The Company also recorded approximately $5.4 million of impairment charges primarily related to a wastewater treatment facility.

Fiscal 2000

The components of fiscal 2000 impairments consisted of the following ($ in thousands):

Service centers and landfills related to western operations	$ 118,336
Other landfills and incinerators	118,622
Harbor facility -- closed	17,691
Pinewood facility	15,724
Other facilities	73,823
Total	$ 344,196

The amounts shown as related to western operations relate to facilities which are located in the western region of the United States. Their markets have been adversely affected by competitive conditions, including over supply of available services, which have limited the Company's ability to increase prices to recover increased costs, including those related to new environmental regulations.

Included in other landfills and incinerators is an incinerator constructed to burn contaminated soils. Although significant revenue resulted from unusual events in fiscal 1999 and 2000, the general level of demand for these services has and is expected to continue to decline. In addition, new environmental regulations are projected to significantly increase capital expenditures and

operating costs in the future. Also included in this amount is a landfill which has been the primary disposal site for the soil burned at this Company owned incinerator. The projected declines in volumes generated at the incinerator are projected to have a continuing adverse effect on volumes at the landfill.

As discussed in Note 10, the Pinewood Facility has been the subject of lengthy, complex and protracted legal proceedings. The results of the proceedings have been adverse to the Company; accordingly, the Company has concluded that it would be imprudent to assume that this facility will generate any significant future revenue. An additional charge was recorded for the impairment of the remaining net book value of fixed assets at the Pinewood Facility. Appropriate reserves for closure and post-closure costs at the Pinewood Facility have been fully provided.

Fiscal 1999

The components of fiscal 1999 impairments consisted of the following ($ in thousands):

Write-down of permits	$ 9,195
Property, plant & equipment	2,092
Total	$ 11,287

Impairments in 1999 were primarily due to factors relating to decisions made by management as a result of changes in business conditions or legal issues. These amounts represent the write-down of property, plant and equipment and intangibles.

5. ACCRUED OTHER LIABILITIES

Accrued other liabilities at August 31, 2001, 2000 and 1999 consist of the following ($ in thousands):

	2001	2000	1999
Accrued interest payable	$ 3,365	$ 969	$ 9,926
Accrued employee salaries and benefits	14,261	8,033	7,670
Accrued professional fees	2,028	609	1,365
Accrued insurance	4,102	2,143	3,158
Accrued taxes	5,039	3,471	6,347
Accrued other	3,780	3,071	5,118
	$ 32,575	$ 18,296	$ 33,584

6. CLOSURE, POST-CLOSURE AND ENVIRONMENTAL REMEDIATION LIABILITIES

The Company records environmentally related accruals for both its landfill and non-landfill operations. See Note 2 for further discussion of the Company's methodology for estimating and recording these accruals.

Final closure and post-closure liabilities -- The Company has material financial commitments for the costs associated with requirements of the EPA, and the comparable regulatory agency in Canada for the final closure and post-closure activities at the majority of its facilities. In the United States, the final closure and post-closure requirements are established under the standards of the EPA, and are implemented and applied on a state-by-state basis. Estimates for the cost of these activities are developed by the Company's engineers, accountants and external consultants, based on an evaluation of site-specific facts and circumstances, including the Company's interpretation of current

regulatory requirements and proposed regulatory changes. Such estimates may change in the future due to various circumstances including, but not limited to, permit modifications, changes in legislation or regulations, technological changes and results of environmental studies. Final closure and post-closure plans are established in accordance with the individual site permit requirements. Landfill post-closure periods are generally expected to be for a period of 30 years after closure, but may extend to a period of 100 years. See Note 10 for a discussion of the Pinewood Facility.

For purchased landfills, the Company assesses and records the present value of the estimated closure and post-closure liability based upon the estimated final closure and post-closure costs and the percentage of airspace consumed as of the purchase date. Thereafter, the difference between the liability recorded at the time of acquisition and the present value of total estimated final closure and post-closure costs to be incurred is accrued prospectively on a units of consumption basis over the estimated useful economic life of the landfill.

Remedial liabilities, including Superfund liabilities -- The Company periodically evaluates potential remedial liabilities at sites that it owns or operates and at sites to which it has transported or disposed of waste, including 28 Superfund sites as of March 31, 2002. The majority of the issues at Superfund sites relate to allegations that the Company, or its predecessors, transported waste to the facilities in question, often prior to the acquisition of the alleged potentially responsible party ("PRP") by the Company. The Company periodically reviews and evaluates sites requiring remediation, including Superfund sites, giving consideration to the nature (i.e., owner, operator, transporter or generator) and the extent (i.e., amount and nature of waste hauled to the location, number of years of site operations or other relevant factors) of the Company's alleged connection with the site, the regulatory context surrounding the site, the accuracy and strength of evidence connecting the Company to the location, the number, connection and financial ability of other named and unnamed PRPs and the nature and estimated cost of the likely remedy. Where the Company concludes that it is probable that a liability has been incurred, provision is made in the Combined Balance Sheets, based upon management's judgment and prior experience, for the Company's best estimate of the liability. Such estimates, which are inherently subject to change, are subsequently revised if and when additional information becomes available.

The Company believes that its extensive experience in the environmental services business, as well as its involvement with a large number of sites, provides a reasonable basis for estimating its aggregate liability. It is reasonably possible that technological, regulatory or enforcement developments, the results of environmental studies or other factors could necessitate the recording of additional liabilities and/or the revision of currently recorded liabilities that could be material. The impact of such future events cannot be estimated at the current time.

Discounted environmental liabilities -- When the Company believes that both the amount of a particular environmental liability and the timing of the payments are fixed or reliably determinable, its cost in current dollars is inflated using estimates of future inflation rates (2.9% at each of August 31, 2001 and 2000, and 3.6% at August 31, 1999) until the expected time of payment, then discounted to its present value using a risk-free discount rate (5.8% at each of August 31, 2001 and 2000, and 8.5% at August 31, 1999). The portion of the Company's recorded environmental liabilities (including closure, post-closure and remedial obligations) that is not inflated or discounted was approximately $203.4 million, $163.5 million and $150.8 million at August 31, 2001, 2000 and 1999, respectively. Had the Company not discounted any portion of its liability, the amount recorded would have been increased by approximately $122.9 million, $132.1 million and $145.0 million at August 31, 2001, 2000 and 1999, respectively. The Company estimates it will provide $213.9 million in additional environmental reserves (including the inflation and discount factors referred to above) over the remaining site lives of its facilities based on current estimated costs.

The Company has recorded liabilities for closure, post-closure and remediation obligations at August 31, 2001, 2000 and 1999 as follows ($ in thousands):

	2001	2000	1999
Current portion of environmental liabilities	$ 32,114	$ 27,385	$ 28,568
Non-current portion of environmental liabilities	276,841	232,317	190,512
Balances included in liabilities subject to compromise (see Note 8)	10,099	8,562	--
Total	$ 319,054	$ 268,264	$ 219,080

In the following table, reserves for environmental matters are classified at each balance sheet date based on their classification at August 31, 2001. Reserves for closure, post-closure and remediation at August 31, 2001, 2000 and 1999, respectively, consist of the following ($ in thousands):

	2001	2000	1999
Landfill facilities:			
Cell closure	$ 24,926	$ 25,174	$ 26,863
Final closure	22,222	17,732	12,635
Post-closure	67,356	61,799	30,494
Remediation	23,490	21,562	15,863
	137,994	126,267	85,855
Non-landfill facilities:			
Remediation, closure and post-closure for closed sites	156,203	115,979	114,519
Remediation (including Superfund) for open sites	24,857	26,018	18,706
	181,060	141,997	133,225
Total	$ 319,054	$ 268,264	$ 219,080

All of the landfill facilities included in the table above are active at August 31, 2001, except the Pinewood Facility. Total closure and post-closure reserves related to the Pinewood Facility were $51.0 million, $47.2 million and $11.8 million at August 31, 2001, 2000 and 1999, respectively. Total environmental remediation reserves related to the Pinewood Facility were $2.9 million and $0.4 million at August 31, 2001 and 2000, respectively. There were no environmental remediation reserves related to the Pinewood Facility at August 31, 1999. The South Carolina Department of Health and Environmental Control has required that an Environmental Impairment Fund ("EIF") be established for any potential environmental cleanup and restoration of environmental impairment at the Pinewood Facility. The obligation to contribute to the EIF has been treated as a commitment to restrict assets and no liability related to the obligation has been recorded at August 31, 2001, 2000 or 1999 (see Notes 2 and 10).

Anticipated payments (based on current estimated costs) and anticipated timing of necessary regulatory approvals to commence work on closure, post-closure and remediation activities for each of the next five years and thereafter are as follows ($ in thousands):

Year ending August 31,	
2002	$ 32,114
2003	41,972
2004	37,437
2005	17,535
2006	16,001
Thereafter	387,866
Subtotal	532,925

Less:	
Reserves to be provided (including discount of $122.9 million) over remaining site lives	(213,871)
Total	$ 319,054

7. LONG-TERM DEBT AND OTHER FINANCING

Long-term debt and other financing presented in the accompanying Combined Balance Sheets includes debt instruments of Safety-Kleen that were specifically related to the operations of the Company, as well as an allocation of debt instruments not specifically attributable to the operations of the Company or BSSD. Those debt instruments not specifically identifiable to the Company or BSSD have been allocated to the respective operating divisions considering the purchase price of Old Safety-Kleen and the market capitalization of LESI at the time of that acquisition and the associated refinancing. Management believes that the basis for allocating long-term debt and other financing to the Company is reasonable based on the capital structure of Safety-Kleen.

Long-term debt and other financing of both Safety-Kleen and the amounts allocated to the Company at August 31, 2001 consist of the following ($ in thousands):

	2001	
	Safety-Kleen	Company
First DIP Facility	$ --	$ --
Other Domestic Borrowings:		
Senior Credit Facility:		
Term Loans	1,137,750	398,213
Revolver	340,000	119,000
Senior Subordinated Notes, due June 1, 2008	325,000	113,750
Senior Notes, due May 15, 2009	225,000	78,750
Promissory note, due May 15, 2003	60,000	60,000
Industrial revenue bonds, due 2003-2027	80,603	80,603
Other	3,237	1,129
	2,171,590	851,445
Canadian Borrowings:		
Senior Credit Facility	45,910	16,068
Operating Facility	16,313	5,710
	62,223	21,778
Total debt	2,233,813	873,223
Less: Current portion not subject to compromise	(62,223)	(21,778)
Less: Liabilities subject to compromise (see Note 8)	(2,171,590)	(851,445)
Long-term debt and other financing	$ --	$ --

Long-term debt and other financing of both Safety-Kleen and the amounts allocated to the Company at August 31, 2000 consist of the following ($ in thousands):

	2000

	Safety-Kleen	Company
First DIP Facility	$ --	$ --
Other Domestic Borrowings:		
Senior Credit Facility:		
Term Loans	1,137,750	398,213
Revolver	340,000	119,000
Senior Subordinated Notes, due June 1, 2008	325,000	113,750
Senior Notes, due May 15, 2009	225,000	78,750
Promissory note, due May 15, 2003	60,000	60,000
Industrial revenue bonds, due 2003-2027	90,900	90,900
Other	11,425	1,166
	2,190,075	861,779
Canadian Borrowings:		
Senior Credit Facility	48,269	16,894
Operating Facility	17,152	6,003
	65,421	22,897
Total debt	2,255,496	884,676
Less: Current portion not subject to compromise	(65,421)	(22,897)
Less: Liabilities subject to compromise (see Note 8)	(2,190,075)	(861,779)
Long-term debt and other financing	$ --	$ --

Long-term debt and other financing of both Safety-Kleen and the amounts allocated to the Company at August 31, 1999 consist of the following ($ in thousands):

	1999	
	Safety-Kleen	Company
Domestic Borrowings:		
Senior Credit Facility:		
Term Loans	$ 1,171,250	$ 409,938
Revolver	113,000	39,550
Senior Subordinated Notes, due June 1, 2008	325,000	113,750
Senior Notes, due May 15, 2009	225,000	78,750
Promissory note, due May 15, 2003	60,000	60,000
Industrial revenue bonds, due 2003-2027	90,900	90,900
Short-term borrowings	24,739	8,659
Other	11,367	1,055
	2,021,256	802,602
Canadian Borrowings:		
Senior Credit Facility	53,245	18,636
Operating Facility	20,515	7,180
	73,760	25,816
Total debt	2,095,016	828,418
Less: Current portion	(2,070,224)	(812,368)
Long-term debt and other financing	$ 24,792	$ 16,050

Safety-Kleen DIP Facility

On July 19, 2000, the Bankruptcy Court granted final approval of Safety-Kleen's one-year $100 million Revolving Credit Agreement underwritten by Toronto Dominion (Texas), Inc. as general administrative agent and CIT Group/Business Credit, Inc. as collateral agent (the "First DIP Facility") with an aggregate sublimit for letters of credit of $35 million. The actual amount available under the First DIP Facility was subject to a borrowing base computation. The First DIP Facility was amended on eleven occasions which, among other things, extended the maturity date, increased the aggregate limit for letters of credit to $95 million, increased the sublimits for letters of credit for certain uses and waived the Debtors' non-compliance with certain affirmative covenants under the First DIP Facility. The Debtors were jointly and severally liable under the First DIP Facility. As of August 31, 2001, no amounts have been drawn by Safety-Kleen on the First DIP Facility and approximately $48 million of letters of credit have been issued.

On March 20, 2002, the Bankruptcy Court approved Safety-Kleen's $200 million Second Amended and Restated Debtor-in-Possession Credit Facility (the "Second DIP Facility"). The Second DIP Facility extends the maturity date of the First DIP Facility until the earlier of March 22, 2003, or the effective date of a plan or plans of reorganization. In addition, it reduces the aggregate amount of borrowings available from $100 million to $75 million, which continues to be subject to borrowing base limitations ("Tranche A"). The Second DIP Facility also creates a new tranche under the credit facility in the amount of $125 million ("Tranche B"). Tranche B is available for cash borrowings and letters of credit, and has the same maturity date as Tranche A.

Proceeds from Tranche A or Tranche B may be used for general corporate purposes. Tranche A is available for letters of credit or cash borrowings, with a sub-limit of $45 million available for environmental letters of credit. The letter of credit sub-limit under Tranche B is $50 million, and there is a further sub-limit of $40 million available for environmental letters of credit, including the replacement of certain existing cash collateral pledged to support financial assurance with respect to certain facilities.

Tranche A letters of credit are priced at 3% per annum (plus a fronting fee of 0.25% to the Agent) on the outstanding face amount of each letter of credit. In addition, the Debtors pay a commitment fee of 0.50% per annum on the unused amount of Tranche A, payable monthly in arrears. Tranche B letters of credit are priced at 12% per annum (plus a fronting fee of 0.25% to the Agent) on the outstanding face amount of each letter of credit, payable monthly in arrears. In addition, the Debtors pay a commitment fee of 2.5% on the unused amount of Tranche B letters of credit.

Interest charged for cash borrowings under Tranche A is the greater of Prime Rate plus 1% per annum and the Fed Funds Rate plus 0.5% per annum, or LIBOR plus 3% per annum, depending on the nature of the borrowings. Interest charged for cash borrowings under Tranche B is the greater of Prime Rate plus an applicable margin of 7.25%, or 12% per annum. Beginning September 1, 2002, the applicable margin on Tranche B cash borrowings increases monthly by 0.5% per annum. The Debtors are also required to pay as additional interest, paid in kind, a fee equal to 3% of the average daily outstanding Tranche B cash borrowings, compounded and accrued monthly, and fully payable upon the termination of the Second DIP Facility, provided that, if the termination does not occur prior to September 1, 2002, the amount of such fee

increases each month by 1% per annum. The commitment fee on Tranche B is calculated at a rate equal to 4% per annum on the average daily unused cash portion of Tranche B, payable monthly in arrears. In addition, the Debtors are required to pay an extension fee on the Tranche B commitments, payable as follows, if the Second DIP Facility remains outstanding at such dates: 1.2% on September 1, 2002; 1.2% on December 1, 2002 and 1.2% on March 22, 2003.

Under the provisions of the Second DIP Facility, the Debtors are required to

establish a $5 million interest escrow account. Tranche A and Tranche B fees and interest will be paid from this account. On the earlier of depletion of the escrowed funds or six months after the closing date of the Second DIP Facility, additional funds must be deposited in the escrow account in order to assure that $5 million will be escrowed for this same purpose.

In the event of the sale of those certain net assets of Safety-Kleen as described in Note 1, the net proceeds, after reserves for certain selling expenses, interest and fees on the Second DIP facility, shall be applied to prepay the Tranche B loans and the availability under Tranche B will be reduced by $17 million. Net proceeds of certain other asset sales, after reserves for certain selling expenses, interest and fees on the Second DIP facility, are to be used to prepay Tranche A and then Tranche B.

The Second DIP Facility benefits from superpriority claim status as provided for under the Bankruptcy Code. Under the Bankruptcy Code, a superpriority claim is senior to unsecured pre-petition claims and all other administrative expenses incurred in a Chapter 11 case. As security, the Second DIP Facility lenders were granted certain priority, perfected liens on certain of the Debtors' assets. Pursuant to the final order approving the Second DIP Facility, such liens are not subordinate to or pari passu with any other lien or security interest (other than (a) liens for certain administrative expenses and (b) liens in favor of Safety-Kleen Corp.'s Chief Executive Officer). As of April 11, 2002, no cash borrowings have been made under the Tranche B facility and approximately $1.4 million has been issued for letters of credit. The Debtors are jointly and severally liable under the Second DIP Facility.

Other Domestic Borrowings of Safety-Kleen

Senior Credit Facility -- In April 1998, Safety-Kleen repaid its then existing bank credit facility and established a $2.2 billion Senior Credit Facility (the "Senior Credit Facility") pursuant to a credit agreement between Safety-Kleen and a syndicate of banks and other financial institutions. In June 1998, the availability of the Senior Credit Facility was permanently reduced by $325 million to $1.875 billion by the subsequent issuance of the Senior Subordinated Notes described below. The Senior Credit Facility consists of five parts: (i) a $550 million six-year Senior Secured Revolving Credit Facility with a $200 million letter of credit sublimit and $400 million sublimit for loans (the "Revolver"); (ii) a $455 million six-year senior secured amortizing term loan; (iii) a $70 million six-year senior secured amortizing term loan; (iv) a $400 million minimally amortizing seven-year senior secured term loan and (v) a $400 million minimally amortizing eight-year senior secured term loan. The term loans referred to in clauses (ii), (iii), (iv) and (v) are collectively referred to herein as the "Term Loans."

Interest costs on the Senior Credit Facility are reset periodically, at least annually, and vary depending on the particular facility and whether Safety-Kleen chooses to borrow under Eurodollar or non-Eurodollar loans. Interest rates applicable to the Senior Credit Facility ranged from 7.56% to 12.88%, including a 2% default premium, effective June 1, 2000.

At August 31, 2001, the Term Loans have been drawn in full and borrowings outstanding under the Revolver totaled $340 million. In addition, there were approximately $83.0 million of letters of credit issued under the terms of the Revolver. As a result of the Debtors' Chapter 11 Cases, all additional availability under the Revolver has been terminated, although the letters of credit remain outstanding.

Domestic borrowings of Safety-Kleen Services, Inc. (formerly known as LES, Inc.) (the "Domestic Borrower") under the Senior Credit Facility are collateralized by substantially all of the non-hazardous tangible and intangible assets of the domestic subsidiaries of the Domestic Borrower (including subsidiaries of the Company), plus 65% of the capital stock of Safety-Kleen Corp.'s foreign wholly-owned subsidiaries, including but not limited to, Safety-Kleen Corp.'s primary Canadian subsidiaries (collectively, the "Canadian Borrower"). In addition, substantially all of the capital stock of the Domestic Borrower and its wholly-owned or majority-owned domestic subsidiaries is pledged to the Domestic Senior Credit Facility lenders (the "Domestic Lenders") and such

domestic subsidiaries guarantee the obligations of the Domestic Borrower to the Domestic Lenders.

Senior Subordinated Notes -- On May 29, 1998, the Domestic Borrower, a wholly-owned subsidiary of Safety-Kleen Corp., issued $325 million 9.25% Senior Subordinated Notes due 2008 in a Rule 144A offering. In accordance with an Exchange and Registration Rights Agreement entered at the time of the issuance of the aforementioned notes, Safety-Kleen filed a registration statement with the SEC on June 24, 1998, pursuant to which Safety-Kleen exchanged the 9.25% Senior Subordinated Notes due 2008 for substantially identical notes of Safety-Kleen (the "1998 Notes"). Net proceeds from the sale of the 1998 Notes, after the underwriting fees and other expenses, were approximately $316.8 million. The proceeds were used to repay a portion of the borrowings outstanding under the Senior Credit Facility.

The 1998 Notes mature on June 1, 2008. Interest is payable semiannually, on December 1 and June 1. The 1998 Notes will be redeemable, in whole or in part, at the option of Safety-Kleen, at any time and from time to time at a redemption price as defined in the indenture. Upon a change in control of Safety-Kleen, each holder of the 1998 Notes may require Safety-Kleen to repurchase all or a portion of the holder's 1998 Notes at 101% of the principal amount, plus accrued interest.

The 1998 Notes are general unsecured obligations of the Domestic Borrower, subordinated in right of payment to all existing and future senior indebtedness, as defined, of the Domestic Borrower. The 1998 Notes will rank senior in right of payment to all existing and future subordinated indebtedness of the Domestic Borrower, if any. The payment of the 1998 Notes are guaranteed on a senior subordinated basis by Safety-Kleen and are jointly and severally guaranteed on a senior subordinated basis by the Domestic Borrower's wholly-owned domestic subsidiaries (including subsidiaries of the Company). No foreign direct or indirect subsidiary or non wholly-owned domestic subsidiary is an obligor or guarantor on the financing.

Senior Notes -- On May 17, 1999, Safety-Kleen Corp. issued $225 million 9.25% Senior Notes due 2009 in a Rule 144A offering which were subsequently exchanged for substantially identical notes of Safety-Kleen Corp. in an offering registered with the SEC in September 1999 (the "1999 Notes"). Net proceeds, after the underwriting fees and other expenses, were approximately $219 million and were used to finance the cash portion of the purchase price for the repurchase of the pay-in-kind debenture ("PIK Debenture"), for expenses relating to the repurchase and for general corporate purposes.

The 1999 Notes mature on May 15, 2009, with interest payable semi-annually on May 15 and November 15. The 1999 Notes will be redeemable, in whole or in part, at the option of Safety-Kleen, at any time and from time to time at a redemption price as defined in the indenture. Upon a change in control of Safety-Kleen, each holder of the 1999 Notes may require Safety-Kleen Corp. to repurchase all or a portion of such holder's 1999 Notes at 101% of the principal amount thereof, plus accrued interest.

The 1999 Notes are unsecured and rank equally with all existing and future senior indebtedness and are senior to all existing and future subordinated indebtedness. The 1999 Notes are not guaranteed by Safety-Kleen Corp.'s subsidiaries.

The Senior Credit Facility, the 1998 Notes and the 1999 Notes contain negative, affirmative and financial covenants including covenants restricting debt, guarantees, liens, mergers and consolidations, sales of assets, transactions with affiliates, the issuance of stock to third parties and payment of dividends and establishing a total leverage ratio test, a fixed charge coverage test, an interest coverage ratio test and a maximum contingent obligation to operating cash flow ratio test. As a result of the Chapter 11 Cases, Safety-Kleen, which was not in compliance with the covenants at the time of the Chapter 11 Cases,

classified the entire portion of domestic borrowings as liabilities subject to compromise.

Promissory Note

On May 15, 1997, Safety-Kleen Corp. issued a promissory note in the amount of $60 million to Westinghouse Electric Corporation, subsequently assigned to Toronto Dominion (Texas), Inc. This note, which is specifically identifiable to the Company, bears interest at the variable rate of the six-month London Interbank Offered Rates (6-month LIBOR). Interest on the outstanding principal balance of this note is payable semi-annually on May 30 and November 30 of each year.

All outstanding amounts under this note are due in full on May 15, 2003, with mandatory payments of $10 million due on May 15, 2001 and May 15, 2002, which have been stayed as a result of the Chapter 11 Cases. This note is guaranteed by Laidlaw (see Notes 10 and 14).

Industrial Revenue Bonds

The following industrial revenue bond obligations relate specifically to facilities of the Company:

On July 1, 1997, Safety-Kleen Corp. agreed to repay the obligations related to Industrial Revenue Bonds ("IRB") issued by the California Pollution Control Financing Authority in the amount of $19.5 million. Proceeds from these bonds were used to repay prior Pollution Control Revenue Bonds, which were used to finance the acquisition, construction and installation of stabilization treatment units of the Company's hazardous waste landfills in Kern County and Imperial County, California. These bonds mature on July 1, 2007 and bear interest at a rate of 6.70% per annum. Interest payments are due semi-annually beginning on January 1, 1998.

On July 1, 1997, Safety-Kleen Corp. guaranteed repayment of all obligations related to the IRB issued by Tooele County Utah in the amount of $45.7 million. Proceeds from these bonds were used to repay prior Tooele County Bonds, which were used to construct and make improvements to the Company's hazardous waste incineration facility located slightly west of Salt Lake City, Utah. These bonds mature on July 1, 2027 and bear interest at a rate of 7.55% per annum. Interest payments are due semi-annually beginning on January 1, 1998.

The Company has pledged certain revenues to repay the obligations related to the IRB issued by Tooele County Utah on August 1, 1995, in the amount of $10.0 million. Proceeds from these bonds were used to finance in part, the acquisition, construction and equipping of the Company's hazardous waste disposal and treatment facility. These bonds mature on August 1, 2010 and bear interest at a rate of 6.75% per annum. Interest payments are due semi-annually beginning on February 1, 1996. Repayment of all obligations related to the IRB issued by Tooele County Utah was also guaranteed by Laidlaw (see Notes 10 and 14).

Certain assets of the Company secure the obligations related to the IRB issued by The Industrial Development Board of The Metropolitan Government of Nashville and Davidson County on May 1, 1993, in the amount of $15.7 million. Proceeds from these bonds were used to finance in part, the construction, acquisition and installation of modifications and improvements of the Company's hazardous waste facility in Nashville, Tennessee. During fiscal 2001, the bond trustee distributed approximately $10.3 million from the Company's restricted funds (see

Note 2) to repay a portion of the outstanding principal. These bonds mature on May 1, 2003 and bear interest at a rate of 6.0% per annum. Interest payments are due semi-annually beginning on November 1, 1993. Repayment of all obligations related to the IRB issued by The Industrial Development Board of The Metropolitan Government of Nashville and Davidson County was also guaranteed by

Laidlaw (see Notes 10 and 14).

Canadian Borrowings of Safety-Kleen

Senior Credit Facility - The Canadian Borrower and Safety-Kleen Corp.'s Canadian subsidiaries participated in the Senior Credit Facility under which it established and initially borrowed $70.0 million (USD) from a syndicate of five banks. The term loan has a floating interest rate based on Canadian prime plus 1.375% or Canadian Bankers Acceptance, ("CB/A") plus 2.375%, at Safety-Kleen's discretion. As a result of the Debtors' Chapter 11 Cases, its Canadian subsidiaries are in default of the loan conditions and a notice of default has been issued by the banks making the loan payable on demand. In accordance with the provisions of default under the Senior Credit Facility, the floating interest rate will increase an additional 2% if all or a portion of any principal of any loan, any interest payable thereon, any commitment fee or any Reimbursement Obligation or Acceptance Reimbursement Obligation, as defined in the Senior Credit Facility, or other amount payable hereunder shall not be paid when due. Accordingly, the outstanding loan balance is classified as a current liability at August 31, 2001 and 2000, and interest continues to accrue at the Canadian Prime Rate plus 3.375%.

Operating Facility -- On April 3, 1998, the Canadian Borrower entered into a letter agreement with the Toronto Dominion Bank providing an operating line of credit of up to $35.0 million (CDN). The letter agreement has a floating interest rate based on Canadian prime plus 1.375% or CB/A plus 2.375% for Canadian borrowings and prime plus 1.375% or LIBOR plus 2.375% for U.S. borrowings, at Safety-Kleen's discretion. On March 4, 2000, Toronto Dominion Bank cancelled this letter agreement at which time the Canadian Borrower had borrowings of $17.2 million and letters of credit totaling $3.6 million. The full amount borrowed was in default at August 31, 2001 and 2000, due to breaches of loan covenants by the local subsidiary. Accordingly, the outstanding loan balance is classified as a current liability at August 31, 2001 and 2000.

Borrowings by the Canadian Borrower under the Senior Credit Facility and the Operating Facility are collateralized by substantially all of the tangible personal property of Safety-Kleen Corp.'s Canadian subsidiaries and by the guarantees of the Domestic Borrower's domestic, wholly-owned and majority-owned subsidiaries. Additionally, 35% of the common stock of the Canadian Borrower is pledged in favor of the Canadian Senior Credit Facility Lenders and the Canadian Operating Facility Lenders.

8. LIABILITIES SUBJECT TO COMPROMISE

The principal categories of claims classified as liabilities subject to compromise under bankruptcy reorganization proceedings are identified below. All amounts below may be subject to future adjustment depending on Bankruptcy Court action, further developments with respect to disputed claims, or other events, including the reconciliation of claims filed with the Bankruptcy Court to amounts included in the Company's records (see Note 1). Additional pre-petition claims may arise from rejection of additional executory contracts or unexpired leases by the Debtors. Under a confirmed plan or plans of reorganization, all pre-petition claims may be paid and discharged at amounts substantially less than their allowed amounts.

Recorded liabilities -- On a combined basis, recorded liabilities subject to compromise under Chapter 11 Cases at August 31, 2001 and 2000 consist of the following ($ in thousands):

	2001	2000
Accrued litigation	$ 18,387	$ 20,598
Trade accounts payable	46,912	46,238
Accrued insurance liabilities	1,130	1,109
Environmental liabilities	10,099	8,562
Accrued interest, primarily allocated	26,317	26,307
Allocated Safety-Kleen debt, net	704,511	704,247
Promissory note	60,000	60,000
Industrial revenue bonds	80,603	90,900

Other	11,120	5,393
	$ 959,079	$ 963,354

Safety-Kleen made certain adequate protection payments to pre-petition lenders of the Senior Credit Facility. Allocated Safety-Kleen debt is presented net of allocated adequate protection payments of $6.3 million and $6.6 million at August 31, 2001 and 2000, respectively.

As a result of the Chapter 11 Cases, principal and interest payments may not be made on pre-petition debt without Bankruptcy Court approval or until a plan or plans of reorganization defining the repayment terms has been confirmed. The total interest on pre-petition debt of Safety-Kleen that was not paid or accrued for the period from June 9, 2000 to August 31, 2001 was $306.2 million. Approximately $111.3 million of the interest not paid or accrued relates to the pre-petition debt of Safety-Kleen allocated or directly related to the Company as described in Note 2. Such interest is not being accrued since it is not probable that it will be treated as an allowed claim. The Bankruptcy Code generally disallows the payment of interest that accrues post-petition with respect to unsecured or undersecured pre-petition liabilities.

As discussed in Note 2, all net intercompany balances of the Company, including those as of the Chapter 11 filing date, are included in parent company investment, net, in the accompanying Combined Balance Sheets.

Contingent liabilities -- Contingent liabilities as of the Chapter 11 filing date are also subject to compromise. At August 31, 2001, the Company was contingently liable to banks, financial institutions and others for approximately $57.3 million for outstanding letters of credit, which included $0.4 million of performance bonds securing performance of sales contracts and other guarantees in the ordinary course of business.

The Company is a party to litigation matters and claims that are normal in the course of its operations. Generally, litigation related to "claims", as defined by the Bankruptcy Code, is stayed. Also, as a normal part of their operations, the Company undertakes certain contractual obligations, warranties and guarantees in connection with the sale of products or services. The outcome of the bankruptcy process on these matters cannot be predicted with certainty.

9. ACQUISITIONS

The Company completed four acquisitions of stock and assets during fiscal 1999. These acquisitions have been accounted for under the purchase method of accounting. The total purchase price paid for these acquisitions was $10.7 million and the respective net liabilities acquired was $1.1 million, resulting in goodwill recorded of $11.8 million.

The Company made no acquisitions during fiscal 2001 or 2000.

10. COMMITMENTS AND CONTINGENCIES

Lease Commitments

Safety-Kleen enters into operating leases primarily for real property and vehicles used by the Company under various terms and conditions. As discussed in Note 8, commitments related to operating leases are subject to compromise and additional claims may arise from the rejection of unexpired leases.

The contractually stated minimum future lease payments for property and equipment used by the Company consist of the following ($ in thousands):

Year ending August 31,	
2002	$ 9,419

2003	6,847
2004	4,794
2005	3,885
2006	3,427
Thereafter	5,312
Total minimum payments	$ 33,684

Purchase Commitments

Effective July 2001, Safety-Kleen entered into an agreement with Unisys Corporation and certain of its affiliates to provide outsourced information technology support functions related to personal computer and related network needs. The agreement provides for a monthly fee estimated at approximately $0.5 million based on, among other things, the actual number of workstations, laptops and servers used. The term of the agreement is for five years. Management has estimated that approximately $0.2 million of the monthly fee relates to providing outsourced information technology functions of the Company.

Liability Insurance

Safety-Kleen, through premiums paid to Laidlaw (see Note 14), carried general liability, vehicle liability, employment practices liability, pollution liability, directors and officers liability, worker's compensation and employer's liability coverage, as well as umbrella liability policies to provide excess coverage over the underlying limits contained in these primary policies. Effective September 1, 2000, Safety-Kleen obtained its insurance requirements from a third-party insurance company.

Safety-Kleen's insurance programs for certain worker's compensation, general liability (including product liability) and vehicle liability are self-insured up to certain limits. Claims in excess of these self-insurance limits are fully insured. For self-insured worker's compensation, general liability (including product liability), property, and vehicle liability, management estimates these liabilities based on actuarially determined estimates of the incurred but not reported claims plus any portion of incurred but not paid claims and premiums. These estimates are generally within a range of potential ultimate outcomes. All employee-related health care benefits are fully self-insured and liabilities

include both an accrual for an estimate of the incurred but not reported claims that is calculated using historical claims data and an accrual for the incurred but not paid claims and premiums.

The Company's liabilities for unpaid and incurred but not reported claims at August 31, 2001, 2000 and 1999 were $8.0 million, $4.3 million and $4.3 million, respectively, under the current risk management program. Certain product and worker's compensation liabilities have been classified as long-term liabilities based upon actuarial projections of future claims payments. These liabilities at August 31, 2001, 2000 and 1999 were $2.8 million, $1.1 million and $1.1 million, respectively. In addition, $1.1 million of the self-insured liabilities at August 31, 2001 and 2000, respectively, are subject to compromise. 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 and there is no guarantee that the Company or Safety-Kleen will have the cash or funds available to pay any or all claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be recorded in the periods in which such adjustments are known.

Employment Agreements

Safety-Kleen is party to employment agreements with certain executives of the

Company, which provide for compensation and certain other benefits. The agreements also provide for severance payments under certain circumstances.

Financial Assurance Matters

Under RCRA, TSCA, and analogous state statutes, owners and operators of certain waste management facilities are subject to financial assurance requirements to ensure performance of their closure, post-closure and corrective action obligations. Safety-Kleen Corp. and certain of its subsidiaries as owners and operators of RCRA and TSCA waste management facilities are subject to these financial assurance requirements. Applicable regulations allow owners and operators to provide financial assurance through a surety bond from an approved surety. Under federal regulations and in virtually all states, to qualify as an approved surety for the purposes of providing this type of financial assurance, a surety company must be listed on Circular 570, which is maintained and distributed publicly by the United States Department of the Treasury.

In compliance with the law, starting in 1997, Safety-Kleen procured surety bonds issued by Frontier Insurance Company ("Frontier") as financial assurance at numerous locations. Of the total amount of financial assurance required for the Company's locations under the environmental statutes, which approximated $420.0 million as of May 31, 2000, slightly more than 50% of such requirements were satisfied through assurances provided by Frontier in the form of surety bonds.

On June 6, 2000, the U.S. Treasury issued notification that Frontier no longer qualified as an acceptable surety on Federal bonds and had been removed from Circular 570 on May 31, 2000. Accordingly, effective May 31, 2000, Safety-Kleen no longer had compliant financial assurance for many of its facilities. Under applicable regulations, Safety-Kleen Corp.'s affected subsidiaries were required to obtain compliant financial assurance within sixty days, and in some states, more quickly (although the surety bonds issued by Frontier no longer qualify as acceptable federal bonds, they remain in place and effective until replaced). Immediately following this U.S. Treasury announcement, Safety-Kleen notified the EPA of its lack of audited consolidated financial statements for fiscal 1999, 1998 and 1997 and the difficulties that certain alleged accounting irregularities would cause Safety-Kleen in attempting to obtain compliant financial assurance for its facilities covered by the Frontier bonds. Safety-Kleen and the EPA also contacted states in which the non-compliant facilities were located and apprised such states of these facts.

Safety-Kleen and the EPA, acting on behalf of many, but not all, affected states, then engaged in negotiations resulting in the entry of a Consent Agreement and Final Order ("CAFO"), which the Bankruptcy Court approved on October 17, 2000. Some states referred their enforcement authority to the EPA for purposes of this CAFO and thus are, in effect, parties to the CAFO. Other states entered separate, but similar, consent agreements with Safety-Kleen. Some states have never entered separate written agreements, but have allowed Safety-Kleen to continue operating while it obtains coverage to replace the Frontier bonds.

The main component of the EPA CAFO (and of the consent agreements in various states) is a compliance schedule for Safety-Kleen Corp. and its affected subsidiaries to obtain compliant financial assurance for the facilities covered by the Frontier bonds. That schedule has been modified on several occasions since the CAFO was entered and as Safety-Kleen has replaced Frontier at various facilities.

Safety-Kleen believes that most, but not all, states that have retained primary jurisdiction on this issue and which have facilities where Frontier has not yet been replaced will accept the July 31, 2002 deadline under the CAFO, discussed below. However, Safety-Kleen has not concluded agreements with all such states. South Carolina has not followed the EPA schedule, as discussed below.

Safety-Kleen may seek further extensions from the EPA and the states, but the CAFO does not obligate the EPA and the states to grant such further extensions. Under the CAFO, the EPA reserves the right, in consultation with an affected state, to determine in its discretion and in accordance with applicable law, to modify these requirements. There can be no assurance that Safety-Kleen will be

able to complete its replacement of Frontier on a schedule acceptable to the EPA and the states. If it does not, Safety-Kleen could be assessed penalties in addition to those discussed in the next paragraph.

The CAFO imposed a penalty on Safety-Kleen Services, Inc. The penalty has grown to approximately $1.6 million as delays have ensued in the replacement of Frontier, and additional states have joined the CAFO (see discussion below). Some states have imposed financial assurance penalties in addition to this amount. Safety-Kleen believes such penalties, if asserted, would total approximately $1.0 million through January 31, 2002. The total asserted and unasserted penalties related to the Company through January 31, 2002, are approximately $1.3 million.

The State of South Carolina has not entered any consent agreement with Safety-Kleen that would extend any financial assurance regulatory deadline with respect to the Pinewood Facility. Moreover, South Carolina has not agreed to the July 31, 2002 deadline for the replacement of Frontier at inactive facilities and has notified Safety-Kleen that it is assessing daily penalties that escalate to a maximum of $6,000 per day at an inactive facility in that state that does not yet have coverage to replace Frontier. In the EPA CAFO and in some state consent agreements, Safety-Kleen agreed to a schedule by which the EPA and certain states may monitor Safety-Kleen's efforts to obtain compliant financial assurance. Among other things, the schedule required Safety-Kleen to provide audited restated consolidated financial statements for fiscal years 1997-1999 and the audited consolidated financial statements for fiscal 2000 by certain deadlines. Safety-Kleen did not meet the deadlines by the original due dates but subsequently provided the required information to the EPA and participating states. Accordingly, the EPA and certain states may impose additional penalties on Safety-Kleen, a portion of which may be allocable to the Company.

Under the CAFO, until such time as the affected facilities have obtained compliant financial assurance, Safety-Kleen Corp. and its affected facilities must not seek to withdraw an existing irrevocable letter of credit from Toronto Dominion Bank, which is subject to compromise, in the amount of $28.5 million for the benefit of Frontier and shall take all steps necessary to keep current the existing Frontier surety bonds.

In the CAFO, Safety-Kleen waived certain arguments they otherwise could have asserted under the Bankruptcy Code with respect to their financial assurance and certain other obligations under environmental laws. Safety-Kleen's lenders and the unsecured creditors committee have reserved their right to assert certain of such arguments.

Safety-Kleen understands that, on August 27, 2001, Frontier entered a rehabilitation proceeding that the New York Superintendent of Insurance will administer pursuant to New York law. Safety-Kleen further understands that in such a proceeding, the Superintendent takes possession of the property of Frontier and conducts its business. Safety-Kleen has been informed that these rehabilitation proceedings are unlikely to affect the validity of the remaining Frontier bonds at its facilities; however, there can be no guarantee that the remaining Frontier bonds at Safety-Kleen facilities will continue to be valid.

As of January 1, 2002, Safety-Kleen was in a position to replace Frontier at all its active facilities (actual replacement occurs as regulators review and accept the replacement policies Safety-Kleen has little or no control over the timing of this process). The current EPA deadline for replacement of Frontier at inactive facilities of the Company is July 31, 2002.

As of August 31, 2001, Safety-Kleen had provided financial assurances for the Company's facilities in the form of insurance policies and performance bonds to the applicable regulatory authorities totaling approximately $440.0 million, in connection with closure, post-closure and corrective action requirements of certain facility operating permits. Letters of credit of approximately $52.9 million are held to meet various financial assurance requirements for the

Company. Restricted assets of $22.2 million are held in trust for the Company's landfill closure, post-closure and environmental impairment (see Note 2). Insurance policies with limits of approximately $92.0 million are held to cover any bodily injury or property damage to third parties caused by accidental occurrences at certain of the Company's facilities.

Chapter 11 Proceedings

As described in Note 1, the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on June 9, 2000. Management continues to operate the business of the Debtors as debtors-in-possession under Sections 1107 and 1108 of the Bankruptcy Code. In this proceeding, the Debtors intend to propose and seek confirmation of a plan or plans of reorganization. Pursuant to the automatic stay provision of Section 362 of the Bankruptcy Code, virtually all pending pre-petition litigation against the Debtors is currently stayed.

As of August 31, 2001, proofs of claim in the approximate amount of $174.0 billion have been filed against the Debtors by, among others, secured creditors, unsecured creditors and security holders. Safety-Kleen is in the process of reviewing the proofs of claim and once this process is complete, will file appropriate objections to the claims in the Bankruptcy Court, including objections on behalf of the Company. As of August 31, 2001, Safety-Kleen believes it has identified approximately $170.8 billion of such claims that are duplicative or without merit. The Company believes that the amount of these claims related to the Company that are in excess of the $959.1 million recorded as liabilities subject to compromise in the accompanying Combined Balance Sheet at August 31, 2001 are: (i) duplicative or without merit; (ii) do not meet the criteria to be recorded as a liability under accounting principles generally accepted in the United States; and (iii) will not have a material effect on the accompanying Combined Balance Sheets, but there can be no assurance that management is correct and these claims may have a material effect on the accompanying Combined Balance Sheets.

As a result of the Chapter 11 Cases, Safety-Kleen has not paid certain real estate taxes and certain taxing authorities have asserted liens against certain real estate of the Company.

Currently, it is not possible to predict the length of time the Debtors will operate under the protection of Chapter 11, the outcome of the Chapter 11 proceedings in general, or the effect of the proceedings on the business of Safety-Kleen or on the interests of the various creditors and security holders. Under the Bankruptcy Code, post-petition liabilities and pre-petition liabilities subject to compromise must be satisfied

before shareholders can receive any distribution. The ultimate recovery to Safety-Kleen Corp.'s shareholders, if any, will not be determined until the end of the case when the fair value of the Debtors' assets is compared to the liabilities and claims against the Debtors. There can be no assurance as to what value, if any, will be ascribed to the Safety-Kleen Corp. common stock in the bankruptcy proceedings. Safety-Kleen Corp. does not believe that its shareholders will receive any distribution upon consummation of a plan or plans of reorganization.

Actions Involving Laidlaw Inc.

Laidlaw owns 43.6% of the outstanding common stock of Safety-Kleen and has various other arrangements and relationships with Safety-Kleen. On November 7, 2000, Laidlaw, on behalf of itself and its direct and indirect subsidiaries (collectively referred to as the "Laidlaw Group"), filed a proof of claim in the unliquidated amount of not less than $6.5 billion against the Debtors in the Chapter 11 Cases. The Laidlaw Group claims against the Debtors fall into the following general categories: 1) claims for indemnification; 2) contribution and reimbursement in connection with certain litigation matters; 3) claims against the Debtors for fraudulent misrepresentation, fraud, securities law violations,

and related causes of action; 4) insurance claims; 5) guaranty claims; 6) environmental contribution claims; 7) tax reimbursement claims; and 8) additional miscellaneous claims. On April 19, 2001, Safety-Kleen Corp. on behalf of itself and its direct and indirect subsidiaries, including those within the Company, filed with the Bankruptcy Court an objection to the proof of claim filed by Laidlaw Group.

On April 19, 2001, Safety-Kleen filed an action against Laidlaw and its affiliates, LTI and Laidlaw International Finance Corporation ("LIFC") (collectively the "Laidlaw Defendants") in the Debtors' Chapter 11 Cases, Adv. Pro. No. 01-01086 (PJW). This action seeks to recover a transfer of over $200 million in August 1999 (the "Transfer") made to or for the benefit of the Laidlaw Defendants, holders of 43.6% of Safety-Kleen Corp's common stock. Safety-Kleen asserts that the transfer is recoverable either as a preference payment to the extent the Transfer retired pre-existing debt or as a fraudulent transfer to the extent the Transfer redeemed equity or was made with intent to hinder, delay or defraud creditors. In the action, Safety-Kleen seeks to recover the Transfer, plus interest and costs occurring from the first date of demand from the Laidlaw Defendants.

On June 28, 2001, Laidlaw and five of its subsidiary holding companies, Laidlaw Investments Ltd., LIFC, Laidlaw One, Inc., LTI and Laidlaw USA, Inc. (collectively, "Laidlaw Debtors") filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of New York Case Nos. 01-14099K through 01-1404K. On the same day, Laidlaw and Laidlaw Investments Ltd. filed cases under the Canada Companies' Creditors Arrangement Act (CCAA) in the Ontario Superior Court of Justice in Toronto, Ontario. On October 16, 2001, Safety-Kleen and the Official Committee of Unsecured Creditors filed a proof of claim in the unliquidated amount of not less than $4.6 billion, subject to statutory trebling, plus punitive damages, interest, and costs, against Laidlaw Debtors in the above-referenced Chapter 11 cases. The claims against Laidlaw Debtors fall into the following general categories: 1) claims for fraud, racketeering, breach of fiduciary duty, and other related misconduct; 2) preference and fraudulent transfer claims; 3) breach of contract, misrepresentation, and other related misconduct; 4) guaranty claims; and 5) indemnification, contribution, and reimbursement claims. Laidlaw Debtors have not yet filed an objection to the proof of claim filed by Safety-Kleen. Safety-Kleen intends to vigorously pursue this claim. Similarly, certain directors of Safety-Kleen Corp. filed a proof of claim against Laidlaw Debtors. To the extent these directors are successful in obtaining payments that otherwise would have gone to Safety-Kleen, their interests could be deemed materially adverse to the interests of Safety-Kleen. As a result of Laidlaw Debtors' filings, the claims and causes of action Safety-Kleen may have against Laidlaw Debtors may be subject to compromise in the Laidlaw Debtors' Chapter 11 or CCAA proceedings.

In December 2001, pursuant to the Safety-Kleen/Laidlaw Mediation Discovery Protocol, the Debtors, the Debtors' secured lenders, the Debtors' Official Committee of Unsecured Creditors, certain of the Debtors' directors, Laidlaw Debtors and the Laidlaw Debtors creditors' committee and subcommittees agreed to undertake, on an expedited and consolidated basis, limited preliminary discovery to obtain information to assist in presenting submissions to a mediator in an effort to resolve certain outstanding claims between and among the parties in the Debtors' and Laidlaw Debtors bankruptcy cases. A mediation proceeding began in early April 2002. The parties continue discussions. The resolution of these matters could have a material adverse effect on financial condition of Safety-Kleen and the Company.

Legal Proceedings

Legal proceedings covering a wide range of matters are pending or threatened in the United States and foreign jurisdictions against Safety-Kleen and/or former and/or current officers, directors and employees. Many of these claims directly or indirectly impact the Company. Various types of claims are raised in these proceedings, including shareholder class action and derivative lawsuits, product liability, environmental, antitrust, tax, and breach of contract. Management consults with legal counsel in estimating reserves and developing estimates of ranges of potential loss.

Safety-Kleen has claims related to the Company where Safety-Kleen has assessed that an unfavorable outcome is probable. At August 31, 2001, the aggregate estimated potential loss on these claims range from approximately $14.4 million to approximately $62.7 million and the Company has recorded reserves of approximately $20.0 million, comprised of $18.4 million of accrued litigation subject to compromise and $1.6 million of environmental liabilities subject to compromise, representing its best estimate of losses to be incurred.

Additionally, Safety-Kleen also has substantial claims related to the Company where Safety-Kleen has assessed that an unfavorable outcome is probable or, at least, reasonably possible and which, if incurred, may have a material adverse effect on Safety-Kleen's and the Company's

financial condition. The Company, however, has not recorded reserves related to these claims as management believes the potential loss is not currently estimable.

The actual outcomes from these claims, the most significant of which are discussed below, could differ from these estimates.

Matters Related to Investigation of Safety-Kleen's Financial Results

On March 6, 2000, Safety-Kleen announced that it had initiated an internal investigation (the "Safety-Kleen Investigation") of its previously reported financial results and certain if its accounting policies and practices. This investigation followed receipt by Safety-Kleen Corp.'s Board of Directors of information alleging possible accounting irregularities that may have affected the previously reported financial results of Safety-Kleen. Following this announcement PricewaterhouseCoopers LLP, Safety-Kleen's independent accountants at that time, notified Safety-Kleen that it was withdrawing its previously issued reports of independent public accountants on the fiscal years 1999, 1998 and 1997 consolidated financial statements. The internal investigation included fiscal year 1997 and subsequent periods. The Board appointed a special committee, consisting of four directors who were then independent outside directors of Safety-Kleen Corp., to conduct the internal investigation (the "Special Committee (Investigation)"). The Special Committee (Investigation) was later expanded to five directors, with the addition of one additional independent outside director. The Special Committee (Investigation) engaged the law firm Shaw Pittman, and Shaw Pittman engaged the accounting firm Arthur Andersen LLP, to assist with the comprehensive investigation of these matters. The Board placed Kenneth W. Winger, Safety-Kleen Corp.'s President and Chief Executive Officer and a director, Michael J. Bragagnolo, Executive Vice President and Chief Operating Officer, and Paul R. Humphreys, Senior Vice President of Finance and Chief Financial Officer, on administrative leave on March 5, 2000. Safety-Kleen accepted the resignations of Messrs. Winger, Bragagnolo, and Humphreys, as officers, in mid-May 2000 and of Mr. Winger, as a director, on June 9, 2000, and subsequently terminated the employment of these individuals in July 2000.

On September 14, 2000, the Bankruptcy Court approved Safety-Kleen's motion to engage Arthur Andersen LLP (i) to act as its independent public accountants, (ii) to conduct an audit of Safety-Kleen's consolidated financial statements with respect to fiscal years 2000, 1999, 1998 and 1997, (iii) to continue assisting with the Safety-Kleen Investigation and (iv) to provide other services. Safety-Kleen restated its previously reported consolidated financial statements for each of the three years ended August 31, 1999, 1998 and 1997 in Safety-Kleen's Form 10-K/A for the year ended August 31, 2000 filed with the SEC on July 9, 2001.

On September 13, 2001, the Board of Directors dissolved the Special Committee (Investigation) and established the Special Committee (Conflicts of Interest in Litigation). The Special Committee (Conflicts of Interest in Litigation) is authorized to manage all litigation involving Safety-Kleen and any member of the

Board of Directors. The new committee is comprised of Ronald A. Rittenmeyer, Kenneth K. Chalmers, Peter E. Lengyel and David W. Wallace, each of whom was appointed to the Board subsequent to March 6, 2000 and is not personally involved in such litigation.

Beginning in March 2000, a number of lawsuits were filed, on behalf of various classes of investors, including bondholders and shareholders, against Safety-Kleen, certain officers, former directors, and others. The complaints that did name Safety-Kleen were subsequently amended eliminating Safety-Kleen as a defendant and adding certain other defendants, including certain Directors of Safety-Kleen Corp. The complaints allege, among other things, that the defendants made false and misleading statements and violated certain federal securities laws. Generally, the actions seek to recover damages in unspecified amounts that the plaintiffs allegedly sustained by acquiring shares of Safety-Kleen Corp.'s common stock or purchasing debt of Safety-Kleen. Although Safety-Kleen is not a party to these actions, certain of the individual defendants who are present or former officers or directors of Safety-Kleen Corp. have made demands to be indemnified by Safety-Kleen in connection with the action.

Shortly after Safety-Kleen's March 6, 2000, announcement, Safety-Kleen representatives met with officials of the SEC and advised the SEC of the alleged accounting irregularities and Safety-Kleen's internal investigation with respect to the allegations. On March 10, 2000, Safety-Kleen was advised that the SEC had initiated a formal investigation of Safety-Kleen. On or about March 22, 2000, Safety-Kleen Corp. was served with a subpoena issued by a Grand Jury sitting in the United States District Court for the Southern District of New York seeking production of documents sought by the SEC in its investigation. Safety-Kleen has responded to the subpoena. Safety-Kleen is cooperating with each of the investigations.

On October 4, 2001, Safety-Kleen, along with Robert W. Luba, the Estate of John W. Rollins, Sr., John W. Rollins, Jr., David E. Thomas, Jr., Henry B. Tippie, James L. Wareham, and Grover C. Wrenn filed an action in the Circuit Court of South Carolina, Richland County, against PricewaterhouseCoopers LLP and PricewaterhouseCoopers LLP (Canada), Civil No. 3:01-4247-17 (the "PWC Action"). The PWC Action alleges, among other things, that the defendants were negligent and reckless in failing to comply with applicable industry and professional standards in their review and audit of Safety-Kleen's consolidated financial statements and in the negligent and reckless failure to detect and/or report material misstatements in those consolidated financial statements. The Complaint alleges causes of action for breach of contract, breach of contract accompanied by a fraudulent act, professional negligence, negligent misrepresentation, violations of the South Carolina Unfair Trade Practices Act and a declaratory judgment for indemnification on behalf of the plaintiff directors. The Complaint seeks in excess of $1.0 billion from the defendants. Safety-Kleen intends to pursue this claim vigorously.

On November 13, 2001, Safety-Kleen, along with Robert W. Luba, the Estate of John W. Rollins, Sr., John W. Rollins, Jr., David E. Thomas, Jr., Henry B. Tippie, James L. Wareham, and Grover C. Wrenn filed an action in the Circuit Court of South Carolina, Richland County,

against National Union Fire Insurance Company of Pittsburgh, PA and American Home Assurance Company, Civil No. 01CP404813 (the "Insurance Action"). The Insurance Action alleges that the defendants wrongfully denied insurance coverage under certain directors and officers insurance policies for the various securities actions detailed above. The Complaint alleges causes of action for declaratory judgment and breach of contract. The Complaint also seeks insurance coverage for plaintiffs' for costs associated with defending the securities actions and for any liability plaintiffs may ultimately incur. Safety-Kleen intends to pursue this claim vigorously.

On December 13, 2000, thirteen lenders to Safety-Kleen Services, Inc., sued

PricewaterhouseCoopers LLP, in the State Court of Fulton County Georgia, alleging negligent misrepresentation by PricewaterhouseCoopers LLP, in connection with the consolidated financial statements of Safety-Kleen for fiscal years 1997, 1998 and 1999. The case is captioned Toronto Dominion (Texas), Inc., et al. v. PricewaterhouseCoopers LLP, Civil Action No. 00 VS 02679 F. The complaint has been amended twice, and the plaintiffs now number over 90 lenders to Safety-Kleen Services, Inc. On October 23, 2001, PricewaterhouseCoopers LLP, filed a motion for leave to file a third-party complaint naming Safety-Kleen and former Safety-Kleen Corp. officers Kenneth W. Winger, Michael J. Bragagnolo, and Paul B. Humphreys as third party defendants in a third party claim for indemnity or contribution. The Georgia state court granted leave and PricewaterhouseCoopers LLP, has now served a third party complaint against Safety-Kleen. Safety-Kleen is moving to enjoin the third party complaint and argues that it contravenes the automatic stay provisions of federal bankruptcy law.

General Environmental

The Company's hazardous and industrial waste services are continuously regulated by federal, state, provincial and local laws enacted to regulate the discharge of materials into the environment or primarily for the purpose of protecting the environment. This inherent regulation of the Company necessarily results in its frequently becoming a party to judicial or administrative proceedings involving all levels of governmental authorities and other interested parties. The issues that are involved generally relate to applications for permits and licenses by the Company and their conformity with legal requirements and alleged violations of existing permits and licenses. At April 11, 2002, the Company was involved in four proceedings in which a governmental authority is a party relating primarily to activities at waste treatment, storage and disposal facilities where management believes sanctions involved in each instance may exceed $100,000.

The most significant environmental and regulatory proceedings are discussed below:

(i) Safety-Kleen (Pinewood), Inc.

Safety-Kleen (Pinewood), Inc. ("Pinewood"), an entity included in the accompanying Combined Balance Sheets, owns and operated a hazardous waste landfill, the Pinewood Facility, near the Town of Pinewood in Sumter County, South Carolina. By an order dated May 19, 1994 ("Order"), the South Carolina Board of Health and Environmental Control ("Board") approved the issuance by the Department of Health and Environmental Control ("DHEC") of a RCRA Part B permit (the "Permit") for operation of the Pinewood Facility. The Permit included provisions governing financial assurance and capacity for the facility.

The Order established Pinewood's total permitted capacity of hazardous and non-hazardous waste to be 2,250 acre feet, including the amount of hazardous waste disposed prior to the date of the Order. South Carolina law requires that hazardous waste facilities provide evidence of financial assurance for potential environmental cleanup and restoration in form and amount to be determined by DHEC. The Order required Pinewood to establish and maintain the EIF in the amount of $133 million in 1994 dollars ($151 million in 2001 dollars) by July 1, 2004 as financial assurance for potential environmental cleanup and restoration of environmental impairment at the Pinewood Facility. The total fund requirement amount is to be adjusted annually by the Implicit Price Deflator for the Gross National Product as published by the U.S. Department of Commerce. The EIF has two components: (i) the GSX Contribution Fund, which was to be funded by Pinewood in annual cash payments over a ten year period; and (ii) the State Permitted Sites Fund, a legislatively created fund derived from fees on waste disposal at the Pinewood Facility. Under the Order, at the end of the 100-year post-closure care period, funding of the GSX Contribution Fund will be subject to evaluation by an independent arbitrator, who will determine what level of funding, if any, is still required. Safety-Kleen is entitled to seek recovery of any excess amount so determined. Upon termination of the GSX Contribution Fund, any remaining trust assets would revert to Pinewood. In 1993 and 1994, Pinewood paid approximately $15.5 million cash into the GSX Contribution Fund, which has grown to approximately $20.2 million as of August 31, 2001.

In June 1995, the South Carolina legislature approved regulations (the "Regulations") governing financial assurance for environmental cleanup and restoration. The Regulations gave owner/operators of hazardous waste facilities the right to choose from among six options for providing financial assurance. The options included insurance, a bond, a letter of credit, a cash trust fund and a corporate guaranty, subject to a financial soundness test.

From June 1995, under authority of the Regulations, Pinewood submitted financial assurance for potential environmental cleanup and restoration by way of a corporate guaranty by Laidlaw or insurance. Pinewood also left in place the GSX Contribution Fund. On September 15, 1995, DHEC issued a declaratory ruling finding that the Regulations were applicable to the financial assurance requirements for Pinewood.

Pinewood appealed the May 19, 1994, DHEC order and the opposing parties appealed the May 19, 1994, DHEC Order and the September 15, 1995, DHEC declaratory ruling and the appeals were consolidated in the South Carolina Circuit Court in the case captioned Laidlaw Environmental Services of South Carolina, Inc. et al., Petitioners vs. South Carolina Department of Health and Environmental Control and South Carolina Board of Health and Environmental Control, Respondents - Energy Research Foundation, et al., Intervenors, Docket Numbers

C/A 94-CP-43-175, 94-CP-43-178, 94-CP-40-1412 and 94-CP-40-1859. The opposing parties included Citizens Asking for a Safe Environment, Energy Research Foundation, County of Sumter, Sierra Club, County of Clarendon, Senator Phil Leventy, the South Carolina Department of Natural Resources and the South Carolina Public Service Authority.

The South Carolina Court of Appeals issued a decision on April 4, 2000 (substituting for a January 17, 2000 ruling) ruling that (i) the Regulations were invalid due to insufficient public notice during the promulgation procedure and ordering Pinewood to immediately comply with the cash financial assurance requirements of the May 19, 1994 Order; and (ii) both non-hazardous and hazardous waste count against Pinewood's capacity from the beginning of waste disposal, thereby reducing the remaining permitted capacity.

On June 13, 2000, the South Carolina Supreme Court denied Pinewood's petition for a writ of certiorari. On June 14, 2000, DHEC sent notice by letter to the Pinewood Facility directing that Pinewood cease accepting waste for disposal in 30 days and submit a closure plan. DHEC based this directive on the decision of the Court of Appeals that all non-hazardous waste disposed at Pinewood should be counted against Pinewood's hazardous waste capacity limit and DHEC's resulting conclusion that there is no remaining permitted capacity at Pinewood.

On June 22, 2000, DHEC notified Pinewood that the Court of Appeals' decision vacated the Regulations and, therefore, Pinewood has the sole responsibility to provide cash funding into the EIF in accordance with the May 19, 1994 Order. The DHEC notice also directed Pinewood to provide information to DHEC within 15 days on how Pinewood would comply with the Order including payment into the GSX Contribution Fund. As of August 31, 2001, there was approximately $20.2 million in the GSX Contribution Fund and approximately $14.7 million in the State Permitted Sites Fund. In 2001 dollars, the total EIF funding requirement is approximately $151.3 million. To comply with the financial assurance provisions of the Order, Pinewood would have to contribute the following payments (in 2001 dollars) as follows, subject to the automatic stay provisions discussed below ($ in thousands):

Amount due during fiscal year:	
2002	$ 109,811
2003	6,625
Total	$ 116,436

Additionally, on June 9, 2000 (on the same day, but after, Pinewood filed its petition for bankruptcy protection in the Bankruptcy Court), DHEC issued an Emergency Order finding that Frontier (the issuer of the bonds used by Pinewood to provide for financial assurance for the costs of closure and post-closure, and third party liability) no longer met regulatory standards for bond issuers. Based on this finding, DHEC ordered Pinewood to cease accepting waste for disposal by August 28, 2000, unless it could provide acceptable alternative financial assurance by June 27, 2000.

On July 7, 2000, in the legal action captioned: In re: Safety-Kleen Corp., et al. Debtor, Chapter 11 Cases, Delaware Bankruptcy Court, Case Nos. 00-203 (PJW), Adversary Proceeding No. 00-698-Safety-Kleen (Pinewood), Inc. v. State of South Carolina, et al., District of South Carolina (MJP) Case No. 3:00-2243-10, Pinewood commenced legal proceedings in the United States District Court for the District of Delaware challenging DHEC's June 9, 2000, Emergency Order and DHEC's June 14 and June 22, 2000 notice letters. Pinewood sought to stay and/or enjoin DHEC and the State of South Carolina from enforcement of these directives on the grounds that the actions of DHEC were invalid under various provisions of the United States Constitution, violated the automatic stay provision of the Bankruptcy Code and/or should be enjoined under the equitable powers of the Bankruptcy Court. As an alternative cause of action, Pinewood demanded that it be compensated for the taking of its property without just compensation under provisions of the Constitutions of the United States and the State of South Carolina.

On July 12, 2000, the Delaware U.S. District Court issued an Order transferring the case to the United States District Court for the District of South Carolina.

On August 25, 2000, the U.S. District Court for the District of South Carolina issued rulings that (i) denied South Carolina's motion to dismiss Pinewood's claims upon jurisdictional grounds and certified the issue for an immediate appeal to the United States Court of Appeals for the Fourth Circuit; (ii) held that the June 9, 2000 Emergency Order was subject to the automatic stay provisions of Section 362 of the Bankruptcy Code; and (iii) denied Pinewood's motion for a preliminary injunction with respect to the June 14, 2000 DHEC letter. The State of South Carolina and Pinewood appealed the District Court's ruling to the United States Court of Appeals for the Fourth Circuit.

On December 19, 2001, the United States Court of Appeals for the Fourth Circuit issued its decision on the appeals from Pinewood and DHEC. The Fourth Circuit (i) affirmed the District Court's ruling that Pinewood's action was not barred for failing to state a claim, or on other jurisdictional grounds, (ii) reversed the District's Court's ruling as to the automatic stay, holding that the automatic stay does not apply to DHEC's efforts to enforce the financial assurance requirements, and (iii) affirmed the District Court's denial of Pinewood's motion for a preliminary injunction. On January 22, 2002, DHEC issued a letter to Pinewood directing that various investigative and other actions be taken with respect to the landfill and current Pinewood operating procedures. On January 29, 2002, DHEC issued a letter to Pinewood requiring that it submit a closure plan within 30 days. Pinewood has appealed both the January 22 and January 29 directives while at the same time continuing discussions with DHEC to resolve all open issues. On March 11, 2002, DHEC advised Pinewood that it had submitted a conceptual closure plan that met the intent of DHEC's January 29, 2002 letter. There can be no assurance that these matters will be resolved in favor of the Company and there can be no assurance as to whether the outcome may have a material adverse effect on the Company's financial position.

(ii) Ville Mercier Facility

On January 12, 1993, Safety-Kleen Services (Mercier) Ltd. ("the Subsidiary"), an entity included in the accompanying Combined Balance Sheets, filed a declaratory judgement action (Safety-Kleen Services (Mercier) Ltd. v. Attorney General of Quebec; Pierre Paradis, in his capacity as Minister of the Environment of Quebec; Ville Mercier; and LaSalle Oil Carriers, Inc.) in the Superior Court for

the Province of Quebec, District of Montreal. The legal proceeding seeks a court determination of the liability associated with the contamination of former lagoons that were located on the Company's Ville Mercier property. The Subsidiary asserts that it has no responsibility for the contamination on the site. The Minister filed a Defense and Counterclaim in which it asserts that the Subsidiary is responsible for the contamination, should reimburse the Province of Quebec for past costs incurred in the amount of $17.4 million (CDN), and should be responsible for future remediation costs. The legal proceedings are in the discovery stage.

The contamination on the Ville Mercier facility dates back to 1968, when an unrelated company owned the property. In 1968, the Quebec government issued two permits to the unrelated company to dump organic liquids into lagoons on the Ville Mercier property. By 1972, groundwater contamination had been identified and the Quebec government provided an alternate water supply to the municipality of Ville Mercier. Also in 1972, the permit authorizing the dumping of liquids was terminated and a permit to operate an organic liquids incinerator on the property was issued. (The entity to which this permit was issued was indirectly acquired by Safety-Kleen Corp. in 1989.) In 1973, the Quebec government contracted with the incinerator operator to incinerate the pumpable liquids in the lagoons. In 1980, the incinerator operator removed, solidified and disposed of the non-pumpable material from the lagoons in a secure cell and completed the closure of the lagoons at its own expense. In 1983, the Quebec government constructed and continues to operate a groundwater pumping and treatment facility near the lagoons.

Safety-Kleen believes that the Subsidiary is not the party responsible for the lagoon and groundwater contamination and the Subsidiary has denied any responsibility for the decontamination and restoration of the site. In November 1992, the Minister of the Environment ordered the Subsidiary to take all the necessary measures to excavate, eliminate or treat all of the contaminated soils and residues and to recover and treat all of the contaminated waters resulting from the aforementioned measures. The Subsidiary responded by letter, reiterating its position that it had no responsibility for the contamination associated with the discharges of wastes into the former Mercier lagoons between 1968 and 1972 and proposing to submit the question of responsibility to the Courts for determination as expeditiously as possible through the cooperation of the parties' respective attorneys, resulting in the filing of the pending action.

On or about February 9 and March 12, 1999, Ville Mercier and three neighboring municipalities filed separate legal proceedings against the Subsidiary and certain related companies together with certain former officers and directors, as well as against the Government of Quebec (Ville Mercier v. Safety-Kleen Services (Mercier) Ltd., et. al.; Ville de Chateauguay v. Safety-Kleen Services (Mercier) Ltd., et. al.; Municipality of Ste-Martine v. Safety-Kleen Services (Mercier) Ltd., et. al.; and St.Paul de Chateauguay v. Safety-Kleen Services (Mercier) Ltd., et. al.). The lawsuits assert that the defendants are jointly and severally responsible for the contamination of groundwater in the region, which Plaintiffs claim was caused by contamination from the former Ville Mercier lagoons, and which they claim caused each municipality to incur additional costs to supply drinking water for their citizens since the 1970's and early 1980's. The four municipalities claim a total of $1.6 million (CDN) as damages for additional costs to obtain drinking water supplies and seek an injunctive order to obligate the defendants to remediate the groundwater in the region. The Subsidiary will continue to assert that it has no responsibility for the ground water contamination in the region. The legal proceedings are in the discovery stage.

(iii) Marine Shale Processors

Beginning in the mid-1980's and continuing until July 1996, Marine Shale Processors, Inc., located in Amelia, Louisiana ("Marine Shale"), operated a kiln which incinerated waste producing a vitrified aggregate as a by-product. Marine Shale contended that its operation recycled waste into a useful product, i.e. vitrified aggregate, and therefore, was exempt from RCRA regulation and permitting requirements as a Hazardous Waste Incinerator. The EPA contended that Marine Shale was a "sham-recycler" subject to the regulation and permitting

requirements as a Hazardous Waste Incinerator under RCRA, that its vitrified aggregate by-product is a hazardous waste, and that Marine Shale's continued operation without required permits was illegal. Litigation between the EPA and Marine Shale with respect to this issue began in 1990 and continued until July 1996 when Marine Shale was ordered to shut down its operations by U.S. Fifth Circuit Court of Appeals.

During the course of its operation, Marine Shale produced thousands of tons of aggregate, some of which was sold as fill material at various locations in the vicinity of Amelia, Louisiana, but most of which is stockpiled on the premises of the Marine Shale facility. Moreover, as a result of past operations, soil and groundwater contamination may exist on the Marine Shale site.

In November 1996, an option to buy Marine Shale was obtained by Earthlock Technologies, Inc. ("Earthlock") formerly known as GTX, Inc. with the intent to operate the facility as a permitted Hazardous Waste Incinerator. Subsequently, Marine Shale, Earthlock and the EPA reached a settlement, including a required cleanup of the aggregate and the facility, and the Louisiana Department of Environmental Quality issued a draft permit to Earthlock for operation of the Marine Shale facility as a RCRA-permitted Hazardous Waste Incinerator. Opposition parties filed appeals and in October 1999, a Louisiana State Court Judge ruled that the draft permit was improperly issued. Earthlock appealed this decision and in October 2000, the Appeals Court reversed the lower court and affirmed the permit issuance. The opposition parties filed applications for Supervisory Writs with the Louisiana Supreme Court, and these applications were denied in April 2001. There may be further

legal challenges to the permit and it is uncertain whether or when Earthlock will exercise its purchase option and begin operation of the Marine Shale facility.

The Company was one of the largest customers of Marine Shale. In the event Marine Shale does not operate, the potential exists for an EPA action requiring cleanup of the Marine Shale site and the stockpiled aggregate under CERCLA. In this event, the Company would be exposed to potential financial liability for remediation costs as a PRP under CERCLA.

(iv) RayGar Environmental Systems International Litigation

On August 7, 2000, RayGar Environmental Systems International, Inc. filed its First Amended Complaint in the United States District for the Southern District of Mississippi, Hattiesburg Division, Civil Action No. 2:9CV376PG, against Laidlaw, Laidlaw Investments, Ltd., LTI, LESI, LES, Inc. (a wholly-owned subsidiary of Safety-Kleen Corp. now known as Safety-Kleen Services, Inc.), Laidlaw Environmental Services (U.S.), Inc. (an indirect wholly-owned subsidiary of Safety-Kleen Corp. and predecessor to Safety-Kleen Services, Inc.), Laidlaw OSCO Holdings, Inc. (a wholly-owned subsidiary of Safety-Kleen Corp. now known as Safety-Kleen OSCO Holdings, Inc., a company included in the accompanying Combined Balance Sheets), Laidlaw International, and Safety-Kleen Corp. alleging a variety of Federal antitrust violations and state law business torts. RayGar seeks damages it has allegedly sustained as a result of the defendants' actions in an amount of not less than $450 million in actual compensatory damages and not less than $950 million for punitive damages.

The dispute arises from an unsuccessful effort pursuant to an agreement between RayGar and Safety-Kleen, to obtain RCRA and related permits for the operation of a wastewater treatment facility in Pascagoula, Mississippi. The action has not proceeded against Safety-Kleen due to the Chapter 11 Cases.

(v) Federated Holdings, Inc. Litigation

On November 6, 2000, Federated Holdings, Inc. (FHI) filed a lawsuit against Laidlaw, Laidlaw Investments, Ltd., LTI, LESI (now Safety-Kleen Corp.), LES, Inc., Laidlaw OSCO Holdings, Inc. (a wholly-owned subsidiary of Safety-Kleen now

known as Safety-Kleen OSCO Holdings, Inc., and a company included in the accompanying Combined Balance Sheets), Laidlaw International, and Safety-Kleen Corp. in the United States District Court for the Southern District of Mississippi, Hattiesburg Division, Civil Action No. 2:00CV286 alleging a variety of Federal antitrust violations and state law business torts. FHI seeks damages it has allegedly sustained as a result of the defendants' actions in an amount of not less than $200 million in actual compensatory damages and not less than $250 million for punitive damages.

The dispute arises from an unsuccessful effort pursuant to an agreement between FHI and a Safety-Kleen Corp. subsidiary to obtain RCRA and related permits for the operation of a hazardous waste landfill in Noxubee County, Mississippi. The action has not proceeded against Safety-Kleen due to the Chapter 11 Cases.

(vi) Hudson County Improvement Authority Litigation

In July 1999, Hudson County Improvement Authority ("HCIA") filed suit in the Superior Court, Hudson County, New Jersey against SK Services (East), L.C. ("SK Services East") (a company included in the accompanying Combined Balance Sheets), Safety-Kleen, American Home Assurance Company, and Hackensack Meadowlands Development Commission. An Amended Complaint was filed on August 18, 1999, in which HCIA sought damages and injunctive relief evicting SK Services East from a 175-acre site in Kearny, New Jersey owned by HCIA. SK Services East had been using the site pursuant to an Agreement and Lease dated as of February 2, 1997 (the "Agreement and Lease") for the processing and disposal of processed dredge material. HCIA alleged that certain conditions precedent to SK Services East's right to continue operations at the site had not occurred, that as a result the Agreement and Lease had automatically terminated, that SK Services East owed HCIA approximately $11 million in back rent, and that SK Services East was obligated to finish the remediation of the site and its preparation for development as a commercial property. In January 2000, the Court granted HCIA summary judgment on its motion to declare the Agreement and Lease null and void as a result of the failure of the conditions precedent. This ruling effectively terminated the relationship between SK Services East and HCIA leaving only the issue of the determination of the rights and responsibilities of the parties in the unwinding of the relationship. In May 2000, HCIA filed for summary judgment seeking an order declaring that SK Services East is obligated to complete all measures required under the Remedial Action Work Plan for the site. SK Services East filed a brief opposing the motion. In June 2000, HCIA withdrew its pending motion, with the Court's understanding that the motion could be re-filed if the automatic stay in connection with Debtor's Chapter 11 bankruptcy protection is lifted. On July 11, 2001 the Bankruptcy Court entered an Order authorizing Debtor's rejection of the executory contracts and the unexpired lease to which SK Services East and HCIA were parties. The Order does not limit, abridge, or otherwise effect HCIA's right to assert and seek remedies regarding its pre- and/or post-petition claims against Safety-Kleen for damages and other relief. Also on July 11, 2001 the Bankruptcy Court granted HCIA's motion to modify the Bankruptcy Code's automatic stay, and entered an Order permitting the Superior Court of New Jersey, Hudson County, to make its final determination regarding SK Services East contractual obligations under the Agreement and Lease. The Superior Court held oral argument on this matter in September 2001 and advised the parties that the Court wanted the parties to make good faith efforts to reach an agreement as to the remaining obligations before the Court issues a decision. Representatives of all the parties involved in the remediation development activities at the Kearny, NJ site met on December 5, 2001 for preliminary discussions of a final resolution of all open issues. The Company has recorded its expected remaining liability related to the rejected lease as a component of liabilities subject to compromise in the accompanying Combined Balance Sheets at August 31, 2001.

(vii) ECDC Environmental, L.C. Claim

The Company entered into a long-term contract (the "4070 Contract") with General Motors Corporation ("GM") to manage certain GM waste products. One requirement

of the 4070 Contract was to provide a dedicated cell for GM waste products at a landfill facility owned by ECDC Environmental, L.C. ("ECDC"), which was then a Safety-Kleen Corp. subsidiary. In November 1997, Safety-Kleen Corp. sold its interest in ECDC to an affiliate of Allied Waste Industries, Inc. Pursuant to the sale, ECDC, the Company entered the GM Waste Disposal Agreement (the "WDA") governing the obligations of the parties with respect to the continued management of GM waste in the dedicated cell at the ECDC landfill.

By letter dated May 15, 2000, Safety-Kleen was notified of GM's intent to terminate the 4070 Contract for default, effective December 31, 2000. Under the WDA, default by the Company under the 4070 Contract would have obligated the Company to pay certain costs, rebates and damages to ECDC in accordance with the terms of the WDA.

The Debtors, including the Company, which were parties to the 4070 Contract and the WDA, filed for protection under Chapter 11 of the Bankruptcy Code. In anticipation of the Company's rejection of the 4070 Contract pursuant to 11 U.S.C. (s)365, on October 30, 2000, ECDC filed a claim for not less than approximately $11 million plus other additional, and unspecified damages for the Company's breach of the 4070 Contract and WDA. Subsequently, the Bankruptcy Court granted the motion by Safety-Kleen and certain of its subsidiaries, which were parties to the 4070 Contract and the WDA, to reject both the 4070 Contract and the WDA, effective December 1, 2000.

(viii) Bryson Adams Litigation

In 1996, a lawsuit was filed in the federal court in Baton Rouge, Louisiana, under the caption Carleton Gene Rineheart et al. v. CIBA-GEIGY Corporation, et al., U.S. District Court for the Middle District of Louisiana, CA #96-517, Section B(2). In October 1999, a substantially similar lawsuit was filed in state court in Lafayette Parish, Louisiana, under the caption of Bryson Adams, et al. v. Environmental Purification Advancement Corporation, et al., Civil Action No. 994879, Fifteenth Judicial District Court, Parish of Lafayette, State of Louisiana. In December 2000, these two cases were consolidated with Adams designated as the lead case. In this consolidated litigation, plaintiffs are suing for alleged personal injury and/or property damage arising out of the operation of certain waste disposal facilities near Bayou Sorrel, Louisiana. The initial Bryson Adams lawsuit was filed on behalf of 320 plaintiffs against 191 defendants.

The Company owns and operates a hazardous waste deep injection well in Bayou Sorrel, Louisiana and is named as a defendant. The Company is also named as a defendant for its alleged role as a generator and arranger for disposal or treatment of hazardous waste at certain of the disposal facilities, which are named in the litigation. It is alleged that the Company was the operator of the injection well in question from 1974 through the present. In addition to the claims asserted by the plaintiffs, there is the potential that the customers of the injection well, who are also defendants, may assert claims for indemnification against the Company. The action has not proceeded against the Company due to the filing of their Chapter 11 Cases on June 9, 2000.

(ix) FUSRAP Waste Disposal at Safety-Kleen (Buttonwillow), Inc.

Safety-Kleen (Buttonwillow), Inc., a company included in the accompanying Combined Balance Sheets, owns and operates a hazardous waste landfill in Kern County, California. The facility accepted and disposed of construction debris that originated at a site in New York, which was part of the federal Formerly Utilized Sites Remediation Program (FUSRAP). The construction debris was low-activity radioactive waste and was shipped to the site by the U.S. Army Corps of Engineers (USACE). FUSRAP was created in the mid-1970s in an attempt to manage various sites around the country contaminated with residual radioactivity from activities conducted by the Atomic Energy Commission and United States military during World War II. The California Department of Health Services (DHS) has claimed that the facility did not lawfully accept the waste. Both DHS and the Department of Toxic Substances Control (DTSC) have filed claims in the Debtor's Chapter 11 Cases preserving the right of the agencies to seek penalties and possibly compel removal of the material should an ongoing investigation reveal the subsidiary acted improperly. DHS claimed penalties in the amount of

$0.6 million and potential removal costs of $15.5 million should DHS have to oversee and/or conduct the removal. The proof of claim filed by the DTSC was in the amount of $15.0 million for potential penalties plus an unspecified amount for any costs the DTSC may incur should the subsidiary be forced to remove the waste. Safety-Kleen (Buttonwillow), Inc. and the USACE contend the material was properly disposed of and will vigorously resist the imposition of any penalties or any efforts to require that waste be removed.

11. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Carrying amounts reported in the accompanying Combined Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued other liabilities approximate fair value due to the short-term nature of these instruments.

Long-term investments - The fair value of the restricted funds held by trustees approximates carrying value (see Note 2).

Long-term debt - Due to the uncertainty resulting from the Chapter 11 Cases discussed in Note 1, the fair value of the Safety-Kleen's long-term debt at August 31, 2001 and 2000 is not determinable. The fair value of Safety-Kleen's long-term debt at August 31, 1999 also cannot be determined. Therefore, fair value of the amounts allocated to the Company at August 31, 2001, 2000 and 1999 are not determinable.

Fair value estimates are made at a specific point in time based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

12. EMPLOYEE BENEFIT PLANS

Defined benefit plans

As of August 31, 2001, Safety-Kleen did not sponsor any significant active defined benefit pension plans for employees of the Company. For plans terminated during fiscal 2000, all accumulated benefits have been distributed to plan participants.

Upon completion of the Rollins Acquisition, the plan sponsor requested permission from all interested parties to terminate the Rollins pension plan. The labor union organizations representing the Rollins employees declined to grant their permission. Safety-Kleen formed a "mirror image" plan, a plan identical in all respects, to the then existing Rollins pension plan. The mirror image plan was named the LES Union Pension Plan, and the union-represented participants and their related accumulated benefit obligations were transferred to the new plan. Accumulated plan benefits were not affected by the transfer. Participants without union affiliations remained in the Rollins pension plan which was formally terminated in July 1997 and the final settlement was paid in September 1998.

In January 1998, certain union organizations granted their permission to terminate the LES Union Pension Plan and, during July 1998, the application for determination upon termination was filed with the Internal Revenue Service. The final settlement payout for the LES Union Pension Plan was made in May 1999. All remaining participants represented by union organizations not granting termination permission were transferred to another "mirror image" plan, the Deer Park Union Pension Plan, effective February 1, 1998. In March 1999, management obtained the remaining union organizations' permission to terminate the Deer Park Union Pension Plan. Plan assets were distributed to participants in March 2000.

Changes in the projected benefit obligations and pension plan assets relating to

the Company's defined benefit pension plans at August 31, 2001, 2000 and 1999, are set forth in the following table ($ in thousands):

	2001	2000	1999
Change in benefit obligation			
Net benefit obligation at beginning of year	$ --	$ 3,312	$ 22,395
Service cost			58
Interest cost	--	--	102
Curtailment gain	--	--	(775)
Settlement loss	--	1,851	8,322
Benefits paid	--	(5,163)	(26,790)
Net benefit obligation at end of year	--	--	3,312
Change in plan assets			
Fair value of plan assets at beginning of year	387	3,742	21,994
Net plan assets acquired	--	--	--
Actual return on plan assets	26	1,808	3,329
Contributions	17	--	5,209
Benefits paid	(44)	(5,163)	(26,790)
Commissions, fees and expenses	(44)	--	--
Fair value of plan assets at end of year	342	387	3,742
Accrued benefit surplus	$ 342	$ 387	$ 430

Effective as of October 14, 1997, Safety-Kleen adopted a Supplemental Executive Retirement Plan (SERP) for certain eligible employees. The SERP is an unfunded plan that provides for benefit payments in addition to those payable under a qualified retirement plan. At August 31, 2001, 2000 and 1999, a liability of approximately $1.3 million, $0.5 million and $0.1 million, respectively, related to the employees of the Company included in the SERP plan, is recorded in other long-term liabilities.

Defined contribution plan

The Company offers to all eligible employees the opportunity to participate in Safety-Kleen's defined contribution employee benefit plan (the "Safety-Kleen 401(k) Plan"). Employees are allowed to contribute up to 15% of their annual salary to the Safety-Kleen 401(k) Plan, and during fiscal 2001, the Company made matching contributions limited to 75% of the first 6% of an employee's eligible compensation. In fiscal 2002, the Board of Directors of Safety-Kleen Corp. has determined to suspend matching contributions indefinitely.

Stock-based compensation

Certain of the Company's employees participate in stock option plans that are sponsored by and associated with the stock of Safety-Kleen Corp. At August 31, 2001, the Company's employees held 318,425 options with exercise prices ranging from $11.50 to $23.00.

13. INCOME TAXES

The Company is comprised of specific internal business units of Safety-Kleen, included within certain domestic, Canadian and Mexican subsidiaries and therefore does not report on a consolidated basis for tax purposes. Accordingly, for purposes of the accompanying Combined Balance Sheets, the current income tax liability and the deferred tax assets and liabilities have been presented using the separate return method as allowed by SFAS 109, "Accounting for Income Taxes". Differences, if any, between the amounts included in the accompanying Combined Balance Sheets and the amounts recorded by the Company entities

participating in Safety-Kleen's tax sharing arrangement have been included in parent company investment, net in the accompanying Combined Balance Sheets.

Deferred tax assets and liabilities at August 31, 2001, 2000 and 1999 consisted of the following ($ in thousands):

	2001	2000	1999
Deferred tax assets:			
Allowance for uncollectible invoices	$ 6,993	$ 4,579	$ 1,789
Deferred revenue	2,375	11,871	16,213
Accrued liabilities	127,004	101,368	74,657
Tax attribute carryovers	242,281	179,221	115,258
Deferred financing costs	4,226	5,313	--
Excess of tax basis over book basis	11,174	18,179	--
Other	1,066	635	--
Total gross deferred tax assets	395,119	321,166	207,917
Less -Valuation allowance	(339,535)	(297,530)	(128,485)
Net deferred tax assets	55,584	23,636	79,432
Deferred tax liabilities:			
Excess of book basis over tax basis	(32,481)	(34,556)	(94,856)
Interest	(43,421)	(8,629)	--
Other	(23,240)	(23,228)	(18,607)
Total gross deferred tax liabilities	(99,142)	(66,413)	(113,463)
Net deferred tax liabilities	$ (43,558)	$ (42,777)	$ (34,031)

The reported deferred tax attributes differ from the Company's actual tax attributes as they have been adjusted to consider the allocations used to prepare the accompanying Combined Balance Sheets.

As of August 31, 2001, the Company's allocable share of Safety-Kleen's net operating loss ("NOL") carryforwards for U.S. federal income taxes was approximately $487 million expiring in the years 2006 through 2021. Such NOLs are subject to limitations of both Treasury Regulation 1.1502-21 and Internal Revenue Code "IRC" Section 382. At August 31, 2001, the Company's allocable share of Safety-Kleen's interest carryovers of approximately $8.9 million limited by IRC Section 163(j) are available against U.S. federal tax without expiration. The NOL carryforwards are based on tax returns as currently filed and are subject to change based on Safety-Kleen's detailed review and analysis of all restatement adjustments for tax purposes, as it is not practicable to determine the impact or related interest and penalties, if any, of the restatement adjustments on amended returns at this time. Safety-Kleen's tax returns are subject to periodic audit by the various jurisdictions in which it operates. These audits, including those currently underway, can result in adjustments of taxes due or adjustments of the NOLs, which are available to offset future taxable income. Implementation of a plan or plans of reorganization will likely reduce the availability of some or all of these NOL carryforwards.

Valuation allowances have been established for uncertainties in realizing the benefit of certain tax loss carryforwards and other deferred tax assets. In assessing the realizability of carryforwards and other deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The valuation allowance is adjusted in the period management determines it is more likely than not that deferred tax assets will or will not be realized.

Until May 1997, Safety-Kleen was included in the consolidated U.S. tax returns filed by Laidlaw. As such, Safety-Kleen is jointly and severally liable for any taxes due with respect to those returns. Accordingly, Safety-Kleen and the Company could be responsible for taxes relating to adjustments to the 1997 and prior consolidated tax returns of Laidlaw.

14. RELATED PARTY TRANSACTIONS

Corporate

The Company receives certain support services consisting primarily of legal, accounting, finance and information technology through Corporate. Costs incurred by Corporate that can reasonably be associated with the Company are allocated using methods which management believes reflect the cost of services performed. The allocations were based on a specific identification of Corporate costs attributable to the Company and, to the extent that such identification was not practicable, based on the Company's estimate of how Corporate resources were consumed. Safety-Kleen believes these allocations have been effected on a systematic and rational basis. These allocations are included in intercompany account balances between the Company, BSSD and Corporate. Accordingly these balances are included in parent company investment, net in the accompanying Combined Balance Sheets.

Branch Sales and Service Division

The Company provides a variety of services to BSSD, including the collection, treatment and disposal of hazardous and non-hazardous wastes. The Company believes that charges to BSSD for these services approximate market prices. In addition, the Company charges the BSSD for services provided to the BSSD, including engineering and environmental accounting services.

The Company sends certain waste streams to the BSSD recycle centers and kilns and is charged amounts the Company believes approximate market prices.

Net amounts due to or due from the BSSD are included in parent company investment, net in the accompanying Combined Balance Sheets.

Laidlaw Inc.

Insurance premiums owed by the Company to Laidlaw, including those related to workers' compensation, general and auto liability, as described in Note 10, totaled $0.4 million, $0.4 million and $1.5 million at August 31, 2001, 2000 and 1999, respectively. Rates paid under insurance contracts were determined on a similar basis as those charged under similar contracts with third-party insurers.

Pursuant to the Rollins Acquisition, Laidlaw and LTI, and indirect wholly-owned subsidiaries of Laidlaw, agreed to jointly and severally indemnify Safety-Kleen for certain obligations and liabilities. Also pursuant to the acquisition, Safety-Kleen agreed to jointly and severally indemnify Laidlaw and LTI for certain obligations and liabilities. Additionally, certain other guaranties have been entered into by Laidlaw on behalf of Safety-Kleen (see Notes 7 and 10).

Certain former directors or officers of Safety-Kleen Corp. also served as directors or officers of Laidlaw during fiscal 2000 and 1999. As of August 31, 2001, no directors or officers of Safety-Kleen Corp. served as directors or officers of Laidlaw.

Currently, there are substantial claims and counterclaims between Safety-Kleen, Laidlaw and its affiliates (see Note 10).

Rollins Truck Leasing Corp.

Until February 26, 2001, Mr. Tippie, a director of Safety-Kleen Corp., was Chairman of the Board, Chairman of the Executive Committee, President and CEO of Rollins Truck Leasing Corp. At August 31, 2001, 2000 and 1999, the Company owed Rollins Truck Leasing Corp. approximately $0.7 million, $0.9 million and $0.9 million, respectively, for truck rentals. Rollins Truck Leasing Corp. also purchased certain supplies from the Company. At August 31, 2001, 2000 and 1999, no amounts were owed to the Company.

Matlack Systems, Inc.

Mr. Tippie is a director and shareholder of Matlack Systems, Inc. Mr. Rollins, Jr., who is a member of Safety-Kleen Corp.'s Board of Directors, is Chairman of the Board and a shareholder of Matlack Systems, Inc. At August 31, 2001, 2000 and 1999, the Company owed Matlack Systems, Inc. approximately $0.2 million, $0.2 million and $0.4 million, respectively, for transportation services. At August 31, 2001, 2000 and 1999, Matlack Systems, Inc. owed the Company approximately less than $0.1 million, for the purchases of supplies and services.

The above related party transactions which involve certain current or former directors or officers of the Company and Safety-Kleen were conducted on terms similar to those of third parties.

15. CONDENSED COMBINED BALANCE SHEETS OF ENTITIES IN BANKRUPTCY

The following condensed Combined Balance Sheets are presented in accordance with SOP 90-7:

Condensed Combining Balance Sheet
At August 31, 2001

In thousands	Entities In Reorganization Proceedings	Entities Not In Reorganization Proceedings	Combined Totals
ASSETS:			
Current assets	$ 95,659	$ 26,258	$ 121,917
Property, plant & equipment, net	182,113	58,047	240,160
Intangibles assets, net	260,755	72,603	333,358
Other assets	23,065	386	23,451
	$ 561,592	$ 157,294	$ 718,886
LIABILITIES:			
Current liabilities	$ 82,473	$ 43,910	$ 126,383
Non-current liabilities	275,019	53,790	328,809
Liabilities subject to compromise	959,079	--	959,079
PARENT COMPANY INVESTMENT, NET	(754,979)	59,594	(695,385)
	$ 561,592	$ 157,294	$ 718,886

Condensed Combining Balance Sheet
At August 31, 2000

In thousands	Entities in Reorganization Proceedings	Entities not in Reorganization Proceedings	Combined Totals
ASSETS:			
Current assets	$ 142,882	$ 24,232	$ 167,114
Property, plant and equipment, net	196,761	65,420	262,181
Intangible assets, net	274,400	72,792	347,192
Other assets	32,935	732	33,667
	$ 646,978	$ 163,176	$ 810,154
LIABILITIES:			
Current liabilities	$ 86,338	$ 37,511	$ 123,849
Non-current liabilities	223,179	55,419	278,598
Liabilities subject to compromise	963,354	--	963,354
PARENT COMPANY INVESTMENT, NET	(625,893)	70,246	(555,647)

$ 646,978	$ 163,176	$ 810,154

Exhibit 2.4

THIRD AMENDMENT TO ACQUISITION AGREEMENT

WHEREAS, Safety-Kleen Services, Inc. (the "Seller") and Clean Harbors, Inc. (the "Purchaser"), are parties to an Acquisition Agreement dated as of February 22, 2002, as amended by the First Amendment to Acquisition Agreement dated as of March 8, 2002, and the Second Amendment to Acquisition Agreement dated as of April 30, 2002 (as so amended, the "Acquisition Agreement");

WHEREAS, the Seller and the Purchaser wish to amend certain provisions of the Acquisition Agreement as set forth in this Third Amendment to Acquisition Agreement (this "Amendment");

NOW, THEREFORE, the parties hereto agree as follows:

1. Section 1.1(a) of the Acquisition Agreement is hereby amended to read as follows: "(a) all of the outstanding equity interests (the "Interests") of the subsidiaries of the Seller set forth on Schedule 1.1(a) (each a "Transferred Sub" and collectively the "Transferred Subs"), provided that in the case of Laidlaw Environmental Services de Mexico, S.A. de C.V. ("LES Mexico"), the Interest of LES Mexico will be transferred post-Closing in the manner specified in Section 1.9."

2. Section 1.1(b) of the Acquisition Agreement and, to the extent required, any other Sections of the Acquisition Agreement are hereby amended to provide that (i) the transfer of the Owned Real Property in Clarence, NY, and the insurance proceeds to be received as a result of the fire which recently occurred on such Owned Real Property will be dealt with in such manner as shall be mutually agreed by the Purchaser and the Seller in the Transition Services Agreement and (ii) the property in Millington, Tennessee is to be removed from the schedule of Owned Real Property that is to be transferred.

3. Section 1.1(b)(i) of the Acquisition Agreement is hereby amended to read as follows: "(i) all accounts receivable (which are not excluded pursuant to Section 1.2 (b)) arising out of the operation of the Business existing on the date hereof including, without limitation, those listed or described on Schedule 1.1(b)(i), or arising in the ordinary course of the Business after the date hereof (the "Accounts Receivable");"

4. Section 1.2(s) [which is currently incorrectly numbered as a second Section 1.2(i)] of the Acquisition Agreement is hereby amended to read as follows: "(s) that certain promissory note from Cameron-Cole LLC dated June 15, 2001 and that certain promissory note from Kenneth C. Crouch, Carrie M. Crouch and Dizzy Bridge Realty Trust executed in 1994 and extended in October, 1997; and"

5. Section 1.6(a) of the Acquisition Agreement is hereby amended to read as follows:

(a) In consideration for the Acquired Assets, the Purchaser shall, in addition to the assumption of the Assumed Liabilities, pay in cash at Closing (inclusive of the delivery to the Seller of the Purchaser's Deposit as described in Section 5.2(k)): (i) to the Seller the difference between (A) Thirty-Four Million Three Hundred and Thirty Thousand Dollars ($34,330,000) (the "Unadjusted Cash Purchase Price") and (B) the adjustments to the Unadjusted Cash Purchase Price set forth on the Closing Statement attached to this Third Amendment, which include adjustments made in accordance with Sections 1.4 and 1.6(b), and (ii) to the applicable parties set forth on the Closing Statement attached to this Third

Amendment, which payments shall be made by wire transfer of immediately available funds to an account or accounts designated by the Seller and the applicable parties, as the case may be. The Unadjusted Cash Purchase Price, as it may be adjusted pursuant to Section 1.7 , shall be referred to as the "Cash Purchase Price" under this Agreement.

6. Section 1.7(a) of the Acquisition Agreement is hereby amended by (i) amending the second from the last sentence thereof so that such sentence shall read: "The Seller shall return to the Purchaser the amount of any Working Capital Deficiency"; and (ii) deleting the next to the last sentence thereof (which currently reads: "If and to the extent the Escrow Agent shall not be holding enough funds in the Escrow Account, the Seller shall return to the Purchaser the amount of any Working Capital Deficiency").

7. Section 1.8 of the Acquisition Agreement is hereby deleted in its entirety and replaced with the following: "The Seller and the Purchaser agree that Seventy-Four Million U.S. Dollars ($74,000,000) shall be allocated as purchase price to the stock of Safety-Kleen Ltd. and that the balance of the purchase price shall be allocated to the other Acquired Assets."

8. Section 1.9 is hereby added to the Acquisition Agreement and reads as follows: "As soon as practicable following Closing, Purchaser and Seller shall take the actions described in those certain letters dated August 20 and 28, 2002 from L. Roberto Fernandez R. to Ms. Shawn DeJames and such further actions needed to convey the Interests of LES Mexico to Purchaser."

9. Section 2.2(a)(i) of the Acquisition Agreement is hereby amended to read: "(i) duly executed instruments or other evidence sufficient to transfer to the Purchaser and the Purchasing Subs the Interests of Safety-Kleen Ltd."

10. Subsection 2.2(a)(iii) of the Acquisition Agreement is hereby amended to read as follows: "(iii) all other conveyance documents reasonably necessary to transfer to the Purchaser and the Purchasing Subs the Acquired Assets, including special warranty deeds regarding the Owned Real Property purchased by the Purchaser and the Purchasing Subs provided that, in the case of the Owned Real Property in Westmoreland, CA, the delivery of any such special warranty deed will dealt with in such manner as shall be mutually agreed by the Purchaser and the Seller in the Transition Services Agreement;"

11. Sections 2.2(a)(vi) of the Acquisition Agreement are hereby amended to change the words "by May 24, 2002" to "prior to the Closing."

12. Sections 2.2(a)(viii) and 2.2(b)(v) of the Acquisition Agreement are hereby amended to delete the provisions set forth in such Sections and replace such deleted provisions with the following: "Intentionally omitted." Any reference to the defined term "Sales Agency Agreement" is herby accordingly deleted in the Acquisition Agreement due to the amendments to such Sections.

13. Subsections 2.2(a)(ix) and 2.2(b)(vi) of the Acquisition Agreement (which now provide for the delivery at the Closing of the Escrow Agreement) are hereby deleted and subsections 2.2(a)(x) through 2.2(a)(xv) (and the cross reference thereto in subsection 6.3(m)) and subsection 2.2(b)(vii) are hereby accordingly renumbered to reflect such deletions.

14. Section 2.2(a)(xii) of the Acquisition Agreement is hereby amended to read as follows: "certificates of tax and legal good standing and releases from secured lenders evidencing that each of Safety-Kleen Ltd. and its direct and indirect subsidiaries (Safety-Kleen Ltd. and such direct or indirect subsidiaries being collectively the "CSD Canadian Subsidiaries") is in good standing and that the secured lenders of the CSD Canadian Subsidiaries have released all of their claims against the CSD Canadian Subsidiaries and security interests on the assets of the CSD Canadian Subsidiaries and on the issued and outstanding equity interests of the CSD Canadian Subsidiaries, together with a

copy of a Section 116 Certificate issued to the Seller in form satisfactory to the Purchaser with respect to the Seller's sale to the Purchaser of the Interests in Safety-Kleen Ltd.;

15. Section 5.12 of the Acquisition Agreement is hereby amended by replacing the fourth sentence of such Section with the following four sentences: "After the Closing, the Seller shall not reject any executory contracts or unexpired leases with respect to the Business until the earlier of (i) the Confirmation Date and (ii) the date the Purchaser notifies the Seller that it no longer will assume executory contracts or unexpired leases (the earlier of such dates being referred to as the "Contract Expiration Date"), provided that, Purchaser agrees, pursuant to any executory contract and unexpired leases, to provide waste management services to Seller's former customers of the Business until the date of the court hearing to consider the rejection of the executory contracts or unexpired leases following the Contract Expiration Date (the "Contract Hearing Date"), and provided further, Purchaser agrees, pursuant to any executory contracts and unexpired leases, to pay the vendors of the Business for their services until the Contract Hearing Date. The obligations of the Purchaser in the preceding sentence, including any breach or damages caused by the Purchaser's continued use of the contracts, leases or services, shall be considered Assumed Liabilities for purposes of the indemnification provisions of Article VIII of the Acquisition Agreement. During the period between the Closing and the Contract Expiration Date, the Purchaser and the Seller shall each pay one-half of any Cure Costs of any executory contracts and unexpired leases that Purchaser wishes to assume until the sum of (a) the Cure Costs paid as of the Closing and (b) the Cure Costs paid post-Closing equal the Cure Costs Cap.

Thereafter, Purchaser shall pay all of the Cure Costs of any executory contracts and unexpired leases that Purchaser wishes to assume."

16. Section 5.15(h) is added to the Acquisition Agreement and shall read as follows: "(h) Nothing in this Section 5.15 shall prohibit the Seller in any manner from continuing to operate and grow its fuels and tolling businesses."

17. Section 6.3(d) of the Acquisition Agreement is hereby amended to delete the provisions set forth in such Section and replace such deleted provisions with the following: "Intentionally omitted."

18. Sections 3.11 and 8.15 of the Acquisition Agreement are hereby amended by: (i) deleting the second sentence of Section 3.11 and revising and inserting such sentence immediately after the first sentence of Section 8.15 so that such sentence shall read as follows: "The Seller shall be responsible for the payment of all Taxes (including, without limitation, the Taxes of the Transferred Subs) arising out of or pertaining to any period or partial period ending prior to or on the Closing Date, except to the extent that such Taxes are otherwise resolved by the Section 363/365 Order or, if applicable, the Confirmation Order" and (ii) changing the cross references to "Section 3.11(a)" which now appear in Section 8.15 so that such references read "this Section 8.15."

19. Section 5.3(a) of the Acquisition Agreement is hereby amended to read as follows:

> (a) the Seller shall, and shall cause the Business Subs to, use commercially reasonable efforts to conduct the Business only in the ordinary course consistent with past practice provided that, in order to ensure the orderly transfer as of the Closing of all of the Accounts Receivable of the Business to the Purchaser and the Purchasing Subs, the Seller, the Selling Subs, the Purchaser and the Purchasing Subs shall (both prior to and after the Closing) take all of the actions with respect thereto described in the separate memo which has been signed by both the Purchaser and the Seller entitled "Methodology to Segregate CSD Payments."

20. Sections 6.1(a) and 6.2(c) of the Acquisition Agreement are hereby amended to change the dates therein from "June 27, 2002" and "June 20, 2002,"

respectively, to "June 30, 2002."

21. Section 8.14 of the Acquisition Agreement is hereby amended to read as follows: "The Purchaser and the Seller agree that no election under Section 338 of the Internal Revenue Code of 1986, as amended, shall be made in connection with any transaction contemplated in this Agreement, except for any such election which may properly be made by either the Purchaser or the Seller without the consent of the other party and which will not have an adverse effect upon such other party."

22. Section 8.16 of the Acquisition Agreement is hereby amended by adding the words "or Section 8.15" to the second sentence thereof and adding the following as the third sentence thereof: "All costs incurred by the Purchaser or the Seller as a result of

the exercise by the Seller of its right under this Section 8.16 shall be for the account of the Seller and not the Purchaser."

Article IX of the Acquisition Agreement is hereby amended to (i) add a definition of the term "Section 116 Certificate," (ii) delete the definitions of "Escrow Agent" and "Escrow Agreement" and (iii) reduce the amount of the "Target Working Capital" by $10,000,000.00, so that such definitions shall read as follows:

"Section 116 Certificate" means a Certificate (as amended by any subsequent amendments thereto) with Respect to the Proposed Disposition of Property by a Non-Resident of Canada issued by the Canadian Minsister of National Revenue pursuant to Section 116(4) of the Canadian Income Tax Act, with a Certificate Limit fixed by the Minister of National Revenue in such Certificate.

"Target Working Capital" means Fifty-four Million, Two Hundred and Seventy Thousand Dollars ($54,270,000).

23. Except as described in the preceding sections of this Amendment, the Acquisition Agreement shall remain in full force and effect.

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of September 6, 2002.

SAFETY-KLEEN SERVICES, INC.

By: /s/ James K. Lehman

Name: James K. Lehman
Title: Sole Director

CLEAN HARBORS, INC.

By: /s/ Stephen Moynihan

Name: Stephen Moynihan
Title: Senior Vice President

EXHIBIT 3.3

FEDERAL IDENTIFICATION
NO.04-2997780

The Commonwealth of Massachusetts
Examiner William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

CERTIFICATE OF VOTE OF DIRECTORS
ESTABLISHING A CLASS OR SERIES OF STOCK
(General Laws, Chapter 156B, Section 26)

We Stephen H. Moynihan Vice President

and C. Michael Malm *Clerk

of Clean Harbors, Inc. ,
(Exact name of corporation)

located at: 1501 Washington Street, Braintree, MA 02185
(Street Address of corporation in Massachusetts)

do hereby certify that it a meeting of the directors of the corporation held on August 27, 2002 the following vote establishing and designating a class or series of stock and determining the relative rights and preferences thereof was duly adopted:

See continuation pages 1-34 attached hereto.

*Delete the inapplicable words.
Note, Votes for which the space provided above is not sufficient should be provided on one side of separate 8 1/2 x 11 sheets of white paper,
P.C. numbered 2A, 2B, etc., with 4 left margin of at least 1 inch.

CLEAN HARBORS, INC.

CERTIFICATE OF VOTE OF DIRECTORS ESTABLISHING
A SERIES OF A CLASS OF STOCK

VOTED: That the Corporation issue a series of convertible preferred stock having the voting powers, designations, preferences and special or relative participating, optional and other rights and privileges as set forth in the "Description of Series C Convertible Preferred Stock" presented to this meeting with such changes therein as shall be deemed appropriate by the President (such approval to be conclusively evidenced by the filing of the Certificate of Vote described below) that such series of preferred stock shall be designated: "Series C Convertible Preferred Stock"; that said Series C Convertible Preferred Stock shall consist of twenty-five thousand (25,000) shares of Preferred Stock of this Corporation; and that the Clerk of the Corporation file a Certificate of Vote of Directors Establishing a Series of a Class of Stock incorporating the Description of Series C Convertible Preferred Stock with the Massachusetts Secretary of State.

DESCRIPTION OF SERIES C CONVERTIBLE PREFERRED STOCK

1. Designation and Amount. Through the filing with the Massachusetts Secretary of State of this Certificate of Vote of Directors Establishing a Series of a Class of Stock (the "Certificate of Vote"), a total of twenty-five thousand (25,000) shares of Preferred Stock, $0.01 par value per share, of Clean Harbors, Inc., a Massachusetts corporation (the "Corporation") is hereby designated as the Series C Convertible Preferred Stock (the "Preferred Stock" or the "Preferred Shares") and the initial stated value per share shall equal $1,000 (the "Initial Stated Value").

2. Definitions. For purposes of this Certificate of Vote, the following terms shall have the following meanings:

(a) "2004 Consolidated EBITDA Certificate" has the meaning specified in Section 8(e)(iii) hereof.

(b) "Account Receivable" means, with respect to any Person, any and all rights of such Person to payment for goods sold and/or services rendered, including accounts, general intangibles and any and all such rights evidenced by chattel paper, instruments or documents, whether due or to become due and whether or not earned by performance, and whether now or hereafter acquired or arising in the future, and any proceeds arising therefrom or relating thereto.

(c) "Accrued Dividend Payment" has the meaning specified in Section 4 hereof.

(d) "Acquiring Entity" has the meaning specified in Section 7(b) hereof.

(e) "Additional Amount" means, on a per Preferred Share basis, the product of (i) the result of the following formula: (Dividend Rate)(N/360) and (ii) the then-applicable Stated Value.

(f) "Adjustment Measuring Period" means the period commencing on and including December 1, 2003 and ending on and including December 31, 2003.

(g) "Adjustment Price" means, with respect to a share of Common Stock on the Adjustment Date, $8.00 (as adjusted in accordance with Section 8(e) in respect of any events occurring on or after the Issuance Date but on or prior to the Adjustment Date which would result in an adjustment to the Conversion Price thereunder).

(h) "Adjustment Date" means January 1, 2004.

(i) "Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (i) vote 10% or more of the Capital Stock having ordinary voting power for the election of directors of such Person or (ii) direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Notwithstanding anything herein to the contrary, in no event shall any holder of Preferred Shares be considered an "Affiliate" of the Corporation or any of its Subsidiaries under this Certificate of Vote.

(j) "Applicable Price" has the meaning specified in Section 8(e)(i) hereof.

(k) "Approved Stock Plan" means any employee benefit or stock purchase plan which has been approved by the Board of Directors of the Corporation, pursuant to which the Corporation's securities may be issued to any employee, officer or director for services provided to the Corporation.

(l) "Bloomberg" means Bloomberg Financial Markets.

(m) "Business Day" means any day other than Saturday, Sunday or

other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(n) "Calendar Quarter" means each of the following periods: the period beginning on and including January 1 and ending on and including March 31; the period beginning on and including April 1 and ending on and including June 30; the period beginning on and including July 1 and ending on and including September 30; and the period beginning on and including October 1 and ending on and including December 31.

(o) "Cap Allocation Amount" has the meaning specified in Section 11 hereof.

(p) "Capital Expenditures" means, with respect to any Person for any period, the sum of (i) the aggregate of all expenditures by such Person and its Subsidiaries during such period that in accordance with GAAP are or should be included in "property, plant and equipment" or in a similar fixed asset account on its balance sheet, whether such expenditures are paid in cash or financed and including all Capitalized Lease Obligations paid or payable during such period, and (ii) to the extent not covered by clause (i) above, the aggregate of all expenditures by such Person and its Subsidiaries during such period to acquire by purchase or otherwise the business or fixed assets of, or the Capital Stock of, any other Person.

(q) "Capitalized Lease" means, with respect to any Person, any lease of real or personal property by such Person as lessee which is (i) required under GAAP to be capitalized on the balance sheet of such Person or (ii) a transaction (other than an operating lease of Rolling Stock) of a type commonly known as a "synthetic lease" (i.e. a lease transaction that is treated as an operating lease for accounting purposes but with respect to which payments of rent are intended to be treated as payments of principal and interest on a loan for Federal income tax purposes).

(r) "Capitalized Lease Obligations" means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Leases, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

(s) "Capital Stock" means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, and (ii) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person.

(t) "Cash Dividend Payment" has the meaning specified in Section 4(a) hereof.

(u) "Certificate of Vote" has the meaning specified in Section 1 hereof.

(v) "Change of Control" means each occurrence of any of the following:

(i) the acquisition, directly or indirectly, by any person or group (within the meaning of Section 13(d)(3) of the Exchange Act) other than a Permitted Holder, of beneficial ownership of more than 33% of the aggregate outstanding voting power of the Capital Stock of the Corporation; or

(ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Corporation (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Corporation was approved by a vote of at least a majority the directors of the Corporation then still in office who were either directors at the beginning of

such period, or whose election or nomination for election was previously approved) cease for

any reason other than death or incompetence to constitute a majority of the Board of Directors of the Corporation.

(w) "Change of Control Redemption Price" has the meaning specified in Section 7(a) hereof.

(x) "Closing Sale Price" means, for any security as of any date, the last closing trade price for such security on the Principal Market as reported by Bloomberg, or if the Principal Market begins to operate on an extended hours basis, and does not designate the closing trade price, then the last trade price at 4:00 p.m., New York City Time, as reported by Bloomberg, or if the foregoing do not apply, the last closing trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last closing trade price is reported for such security by Bloomberg, the last closing ask price of such security as reported by Bloomberg, or, if no last closing ask price is reported for such security by Bloomberg, the average of the highest bid price and the lowest ask price of any market makers for such security as reported in the "pink sheets" by the National Quotation Bureau, Inc. If the Closing Sale Price cannot be calculated for such security on such date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Corporation and the holders of no less than 51% of the Preferred Shares then outstanding. If the Corporation and the holders of Preferred Shares are unable to agree upon the fair market value of the Common Stock, then such dispute shall be resolved pursuant to Section 8(c)(iii) below. All such determinations shall be appropriately adjusted for any stock dividend, stock split or other similar transaction during such period.

(y) "Common Stock" has the meaning specified in Section 3 hereof.

(z) "Common Stock Deemed Outstanding" means, at any given time, the number of shares of Common Stock actually outstanding at such time, plus the number of shares of Common Stock deemed to be outstanding pursuant to Sections 8(e)(i)(A) and 8(e)(i)(B) hereof that are "in the money" at the time of determination, but in all events excluding any shares of Common Stock (i) owned or held by or for the account of the Corporation, (ii) issuable upon conversion of the Preferred Shares or (iii) issuable upon potential future exercise of Options issued under any Approved Plan which are not vested at the time of determination.

(aa) "Contingent Obligation" means, with respect to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, (i) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (ii) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement or (iii) any obligation of such Person, whether or not contingent, (A) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (B) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net

worth or solvency of the primary obligor, (3) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (4) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term "Contingent Obligation" shall not include any product or service warranties extended in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation with respect to which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

(bb) "Conversion Amount" means, in respect of each Preferred Share as of any date, the sum of (i) the Additional Amount and (ii) the Stated Value.

(cc) "Conversion Date" has the meaning specified in Section 8(c)(i) hereof.

(dd) "Conversion Notice" has the meaning specified in Section 8(c)(i) hereof.

(ee) "Conversion Price" means, as of any Conversion Date or other date of determination, $10.50, subject to adjustment as provided in Section 8(e).

(ff) "Conversion Rate" has the meaning specified in Section 8(b) hereof.

(gg) "Convertible Securities" means any stock or securities (other than Options) directly or indirectly convertible into or exchangeable or exercisable for Common Stock.

(hh) "Corporation" has the meaning specified in Section 1 hereof.

(ii) "Covenant Default" has the meaning specified in Section 10 hereof.

(jj) "Current Market Price" shall mean, on any date of determination, the arithmetic average of the Closing Sale Prices during the ten (10) consecutive trading days immediately preceding such date, except that, if on any such date the shares of Common Stock are not listed or admitted for trading on any national securities exchange or quoted in the over-the-counter market, the Current Market Price shall be the Closing Sale Price on such date.

(kk) "Dividend Date" has the meaning specified in Section 4(a) hereof.

(ll) "Dividend Rate" has the meaning specified in Section 4(a) hereof.

(mm) "Dividends" has the meaning specified in Section 4(a) hereof.

(nn) "DTC" has the meaning specified in Section 8(c)(ii) hereof.

(oo) "Effective Date" has the meaning specified in the Financing Agreement.

(pp) "ERISA" means the Employee Retirement Income Security Act of

1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case, as in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

(qq) "ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which would be deemed to be a "controlled group" within the meaning of Sections 414(b), (c), (m) and (o) of the Internal Revenue Code.

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

(ss) "Facility" means each parcel of real property listed on Schedule 1.01(B) to the Financing Agreement, including, without limitation, the land on which such facility is located, all buildings and other improvements thereon, all fixtures located at or used in connection with such facility, all whether now or hereafter existing.

(tt) "Financing Agreement" shall mean the Financing Agreement, dated as of September 6, 2002 among the Corporation and certain of its Subsidiaries, as borrowers, certain of the Corporation's Subsidiaries, as guarantors, the lenders from time to time party thereto, as lenders, and Ableco Finance, LLC, as agent for the lenders, as in effect on the Issuance Date, whether or not the Financing Agreement is in effect on the date of any determination hereunder.

(uu) "Fiscal Year" means the fiscal year of the Corporation and its Subsidiaries ending on December 31 of each year.

(vv) "GAAP" means generally accepted accounting principles in effect from time to time in the United States, applied on a consistent basis.

(ww) "Hedging Agreement" means any interest rate, foreign currency, commodity or equity swap, collar, cap, floor or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including, without limitation, any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements), and any confirmation executed in connection with any such agreement or arrangement.

(xx) "Initial Stated Value" has the meaning set forth in Section 1 hereof.

(yy) "Indebtedness" means, with respect to any Person, without duplication, (i) all indebtedness of such Person for borrowed money; (ii) all obligations of such Person for the deferred purchase price of property or services (other than trade payables or other

accounts payable incurred in the ordinary course of such Person's business and not outstanding for more than 90 days after the date such payable was created); (iii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or upon which interest payments are customarily made; (iv) all reimbursement, payment or other obligations and liabilities of such Person created or arising under any conditional sales or other title retention agreement with respect to property used and/or acquired by such Person, even though the rights and remedies of the lessor, seller and/or lender thereunder may be limited to repossession or sale of such property; (v) all Capitalized Lease Obligations of such Person; (vi) all obligations and liabilities, contingent or otherwise, of such Person, in respect of letters of credit, acceptances and similar facilities; (vii) all obligations and liabilities of such Person under Hedging Agreements; (viii) all Contingent Obligations; (ix) liabilities incurred under Title IV of ERISA with respect to any plan (other than a Multiemployer Plan) covered by Title IV of ERISA and maintained for

employees of such Person or any of its ERISA Affiliates; (x) withdrawal liability incurred under ERISA by such Person or any of its ERISA Affiliates with respect to any Multiemployer Plan; and (xi) all obligations referred to in clauses (i) through (x) of this definition of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien upon property owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness. The Indebtedness of any Person shall include the Indebtedness of any partnership of or joint venture in which such Person is a general partner or a joint venturer.

(zz) "Inventory" means, with respect to any Person, all goods and merchandise of such Person, including, without limitation, all raw materials, work-in-process, packaging, supplies, materials and finished goods of every nature used or usable in connection with the shipping, storing, advertising or sale of such goods and merchandise, whether now owned or hereafter acquired, and all such other property the sale or other disposition of which would give rise to an Account Receivable or cash.

(aaa) "Investors Rights Agreement" means that certain investor rights agreement between the Corporation and the initial holders of the Preferred Shares relating to the filing of a registration statement covering the resale of the shares of Common Stock issuable upon conversion of the Preferred Shares and certain other matters, as such agreement may be amended from time to time as provided in such agreement.

(bbb) "Issuance Date" means, with respect to each Preferred Share, the date of issuance of the applicable Preferred Share.

(ccc) "Junior Securities" has the meaning specified in Section 3 hereof.

(ddd) "Lien" means any mortgage, deed of trust, pledge, lien (statutory or otherwise), security interest, charge or other encumbrance or security or preferential arrangement of any nature, including, without limitation, any conditional sale or title retention arrangement, any Capitalized Lease and any assignment, deposit arrangement or financing lease intended as, or having the effect of, security.

(eee) "Liquidation Event" has the meaning specified in Section 5(a) hereof.

(fff) "Liquidation Preference Payment" has the meaning specified in Section 5(a) hereof.

(ggg) "Mandatory Redemption Date" has the meaning specified in Section 6(a) hereof.

(hhh) "Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any of the Corporation or any of its ERISA Affiliates has contributed to, or has been obligated to contribute, at any time during the preceding six (6) years.

(iii) "N" means the actual number of days from, but excluding, the last Dividend Date with respect to which Dividends have been paid or accrued, as the case may be, on the applicable Preferred Share, or the Issuance Date if no Dividend Date has occurred, through and including the Conversion Date or other date of determination for such Preferred Share, as the case may be, for which such determination is being made.

(jjj) "Non-Redemption Event" has the meaning specified in Section 6(c) hereof.

(kkk) "Non-Tendering Holder" has the meaning specified in Section

7(b) hereof.

(lll) "Options" means any rights, warrants or options to subscribe for or purchase Common Stock or Convertible Securities.

(mmm) "Organic Change" shall mean any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Corporation's assets to another Person or other transaction which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock.

(nnn) "Permitted Holder" means each of (i) Alan S. McKim and his heirs, legal representatives and legatees, (ii) the trustees of a trust for the benefit of Mr. McKim, which trust is revocable solely by Mr. McKim, (iii) Mr. McKim's spouse or children, (iv) a trust created for the exclusive benefit of Mr. McKim's spouse or children or for the exclusive benefit of Mr. McKim and such persons and (v) any charitable trust or foundation qualified under Section 501(c)(3) of the Internal Revenue Code established by Mr. McKim and for which he serves as a trustee or director.

(ooo) "Permitted Indebtedness" means:

(i) any Indebtedness owing under the Financing Agreement and any other agreement or instrument entered into in connection therewith;

(ii) any other Indebtedness permitted by Section 7.02(b) of the Financing Agreement, and the extension of maturity, refinancing or modification of the terms thereof; provided, however, that (a) such extension, refinancing or modification is pursuant to terms that are not less favorable to the Corporation and its Subsidiaries and the lenders under the

Financing Agreement than the terms of the Indebtedness being extended, refinanced or modified and (b) after giving effect to such extension, refinancing or modification, the amount of such Indebtedness is not greater than the amount of Indebtedness outstanding immediately prior to such extension, refinancing or modification;

(iii) Indebtedness evidenced by Capitalized Lease Obligations entered into in order to finance Capital Expenditures made by the Corporation or any of its Subsidiaries that is permitted in accordance with the provisions of Section 7.02(g) of the Financing Agreement, which Indebtedness, when aggregated with the principal amount of Indebtedness incurred under this clause (iii) and clause (iv) of this definition, does not exceed $10,000,000 in the aggregate for all such Indebtedness incurred after the Effective Date;

(iv) Indebtedness permitted by clause (v) of the definition of "Permitted Lien";

(v) Indebtedness permitted under Section 7.02(e) of the Financing Agreement;

(vi) Subordinated Indebtedness;

(vii) Revolving Credit Indebtedness to the extent it constitutes "Revolving Credit Indebtedness" under paragraph (g) of the definition of Permitted Indebtedness under the Financing Agreement;

(viii) Indebtedness of the Corporation or any of its Subsidiaries incurred in connection with the issuance of litigation, environmental, ERISA-related, surety, reclamation, or other performance bonds in an aggregate principal amount at any one time outstanding for the Corporation and all its Subsidiaries not to exceed $50,000,000; and

(ix) Indebtedness of the Corporation or any of its Subsidiaries incurred in connection with the issuance of letters of credit on behalf of the Corporation or any of its Subsidiaries in the ordinary course of business (other than letters of credit issued under the Revolving Credit Agreement the obligations for which constitute Revolving Credit Indebtedness permitted under paragraph (vii) above), provided that the obligations of the Corporation or any of its Subsidiaries in respect of each letter of credit are fully secured in accordance with section (i) of the definition of Permitted Indebtedness under the Financing Agreement, and provided further that (A) the aggregate amount of such letters of credit shall not exceed at any time the amount permitted by section (i) of the definition Permitted Indebtedness under the Financing Agreement and (B) the obligations of the Corporation or any of its Subsidiaries in respect of each letter of credit are fully secured in the manner described in such section (i).

(ppp) "Permitted Investments" means (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case, maturing within six months from the date of acquisition thereof; (ii) commercial paper, maturing not more than 270 days after the date of issue rated P-1 by Moody's or A-1 by Standard & Poor's; (iii) certificates of deposit maturing not more than 270 days after the date of issue, issued by commercial banking institutions and money market or demand deposit accounts maintained at

commercial banking institutions, each of which is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $500,000,000; (iv) repurchase agreements having maturities of not more than 90 days from the date of acquisition which are entered into with major money center banks included in the commercial banking institutions described in clause (iii) above and which are secured by readily marketable direct obligations of the United States Government or any agency thereof, (v) money market accounts maintained with mutual funds having assets in excess of $2,500,000,000, (vi) tax exempt securities rated A or better by Moody's or A+ or better by Standard & Poor's and having a stated maturity of not more than 270 days from issuance, and (vii) other investments in an aggregate amount at any time outstanding not exceeding $2,000,000.

(qqq) "Permitted Liens" means:

(i) Liens securing all obligations under the Financing Agreement and the agreements and instruments entered into in connection therewith;

(ii) Liens for taxes, assessments and governmental charges the payment of which is not required under Section 7.01(c) of the Financing Agreement;

(iii) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's and other similar Liens arising in the ordinary course of business and securing obligations (other than Indebtedness for borrowed money) that are not overdue by more than 30 days or are being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(iv) Liens described on Schedule 7.02(a) to the Financing Agreement, but not the extension of coverage thereof to other property or the extension of maturity, refinancing or other modification of the terms thereof or the increase of the Indebtedness secured thereby;

(v) (A) purchase money Liens on equipment acquired or held by the Corporation or any of its Subsidiaries in the ordinary course of its business to secure the purchase price of such equipment or Indebtedness incurred

solely for the purpose of financing the acquisition of such equipment or (B) Liens existing on such equipment at the time of its acquisition; provided, however, that (1) no such Lien shall extend to or cover any other property of any of the Corporation or any of its Subsidiaries, (2) the principal amount of the Indebtedness secured by any such Lien shall not exceed the lesser of 80% of the fair market value or the cost of the property so held or acquired and (3) the aggregate principal amount of Indebtedness secured by any or all such Liens shall not exceed at any one time outstanding $10,000,000;

(vi) deposits and pledges of cash securing (A) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (B) the performance of bids, tenders, leases, contracts (other than for the payment of money) and statutory obligations or (C) obligations on surety or appeal bonds, but only to the extent such deposits or pledges are incurred or otherwise arise in the ordinary course of business and secure obligations not past due;

(vii) easements, zoning restrictions and similar encumbrances on real property and minor irregularities in the title thereto that do not (A) secure obligations for the payment of money or (B) materially impair the value of such property or its use by the Corporation or any of its Subsidiaries in the normal conduct of such Person's business;

(viii) Liens securing Indebtedness permitted by clause (iii) of the definition of "Permitted Indebtedness";

(ix) Liens granted under the Revolving Credit Documents (as in effect on the Issuance Date) to secure the Revolving Credit Indebtedness permitted pursuant to clause (vii) of the definition of "Permitted Indebtedness"; and

(x) Liens in favor of the issuers of the letters of credit permitted by subsection (ix) of the definition of "Permitted Indebtedness".

(rrr) "Person" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

(sss) "Preferred Stock" or "Preferred Shares" has the meaning specified in Section 1 hereof.

(ttt) "Preferred Stock Certificates" has the meaning specified in Section 8(c)(i) hereof.

(uuu) "Preferred Stock Delivery Date" has the meaning specified in Section 8(c)(ii) hereof.

(vvv) "Principal Market" means The NASDAQ National Market, or if the Common Stock is not listed on traded on The NASDAQ National Market, then the principal securities exchange or trading market for the Common Stock.

(www) "Purchase Agreement" means that certain securities purchase agreement between the Corporation and the initial holders of the Preferred Shares, as such agreement may be amended from time to time as provided in such agreement.

(xxx) "Purchasers" has the meaning specified in Section 11 hereof.

(yyy) "Redemption Date" has the meaning specified in Section 6 (a) hereof.

(zzz) "Redemption Notice" has the meaning specified in Section 6(c) hereof.

(aaaa) "Redemption Price" has the meaning specified in Section 6(c) hereof.

(bbbb) "Revolving Credit Agent" means Congress Financial Corporation (New England).

(cccc) "Revolving Credit Agreement" means the Loan and Security Agreement, dated as of September 6, 2002, by and among the Corporation and certain of its Subsidiaries, the Revolving Loan Lenders and the Revolving Credit Agent, as in effect on the Issuance Date.

(dddd) "Revolving Credit Documents" means, collectively, (i) the Revolving Credit Agreement, and (ii) all other agreements, instruments, and other documents executed and delivered pursuant to the foregoing.

(eeee) "Revolving Credit Indebtedness" means the Indebtedness of the Corporation and certain of its Subsidiaries owing to the Revolving Credit Agent and the Revolving Loan Lenders under the Revolving Credit Agreement.

(ffff) "Revolving Loan Lenders" means the lenders party to the Revolving Credit Agreement.

(gggg) "Rolling Stock" means all trucks, trailers, tractors, service vehicles, automobiles and other mobile equipment.

(hhhh) "Series C Board Designee" has the meaning specified in Section 6(d) hereof.

(iiii) "Share Delivery Date" has the meaning specified in Section 8(c)(ii) hereof.

(jjjj) "Stated Value" means, as of any date, $1,000 plus the aggregate amount of all Accrued Dividend Payments.

(kkkk) "Subordinated Indebtedness" means Indebtedness of the Corporation or any of its Subsidiaries which would constitute "Subordinated Indebtedness" under such definition in the Financing Agreement.

(llll) "Subsidiary" means, with respect to any Person at any date, any corporation, limited or general partnership, limited liability company, trust, estate, association, joint venture or other business entity (i) the accounts of which would be consolidated with those of such Person in such Person's consolidated financial statements if such financial statements were prepared in accordance with GAAP or (ii) of which more than 50% of (A) the outstanding Capital Stock having (in the absence of contingencies) ordinary voting power to elect a majority of the board of directors or other managing body of such Person, (B) in the case of a partnership or limited liability company, the interest in the capital or profits of such partnership or limited liability company or (C) in the case of a trust, estate, association, joint venture or other entity, the beneficial interest in such trust, estate, association or other entity business is, at the time of determination, owned or controlled directly or indirectly through one or more intermediaries, by such Person.

(mmmm) "Term Loan A" has the meaning specified in the Financing Agreement.

(nnnn) "Transfer Agent" has the meaning specified in Section 8(c)(i) hereof.

(ooooo) "Valuation Event" has the meaning specified in Section 8(e)(i)(D) hereof.

3. Ranking. The Preferred Shares shall rank, with respect to dividend distributions and distributions upon a Liquidation Event (as defined in Section 5(a) herein), senior to all classes of common stock of the Corporation (including the common stock, $0.01 par value per share, of the Corporation (the "Common Stock"), senior to any other class of Capital Stock or series of preferred stock established by the Board after the Issuance Date and junior to the Series B Convertible Preferred Stock, par value $0.01 per share, of the Corporation issued and outstanding prior to the Issuance Date. All classes of Common Stock of the Corporation and any other class of Capital Stock or series of preferred stock established after the Issuance Date to which the Preferred Shares is senior, are collectively referred to herein as "Junior Securities".

4. Dividend Provisions. The holders of the Preferred Shares shall be entitled to receive, when and if declared, dividends ("Dividends"), prior and in preference to the holders of Junior Securities, payable on the Stated Value of such Preferred Share at a rate of 6.0% per annum (the "Dividend Rate"), which shall be cumulative, accrue daily from the Issuance Date and calculated on the basis of a 360-day year for actual days elapsed, whether or not such dividends have been declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends, and be due and payable quarterly on the first day of each Calendar Quarter (each, a "Dividend Date"). If a Dividend Date is not a Business Day, then the Dividend shall be due and payable on the Business Day immediately following such Dividend Date. Each Dividend shall accrue and be payable by adding the Additional Amount determined as of the applicable Dividend Date to the Stated Value (each such addition to the Stated Value being referred to herein as an "Accrued Dividend Payment") and subject to the following proviso, such addition shall be deemed to be made as of each Dividend Date, without any further action on the part of the Corporation; provided, that Dividends that accrue and are payable on or prior to the first anniversary of the Issuance Date may be paid, at the option of the Corporation, in cash (each such cash dividend being referred to herein as a "Cash Dividend Payment"), if, and only, if the Corporation provides written notice of such Cash Dividend Payment to each holder of Preferred Shares at least ten (10) Business Days prior to the relevant Dividend Date. A notice of a Cash Dividend Payment shall be irrevocable unless holders of at least 51% of the outstanding Preferred Shares shall agree otherwise in writing.

5. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation (a "Liquidation Event"), whether voluntary or involuntary (in bankruptcy or otherwise), the holders of Preferred Shares shall be entitled to receive, prior and in preference to any payment or distribution of any of the assets of the Corporation to the holders of any Junior

Securities, by reason of their ownership thereof, an amount per share equal to the Conversion Amount, computed to the date payment thereof is made (together, the "Liquidation Preference Payment"). If upon the occurrence of any Liquidation Event, the assets and funds to be distributed among the holders of Preferred Shares shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Corporation available for distribution shall be distributed pro rata among the holders of Preferred Shares in proportion to the number of shares of such stock owned by each such holder.

(b) For purposes of this Certificate of Vote, no Change of Control or Organic Change shall be deemed a Liquidation Event.

6. Redemption.

(a) Mandatory Redemption. The Corporation shall redeem all Preferred Shares on the seventh (7th) anniversary (the "Mandatory Redemption Date") of the Issuance Date by paying for each share, in cash, an amount equal to the Conversion Amount as of such Mandatory Redemption Date (the "Redemption Price"). Such payment shall be made in full on the Redemption Date to the holders entitled thereto.

(b) Optional Redemption. The Preferred Shares shall not be subject to redemption at any time at the option of the Corporation or any of its Subsidiaries or Affiliates.

(c) Mechanics of Redemption. At least 30 but not more than 60 days prior to the Mandatory Redemption Date (hereinafter, the "Redemption Date"), written notice (the "Redemption Notice") shall be given by the Corporation by mail, postage prepaid, or by facsimile transmission, to each holder of record (at the close of business on the Business Day next preceding the day on which the Redemption Notice is given) of Preferred Shares notifying such holder of the redemption and specifying the Redemption Price, the Mandatory Redemption Date and the place where said Redemption Price shall be payable. The Redemption Notice shall be addressed to each holder at his address as shown by the records of the Corporation in the preferred share register established pursuant to Section 21. From and after the close of business on the Redemption Date, unless there shall have been a default in the payment of the Redemption Price, all rights of holders of such Preferred Shares subject to redemption (except the right to receive the Redemption Price) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever. Any Preferred Shares redeemed pursuant to this Section 6 or otherwise acquired by the Corporation in any manner whatsoever shall be canceled and shall not under any circumstances be reissued; and the Corporation may from time to time take such appropriate corporate action as may be necessary to reduce accordingly the number of authorized Preferred Shares.

(d) Failure to Redeem. If the Corporation fails for any reason to redeem the total number of outstanding Preferred Shares to be redeemed on such Redemption Date (each, a "Non-Redemption Event"), then, immediately upon the occurrence of such Non-Redemption Event, (i) the Dividend Rate in effect on the date of the Non-Redemption Event shall, until the date such Non-Redemption Event is cured as to all Preferred Shares, automatically increase by six percent (6%) for the period commencing on the date such Non-

Redemption Event occurs and ending on the ninetieth day thereafter, and shall increase by an additional one percent (1%) per annum on the first day of each consecutive ninety (90) day period (or portion thereof) thereafter until such Non-Redemption Event is cured as to all Preferred Shares, (ii) the Conversion Price shall automatically be adjusted (subject to further adjustment pursuant to this Certificate of Vote subsequent to such adjustment) to equal 80% of the Conversion Price in effect on the date of the initial occurrence of such Non-Redemption Event and (iii) the holders of a majority of the then outstanding Preferred Shares shall have the right by giving written notice to the Company to designate a member of the Board of Directors of the Corporation (the "Series C Board Designee") until such time as the Non-Redemption Event has been cured as to all Preferred Shares. Upon the occurrence of a Non-Redemption Event, the Corporation's Board of Directors shall immediately call a special meeting of all holders of Preferred Shares for the purpose of electing the Series C Board Designee and the holders of Preferred Shares shall have the right to vote, as a single class, to elect by a vote of the holders of a majority of the Preferred Shares represented at such meeting, the Series C Board Designee, although less than a quorum. Upon the cure of the Non-Redemption Event as to all Preferred Shares, the term of office of the Series C Board Designee elected by the holders of Preferred Shares pursuant to such special voting right shall forthwith terminate. So long as the Non-Redemption Event shall continue, any vacancy in the office of the Series C Board Designee may be filled, and the Series C Board Designee may be removed with or without cause, by written consent of the holders

of a majority of the then outstanding Preferred Shares. As long as the Non-Redemption Event shall continue, holders of any of the outstanding capital stock (other than the Preferred Shares) of the Corporation entitled to vote on the election of directors shall not be entitled to vote on the election or removal of the Series C Board Designee. The Corporation shall take such actions (corporate or otherwise) as are necessary to effectuate this Section 6(d)(iii).

7. Change of Control/Organic Change.

(a) Offer to Purchase.

(i) No sooner than 60 days nor later than 30 days prior to the consummation of any Organic Change and no later than 10 days after any Change of Control, the Corporation shall deliver (or cause to be delivered) a binding irrevocable written offer containing the information required by Section 7(c) hereof to purchase for cash each outstanding Preferred Share pursuant to the terms described in Section 7(c) (the "Offer") at a purchase price per share equal to 101% of the Conversion Amount calculated through and including the Payment Date (the "Change of Control Redemption Price"), and shall purchase (or cause the purchase of) any Preferred Shares tendered in the Offer pursuant to the terms hereof.

(ii) Prior to the mailing of the Offer referred to in Section 7(a), the Corporation shall (i) promptly determine if the purchase of the Preferred Shares would violate or constitute a default under the Indebtedness of the Corporation or the terms of any other series of the Corporation's outstanding preferred stock and (ii) either shall repay or redeem to the extent necessary all such indebtedness or preferred stock of the Corporation that would prohibit the repurchase of the Preferred Shares pursuant to a Offer prior to or concurrent with the consummation of the Change of Control or obtain any requisite consents or approvals under instruments governing any indebtedness or preferred stock of the Corporation to permit the

repurchase of the Preferred Shares for cash. The Corporation shall first comply with this Section 7(a) before it shall repurchase any Preferred Shares pursuant to this Section 7.

(iii) The Offer shall be delivered by the Corporation to each holder of Preferred Shares, by first-class mail, postage prepaid, and shall state:

(A) all instructions and materials necessary to enable such holders to tender Preferred Shares pursuant to the Offer;

(B) that a Change of Control has occurred or an Organic Change is scheduled to occur, as applicable, that an Offer is being made pursuant to this Section 7 and that all Preferred Shares validly tendered and not withdrawn will be accepted for payment;

(C) the Change of Control Redemption Price and the purchase date (which shall be concurrent with, and subject to the consummation of, the Organic Change, and not later than (20) days following consummation of a Change of Control) (the "Payment Date");

(D) that any Preferred Shares not tendered will continue to accrue Dividends;

(E) that, unless the Corporation defaults in making payment therefor, any Preferred Shares accepted for payment pursuant to the Offer shall cease to accrue Dividends after the Payment Date;

(F) that holders electing to have any Preferred Shares purchased pursuant to the Offer will be required to surrender stock certificates representing such Preferred Shares, properly endorsed for transfer, together

with such other customary documents as the Corporation may reasonably request at the address specified in the Offer prior to the close of business on the Business Day prior to the Payment Date;

(G) that holders will be entitled to withdraw their election if the Corporation receives, not later than three (3) Business Days prior to the Payment Date, a facsimile transmission or letter setting forth the name of the holder, the number of Preferred Shares the holder delivered for purchase and a statement that such holder is withdrawing its election to have such Preferred Shares purchased;

(H) that holders who tender only a portion of the Preferred Shares represented by a certificate delivered will, upon purchase of the shares tendered, be issued a new certificate representing the unpurchased Preferred Shares; and

(I) the circumstances and relevant facts regarding such Change of Control or Organic Change (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control or Organic Change).

(iv) The Corporation will comply with any tender offer rules under the Exchange Act which then may be applicable in connection with any offer made by the

Corporation to repurchase the Preferred Shares as a result of a Change of Control or Organic Change. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Certificate of Vote, the Corporation shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligation under this Certificate of Vote by virtue thereof.

(v) On the Payment Date, the Corporation shall (A) accept for payment the Preferred Shares validly tendered pursuant to the Offer, (B) pay to the holders of shares so accepted the purchase price therefor in immediately available funds and (C) cancel each surrendered certificate and retire the shares represented thereby and issue replacement certificates representing Preferred Shares not tendered. Unless the Corporation defaults in the payment for the Preferred Shares tendered pursuant to the Offer, Dividends will cease to accrue with respect to the Preferred Shares tendered and all rights of holders of such tendered shares will terminate, except for the right to receive payment therefor on the Payment Date.

(vi) To accept the Offer, the holder of a Preferred Share shall deliver, prior to the close of business on the Business Day prior to the Payment Date, written notice to the Corporation (or an agent designated by the Corporation for such purpose) of such holder's acceptance and the number of Preferred Shares tendered for repurchase, together with certificates evidencing the Preferred Shares with respect to which the Offer is being accepted, duly endorsed for transfer.

(b) Other Rights of Holders on an Organic Change. Prior to the consummation of any (i) sale of all or substantially all of the Corporation's assets to an acquiring Person or (ii) other Organic Change following which the Corporation is not a surviving entity, in which any holder of Preferred Shares does not tender all of its Preferred Shares to the Corporation for repurchase pursuant to Section 7(a) (each, a "Non-Tendering Holder") the Corporation will secure from the Person purchasing such assets or the successor, or, if applicable, the parent of the successor, resulting from such Organic Change (in each case, the "Acquiring Entity") a written agreement (in form and substance reasonably satisfactory to the Non-Tendering Holders holding at least 51% of the then outstanding Preferred Shares held by all Non-Tendering Holders) to deliver to each holder of Preferred Shares in exchange for such shares, a security of the Acquiring Entity evidenced by a written instrument substantially similar in

form and substance to the Preferred Shares, including, without limitation, having a stated value and liquidation preference equal to the Stated Value and the Liquidation Preference Payment of the Preferred Shares held by such holder and having a rank senior to all Capital Stock of such Acquiring Entity (other than the Series B Preferred Stock of the Corporation which may be senior to the Preferred Shares to the same extent as they are senior to the Preferred Shares as of the Issuance Date), and reasonably satisfactory to the holders of at least 51% of the then outstanding Preferred Shares held by all Non-Tendering Holders.

(c) Prior to the consummation of any Organic Change, the Corporation shall make appropriate provision (in form and substance reasonably satisfactory to the holders of at least 51% of the then outstanding Preferred Shares held by all Non-Tendering Holders) to insure that each of the holders of the Preferred Shares will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon the conversion of such holder's Preferred

Shares such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of shares of Common Stock which would have been acquirable and receivable upon the conversion of such holder's Preferred Shares as of the date of such Organic Change (without taking into account any limitations or restrictions on the convertibility of the Preferred Shares).

8. Conversion.

(a) Holder's Conversion Right. Subject to the provisions of Section 11, at any time or times on or after the Issuance Date, any holder of Preferred Shares shall be entitled to convert any whole or fractional number of Preferred Shares into fully paid and nonassessable shares of Common Stock in accordance with Section 8(c) at the Conversion Rate. The Corporation shall not issue any fraction of a share of Common Stock upon any conversion. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one Preferred Share by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of a fraction of a share of Common Stock. If, after the aforementioned aggregation, the issuance would result in the issuance of a fraction of a share of Common Stock, the Corporation shall round such fraction of a share of Common Stock up or down to the nearest whole share with one half shares being rounded up.

(b) Conversion Rate. The number of shares of Common Stock issuable upon conversion of each Preferred Share pursuant to Section 8(a) shall be determined according to the following formula (the "Conversion Rate"):

$$\frac{\text{Conversion Amount}}{\text{Conversion Price}}$$

(c) Mechanics of Conversion. The conversion of Preferred Shares shall be conducted in the following manner:

(i) Holder's Delivery Requirements. To convert Preferred Shares into shares of Common Stock on any date (the "Conversion Date"), the holder thereof shall (A) transmit by facsimile (or otherwise deliver) a copy of a properly completed notice of conversion executed by the registered holder of the Preferred Shares subject to such conversion in the form attached hereto as Exhibit I (the "Conversion Notice") to the Corporation and the Corporation's designated transfer agent for the Common Stock (the "Transfer Agent") and (B) if required by Section 8(c)(vii), surrender to a common carrier for delivery to the Corporation as soon as practicable following such date the original certificates representing the Preferred Shares being converted (or compliance with the procedures set forth in Section 12) (the "Preferred Stock Certificates").

(ii) Corporation's Response. Upon receipt by the

Corporation of copy of a Conversion Notice, the Corporation shall (A) as soon as practicable, but in any event within two (2) Business Days, send, via facsimile, a confirmation of receipt of such Conversion Notice to such holder and the Transfer Agent, which confirmation shall constitute an instruction to the Transfer Agent to process such Conversion Notice in accordance with the terms herein and (B) on or before the second (2/nd/) Business Day following the date of receipt by the

Corporation of such Conversion Notice (the "Share Delivery Date"), (1) issue and deliver to the address as specified in the Conversion Notice, a certificate, registered in the name of the holder or its designee, for the number of shares of Common Stock to which the holder shall be entitled, or (2) provided the Transfer Agent is participating in The Depository Trust Corporation ("DTC") Fast Automated Securities Transfer Program, upon the request of the holder, credit such aggregate number of shares of Common Stock to which the holder shall be entitled to the holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system. If the number of Preferred Shares represented by the Preferred Stock Certificate(s) submitted for conversion is greater than the number of Preferred Shares being converted, then the Corporation shall, as soon as practicable and in no event later than five Business Days after receipt of the Preferred Stock Certificate(s) (the "Preferred Stock Delivery Date") and at its own expense, issue and deliver to the holder a new Preferred Stock Certificate representing the number of Preferred Shares not converted.

(iii) Dispute Resolution. In the case of a dispute as to the determination of the Conversion Price or the arithmetic calculation of the Conversion Rate, the Corporation shall instruct the Transfer Agent to issue to the holder the number of shares of Common Stock that is not disputed and shall transmit an explanation of the disputed determinations or arithmetic calculations to the holder via facsimile within five (5) Business Days of receipt of such holder's Conversion Notice or other date of determination. If such holder and the Corporation are unable to agree upon the determination of the Conversion Price or arithmetic calculation of the Conversion Rate within five (5) Business Days of such disputed determination or arithmetic calculation being transmitted to the holder, then the Corporation shall within three (3) Business Days submit via facsimile (a) the disputed determination of the Conversion Price to an independent, reputable investment bank selected by the Corporation and approved by the holders of at least 51% of the Preferred Shares then outstanding or (b) the disputed arithmetic calculation of the Conversion Rate to an independent, outside accountant approved by the holders of at least 51% of the Preferred Shares then outstanding. The Corporation shall cause the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Corporation and the holders of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent manifest error.

(iv) Record Holder. The Person or Persons entitled to receive the shares of Common Stock issuable upon a conversion of Preferred Shares shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(v) Pro Rata Conversion. In the event the Corporation receives a Conversion Notice from more than one holder of Preferred Shares for the same Conversion Date and the Corporation can convert some, but not all, of such Preferred Shares by virtue of the limitations expressly set forth in Section 11 hereof, the Corporation shall convert from each holder of Preferred Shares electing to have Preferred Shares converted at such time a pro rata amount of such holder's Preferred Shares submitted for conversion based on the number of Preferred Shares submitted for conversion on such date by such holder relative to the number of Preferred Shares submitted for conversion on such date.

(vi) Book-Entry. Notwithstanding anything to the contrary set forth herein, upon conversion of Preferred Shares in accordance with the terms hereof, the holder thereof shall not be required to physically surrender the certificate representing the Preferred Shares to the Corporation unless the full or remaining number of Preferred Shares represented by the certificate are being converted. The holder and the Corporation shall maintain records showing the number of Preferred Shares so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the holder and the Corporation, so as not to require physical surrender of the certificate representing the Preferred Shares upon each such conversion. In the event of any dispute or discrepancy, such records of the Corporation establishing the number of Preferred Shares to which the record holder is entitled shall be controlling and determinative in the absence of manifest error. Notwithstanding the foregoing, if Preferred Shares represented by a certificate are converted as aforesaid, the holder may not transfer the certificate representing the Preferred Shares unless the holder first physically surrenders the certificate representing the Preferred Shares to the Corporation, whereupon the Corporation will forthwith issue and deliver upon the order of the holder a new certificate of like tenor, registered as the holder may request, representing in the aggregate the remaining number of Preferred Shares represented by such certificate. The holder and any assignee, by acceptance of a certificate, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of any Preferred Shares, the number of Preferred Shares represented by such certificate may be less than the number of Preferred Shares stated on the face thereof. Each certificate for Preferred Shares shall bear the following legend:

> ANY TRANSFEREE OF THIS CERTIFICATE SHOULD CAREFULLY REVIEW THE TERMS OF THE COMPANY'S CERTIFICATE OF VOTE OF DIRECTORS ESTABLISHING A SERIES OF A CLASS OF STOCK RELATING TO THE PREFERRED SHARES REPRESENTED BY THIS CERTIFICATE, INCLUDING SECTION 8(c)(vi) THEREOF. THE NUMBER OF PREFERRED SHARES REPRESENTED BY THIS CERTIFICATE MAY BE LESS THAN THE NUMBER OF PREFERRED SHARES STATED ON THE FACE HEREOF PURSUANT TO SECTION 8(c)(vi) OF THE CERTIFICATE OF VOTE RELATING TO THE PREFERRED SHARES REPRESENTED BY THIS CERTIFICATE.

(d) Taxes. The Corporation shall pay any and all documentary, stamp, transfer (but only in respect of the registered holder thereof) and other similar taxes that may be payable with respect to the issuance and delivery of Common Stock upon the conversion of Preferred Shares.

(e) Adjustments to Conversion Price. The Conversion Price shall be subject to adjustment from time to time as provided in this Section 8(e).

(i) Adjustment of Conversion Price upon Issuance of Common Stock. If and whenever on or after the Issuance Date, the Corporation issues or sells, or in accordance with this Section 8(e) is deemed to have issued or sold, any shares of Common Stock (including the issuance or sale of shares of Common Stock owned or held by or for the account

of the Corporation, but excluding shares of Common Stock: (a) issued or deemed to have been issued by the Corporation in connection with an Approved Stock Plan (not to exceed 2,500,000 shares of Common Stock as constituted on the date hereof and provided in each case that the exercise or purchase price for any such share shall not be less than 85% of the fair market value (determined in good faith by the Corporation's Board of Directors) of the Common Stock on the date of the grant); (b) deemed to have been issued upon issuance of the Preferred Shares or issued upon conversion of the Preferred Shares and (c)

issued upon exercise of Options or Convertible Securities which are outstanding on the date immediately preceding the Issuance Date, provided that such issuance of shares of Common Stock upon exercise of such Options or Convertible Securities is made pursuant to the terms of such Options or Convertible Securities in effect on the date immediately preceding the Issuance Date and such Options or Convertible Securities are not amended after the date immediately preceding the Issuance Date), for a consideration per share less than a price (the "Applicable Price") equal to the higher of the Current Market Price and the Conversion Price, each as in effect immediately prior to such issuance, then immediately after such issue or sale, the Conversion Price then in effect shall be reduced to an amount equal to the product of (1) the Conversion Price in effect immediately prior to such issue or sale and (2) the quotient of (A) the sum of (x) the product of the Applicable Price and the number of shares of Common Stock Deemed Outstanding immediately prior to such issue or sale and (y) the consideration, if any, received by the Corporation upon such issue or sale, divided by (B) the product of (x) the Applicable Price multiplied by (y) the number of shares of Common Stock Deemed Outstanding immediately after such issue or sale. For purposes of determining the adjusted Conversion Price under this Section 8(e)(i), the following provisions shall be applicable:

(A) Issuance of Options. If the Corporation in any manner grants or sells any Options and the lowest price per share for which one share of Common Stock is issuable upon the exercise of any such Option or upon conversion, exchange or exercise of any Convertible Securities issuable upon exercise of such Option is less than the Applicable Price, then such share of Common Stock shall be deemed to be outstanding and to have been issued and sold by the Corporation at the time of the granting or sale of such Option for such price per share. For purposes of this Section 8(e)(i)(A), the "lowest price per share for which one share of Common Stock is issuable upon the exercise of any such Option or upon conversion, exchange or exercise of any Convertible Securities issuable upon exercise of such Option" shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Corporation with respect to any one share of Common Stock (disregarding, prior to its occurrence, any potential adjustment thereto described in Section 8(e)(i)(C) unless and until the same shall occur) upon granting or sale of the Option, upon exercise of the Option and upon conversion, exchange or exercise of any Convertible Security issuable upon exercise of such Option. No further adjustment of the Conversion Price shall be made upon the actual issuance of such Common Stock or of such Convertible Securities upon the exercise of such Options or upon the actual issuance of such Common Stock upon conversion, exchange or exercise of such Convertible Securities.

(B) Issuance of Convertible Securities. If the Corporation in any manner issues or sells any Convertible Securities and the lowest price per share for which one share of Common Stock is issuable upon such conversion, exchange or exercise thereof is less than the Applicable Price, then such share of Common Stock shall be

deemed to be outstanding and to have been issued and sold by the Corporation at the time of the issuance of sale of such Convertible Securities for such price per share. For the purposes of this Section 8(e)(i)(B), the "lowest price per share for which one share of Common Stock is issuable upon such conversion, exchange or exercise" shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Corporation with respect to any one share of Common Stock (disregarding, prior to its occurrence, any potential adjustment thereto described in Section 8(e)(i)(C) unless and until the same shall occur) upon the issuance or sale of the Convertible Security and upon the conversion, exchange or exercise of such Convertible Security. No further adjustment of the Conversion Price shall be made upon the actual issuance of such Common Stock upon conversion, exchange or exercise of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of the Conversion Price had been or are to be made pursuant to other provisions of this

Section 8(e)(i), no further adjustment of the Conversion Price shall be made by reason of such issue or sale.

(C) Change in Option Price or Rate of Conversion. If the purchase or exercise price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exchange or exercise of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exchangeable or exercisable for Common Stock changes at any time, the Conversion Price in effect at the time of such change shall be adjusted to the Conversion Price which would have been in effect at such time had such Options or Convertible Securities provided for such changed purchase price, additional consideration or changed conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 8(e)(i)(C), if the terms of any Option or Convertible Security that was outstanding as of the date of issuance of the Preferred Shares are changed in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such change. Notwithstanding the foregoing, no adjustment shall be made if such adjustment would result in an increase of the Conversion Price then in effect.

(D) Calculation of Consideration Received. In case any Option is issued in connection with the issue or sale of other securities of the Corporation, together comprising one integrated transaction in which no specific consideration is allocated to such Options by the parties thereto, the Options will be deemed to have been issued for a per Option or per unit, as applicable, consideration of $0.01. If any Common Stock, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the gross amount received by the Corporation therefor. If any Common Stock, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Corporation will be the fair value of such consideration, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Corporation will be the arithmetic average of the Closing Sale Prices of such securities during the ten (10) consecutive trading days ending on the date of receipt of such securities. The fair value of any consideration other than cash or securities will be determined jointly by the Corporation and the holders of at least 51% of the Preferred Shares then outstanding. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event

requiring valuation (the "Valuation Event"), the fair value of such consideration will be determined within five Business Days after the tenth (10th) day following the Valuation Event by an independent, nationally recognized investment banking firm selected by the Corporation and the holders of at least 51% of the Preferred Shares then outstanding. The determination of such appraiser shall be deemed binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Corporation.

(E) Record Date. If the Corporation takes a record of the holders of Common Stock for the purpose of entitling them (1) to receive a dividend or other distribution payable in Common Stock, Options or Convertible Securities or (2) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date will be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(ii) Adjustment of Conversion Price upon Subdivision or Combination of Common Stock. If the Corporation at any time subdivides (by any stock split, stock dividend, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision will be proportionately reduced. If

the Corporation at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares and the Conversion Price in effect immediately prior to such combination will be proportionately increased.

(iii) Adjustment of Conversion Price on Adjustment Date. In addition to any other adjustment to the Conversion Price provided for in this Certificate of Vote, if (A) the Consolidated EBITDA of the Corporation (as such term is defined in the Financing Agreement), for the Fiscal Year ending December 31, 2003 is not greater than $115 million, as certified in writing by the chief financial officer of the Corporation to each holder of Preferred Shares as soon as is available, but not later than March 30, 2004 (the "2004 Consolidated EBITDA Certificate") and (B) the arithmetic average of the Closing Sale Prices of the Common Stock during the Adjustment Measuring Period is less than $27.50 (appropriately adjusted to reflect any stock dividend, stock split, stock combination or other similar transaction occurring from and after the Issuance Date), then the Conversion Price for the Preferred Shares shall be reduced effective as of the Adjustment Date to an amount equal to the Adjustment Price, subject to further adjustment as provided in this Certificate of Vote. If any holder of Preferred Shares disputes any calculation by the Corporation required by this Section 8(e)(iii), (including, without limitation, the Corporation's calculation of Consolidated EBITDA contained in the 2004 Consolidated EBITDA Certificate), such holder shall deliver to the Corporation (and the Corporation shall immediately thereafter deliver such notice to each other holder of Preferred Shares) within ten (10) Business Days of such holder's receipt of the 2004 Consolidated EBITDA Certificate a written notice of such dispute describing the basis for such dispute. If the Corporation and the disputing holder(s) of Preferred Shares cannot arrive at a compromise to such dispute within five (5) Business Days of the Corporation's receipt of written notice thereof from the disputing holder(s), then such dispute shall be resolved in accordance with the procedures set forth in Section 8(c)(iii) hereof.

(iv) If the Corporation, at any time while Preferred Shares are outstanding, shall distribute to all holders of Common Stock (and not to the holders of Preferred Shares) evidences of its indebtedness or assets or rights or warrants to subscribe for or purchase any security, then in each such case the Conversion Price at which each share of Preferred Stock shall thereafter be convertible shall be determined by multiplying the Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Closing Sale Price of a share of Common Stock determined as of the record date mentioned above, and of which the numerator shall be such Closing Sale Price on such record date less the then fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of Common Stock as determined by the Board in good faith. If any holder of Preferred Shares shall dispute the findings of the Corporation's Board, then such fair market value shall be determined in accordance by a nationally recognized investment banking firm selected by the Corporation and approved by the holders of not less than 51% of the then outstanding Preferred Shares in accordance with Section 8(c)(iii). In either case the adjustments shall be described in a statement provided to each holder of Preferred Shares of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

(v) Other Events. If any event occurs of the type contemplated by the provisions of this Section 8(e) but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Corporation's Board of Directors will make an appropriate adjustment in the Conversion Price so as to protect the rights of the holders of the Preferred Shares; provided that no such adjustment will increase the Conversion Price as otherwise determined pursuant to this Section 8(e).

(vi) Notices.

(A) Whenever the Conversion Price is required to be adjusted as provided herein, the Corporation (1) shall immediately compute the Conversion Price, (2) shall prepare a certificate signed by the Corporation's Treasurer setting forth such Conversion Price and showing in detail the facts upon which such adjustment is based, which certificate shall be certified by the independent public accountants regularly employed by the Corporation (and corrected, if such accountants determine that the Corporation's certification is incorrect), and (3) shall mail a copy of such certificates to each holder of record of then outstanding Preferred Shares. A copy of such certificate shall also forthwith be filed with the Corporation's Transfer Agent. Until further adjusted, the Conversion Price shall be as set forth in such certificate. In the case of a dispute as to the determination of such adjustment between the Corporation and any holder of Preferred Shares, then such dispute shall be resolved in accordance with the procedures set forth in Section 8(c)(iii).

(B) The Corporation will give written notice to each holder of Preferred Shares at least ten (10) Business Days prior to the date on which the Corporation closes its books or takes a record (1) with respect to any dividend or distribution

upon the Common Stock, (2) with respect to any pro rata subscription offer to holders of Common Stock or (3) for determining rights to vote with respect to any Organic Change.

(C) The Corporation will also give written notice to each holder of Preferred Shares at least ten (10) Business Days prior to the date on which any Organic Change, dissolution or liquidation will take place.

9. Voting Rights; Board Observation Rights.

(a) Voting Rights. Except as may be otherwise provided in this Certificate of Vote or required by law, the Preferred Shares shall vote together with all other classes and series of stock of the Corporation as a single class on all actions to be taken by the stockholders of the Corporation. Each Preferred Share shall have a number of votes, subject to reduction pursuant to Section 11 hereof, equal to the quotient determined by dividing (a) the number of shares of Common Stock into which all of the outstanding Preferred Shares are then convertible in accordance with Section 8 (but subject to the limitation in Section 11) divided by (b) the number of Preferred Shares then outstanding. Each holder of Preferred Shares shall be entitled to notice of any stockholders' meeting in accordance with the By-Laws of the Corporation.

(b) Board Observation Rights. For so long as Oak Hill Advisors, Inc. ("Oak Hill") and its Affiliates and funds and accounts that Oak Hill and its Affiliates control or advise own in the aggregate not less than 2,500 Preferred Shares (subject to adjustment for any stock split, subdivision, combination or other similar transaction), Oak Hill shall be entitled to appoint one (1) designee who shall be entitled to observe the meetings of the Board of Director of the Corporation in a non-voting capacity. Such observer shall have full rights to attend all meetings of the Board of Directors of the Corporation and all meetings (whether such meetings are formal or informal, are convened in person, telephonically, or via any other telecommunication means) of any committee or subcommittee of the Board of Directors of the Corporation, including, without limitation, any executive, compensation, governance, nominating and audit committee. In connection with the rights set forth in this Section 9(b), the Corporation shall (i) provide all materials distributed to the members of the Board of Directors of the Company (and any committee or subcommittee thereof) to each Person designated by Oak Hill hereunder at the same time such materials are distributed to other Board, committee or subcommittee members and (ii) pay all reasonable expenses of such Person to attend the meetings of the Board of Directors (and any committee or subcommittee

thereof).

10. Protective Provisions. The Corporation shall not, directly or indirectly, without the affirmative vote or written consent of the holders of not less than 51% of the then outstanding Preferred Shares, voting or consenting as a separate class:

(a) enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (1) in the ordinary course of business in a manner and to an extent consistent with past practice and necessary or desirable for the prudent operation of its business, for fair consideration and on

terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof, (2) transactions with another wholly-owned Subsidiary of the Corporation or the Corporation and (3) transactions permitted by Section 10(f) hereof;

(b) (1) declare or pay any dividend or other distribution, direct or indirect, on account of any Capital Stock of the Corporation or any of its Subsidiaries, now or hereafter outstanding, (2) make any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Capital Stock of any of the Corporation or any of its Subsidiaries, now or hereafter outstanding, (3) make any payment to retire, or to obtain the surrender of, any outstanding warrants, options or other rights for the purchase or acquisition of shares of any class of Capital Stock of any of the Corporation or any of its Subsidiaries, now or hereafter outstanding, (4) return any Capital Stock to any shareholders or other equity holders of any of the Corporation or any of its Subsidiaries, or make any other distribution of property, assets, shares of Capital Stock, warrants, rights, options, obligations or securities thereto as such or (5) pay any management fees or any other fees or expenses (including the reimbursement thereof by any of the Corporation or any of its Subsidiaries) pursuant to any management, consulting or other services agreement to any of the shareholders or other equity holders of any of the Corporation or any of its Subsidiaries or other Affiliates, or to any other Subsidiaries or Affiliates of the Corporation; provided, however, (A) any Subsidiary of the Corporation may pay dividends to the Corporation or another Subsidiary of the Corporation (B) the Corporation may pay dividends on its outstanding common Capital Stock in the form of common Capital Stock, provided that an adjustment for such payment is provided for in Section 8(e) hereof, (C) the Corporation may pay cash dividends in the annual amount of $4.00 per share per twelve-month period upon each of the 112,000 shares of the Corporation's Series B Preferred Stock which are currently outstanding, and (D) the Corporation may accrue Dividends and make Cash Dividend Payments to the holders of Preferred Shares in the manner provided in Section 4 hereof provided that, in each case of clauses (A) through (D) above, no payment shall be made if Section 7.02(h) of the Financing Agreement would prohibit such payment;

(c) create, incur, assume, guarantee or suffer to exist, or otherwise become or remain liable with respect to, or permit any of its Subsidiaries to create, incur, assume, guarantee or suffer to exist or otherwise become or remain liable with respect to, any Indebtedness other than Permitted Indebtedness;

(d) create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired; file or suffer to exist under the Uniform Commercial Code or any similar law or statute of any jurisdiction, a financing statement (or the equivalent thereof)

that names it or any of its Subsidiaries as debtor; sign or suffer to exist any security agreement authorizing any secured party thereunder to file such financing statement (or the equivalent thereof); sell any of its property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable) with recourse to it or any of its Subsidiaries or assign or otherwise transfer, or permit any of its Subsidiaries to assign or otherwise transfer, any account or other right to receive income; other than, as to all of the above, Permitted Liens;

(e) Wind-up, liquidate or dissolve, or merge, consolidate or amalgamate with any Person, or convey, sell, lease or sublease, transfer or otherwise dispose of, whether in one transaction or a series of related transactions, all or any part of its business, property or assets, whether now owned or hereafter acquired (or agree to do any of the foregoing), or purchase or otherwise acquire, whether in one transaction or a series of related transactions, all or substantially all of the assets of any Person (or any division thereof) (or agree to do any of the foregoing), or permit any of its Subsidiaries to do any of the foregoing; provided, however, that

(i) any direct or indirect wholly-owned Subsidiary of the Corporation may be merged into any other direct or indirect wholly-owned Subsidiary of the Corporation, or may consolidate with another direct or indirect wholly-owned Subsidiary of the Corporation, so long as no other provision of this Certificate of Vote would be violated thereby; and

(ii) any of the Corporation and its Subsidiaries may (A) sell Inventory in the ordinary course of business, (B) dispose of obsolete or worn-out equipment in the ordinary course of business, (C) sell or otherwise dispose of other property or assets (other than any Capital Stock, Rolling Stock or any Facility of any of the Corporation or any of its Subsidiaries) for cash in an aggregate amount not less than the fair market value of such property or assets, and (D) sell or otherwise dispose of Rolling Stock for cash in an amount not less than the fair market value of such Rolling Stock, provided that the net cash proceeds of such dispositions in the case of clauses (B), (C) and (D) above, do not exceed $500,000 in the aggregate in any twelve-month period and the conditions of Section 7.02(c)(ii) of the Financing Agreement are satisfied.

(f) Make or commit or agree to make any loan, advance, guarantee of obligations, other extension of credit or capital contributions to, or hold or invest in or commit or agree to hold or invest in, or purchase or otherwise acquire or commit or agree to purchase or otherwise acquire any shares of the Capital Stock, bonds, notes, debentures or other securities of, or make or commit or agree to make any other investment in, any other Person, or purchase or own any futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, or permit any of its Subsidiaries to do any of the foregoing, except for: (i) investments existing on the Issuance Date, as set forth on Schedule 7.02(e) to the Financing Agreement, but not any increase in the amount thereof as set forth in such Schedule or any other modification of the terms thereof, (ii) investments made by the Company or any Subsidiary of the Company that is a Loan Party (as defined in the Financing Agreement) in or to its respective wholly-owned Subsidiaries and by such Subsidiaries to it, made in the ordinary course of business, provided that the aggregate principal amount of such investments made in or to the Loan Parties' Subsidiaries organized outside of the United States (exclusive of (A) investments in the Capital Stock of such Subsidiaries resulting from the allocation of the consideration paid by the Loan Parties for the CSD Acquisition Assets (as defined in the Financing Agreement) and (B) Indebtedness incurred by a Loan Party on behalf of one or more of its Subsidiaries which is permitted under clause (i) of the definition of "Permitted Indebtedness") shall not exceed, in the case of such Subsidiaries organized under the laws of a Canadian province, $5,000,000 or, in the case of any other Subsidiary organized outside the

United States, $500,000, in each case at any one time outstanding, and (iii) Permitted Investments;

(g) Make or commit or agree to make, or permit any of its Subsidiaries to make or commit or agree to make, any Capital Expenditure (by purchase or Capitalized Lease) that would cause the aggregate amount of all Capital Expenditures made by the Corporation and their Subsidiaries to exceed the amount permitted in any Fiscal Year under Section 7.02(g) of the Financing Agreement;

(h) Create or otherwise cause, incur, assume, suffer or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any direct or indirect Subsidiary of the Corporation (i) to pay dividends or to make any other distribution on any shares of Capital Stock of such Subsidiary owned by directly or indirectly by the Corporation, (ii) to pay or prepay or to subordinate any Indebtedness owed to any of the Corporation or any of its Subsidiaries, (iii) to make loans or advances to any of the Corporation or any of its Subsidiaries or (iv) to transfer any of its property or assets to any of the Corporation or any of its Subsidiaries, or permit any of its Subsidiaries to do any of the foregoing; provided, however, that nothing in any of clauses (i) through (iv) of this Section 10(h) shall prohibit or restrict compliance with:

(A) the Financing Agreement, the Revolving Credit Agreement, or any other agreement or instrument entered into in connection therewith;

(B) any agreements in effect on the Issuance Date and described on Schedule 7.02(k) to the Financing Agreement;

(C) any applicable law, rule or regulation (including, without limitation, applicable currency control laws and applicable state corporate statutes restricting the payment of dividends in certain circumstances);

(D) in the case of clause (iv) any agreement setting forth customary restrictions on the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract of similar property or assets; or

(E) in the case of clause (iv) any agreement, instrument or other document evidencing a Permitted Lien from restricting on customary terms the transfer of any property or assets subject thereto.

(i) assume, or accept any assignment of, directly or indirectly, after the Issuance Date any contract, agreement or obligation of Safety-Kleen Corp. or its Affiliates or Subsidiaries containing or otherwise imposing on the Corporation or any of its Affiliates or Subsidiaries any material indemnification or guarantee obligation, other than those contracts and agreements listed in a schedule delivered prior to the Effective Date to each holder of Preferred Shares as of the Effective Date;

(j) amend, alter, change, repeal or waive any provision of its Articles of Organization (whether by way of a Certificate of Vote or otherwise) or this Certificate of Vote

or its By-laws in any manner (whether by merger, consolidation or otherwise), that would adversely affect the rights, preferences or privileges of the Preferred Shares;

(k) create or authorize the creation of or issue (including, without limitation, by way of recapitalization), or obligate itself or any Subsidiary to authorize or issue any shares of any series of preferred stock of the Corporation or any such Subsidiary, or any other security exercisable for or convertible into any shares of any series of preferred stock of the Corporation or any Subsidiary, whether any such creation or authorization shall be by means of amendment of the Articles of Organization (whether by way of a Certificate of Vote or otherwise) or of this Certificate of Vote or by merger, consolidation or otherwise;

(l) issue or authorize the issuance of any Preferred Shares after the Issuance Date;

(m) issue or authorize the issuance of any shares of Series B Preferred Stock of the Corporation after the Issuance Date;

(n) modify or amend the terms of the Series B Preferred Stock in a manner that could reasonably be expected to adversely affect the rights of the holders of Preferred Shares; or

(o) enter into any contract, agreement, commitment or understanding with respect to any of the foregoing.

If the Company shall have breached or defaulted with respect to any of the covenants set forth in this Section 10, and such breach has not been cured, if curable, within 30 days of written notice to the Company thereof (each, a "Covenant Default"), then, immediately upon the occurrence of such Covenant Default, (i) the Dividend Rate in effect on the date of the Covenant Default shall increase by six percent (6%) until the later of (A) the six-month anniversary of the date of the occurrence of the Covenant Default and (B) the date on which such Covenant Default is cured and (ii) the Conversion Price shall automatically be adjusted (subject to further adjustment pursuant to this Certificate of Vote subsequent to such adjustment) to an amount equal to (A) the Adjustment Price, in the event the Conversion Price in effect on the date of the Covenant Default is greater than the Adjustment Price and (B) the product of (I) 0.9 and (II) the Conversion Price in effect on the date of the Covenant Default, in the event the Conversion Price in effect on the date of the Covenant Default is less than or equal to the Adjustment Price.

11. Limitation on Number of Conversion Shares. Notwithstanding anything to the contrary contained herein, (a) the Corporation shall not be obligated to issue any shares of Common Stock upon conversion of the Preferred Shares if the issuance of such shares of Common Stock would exceed that number of shares of Common Stock which the Corporation may issue upon conversion of the Preferred Shares without breaching the Corporation's obligations under the rules or regulations of the Principal Market, or the market or exchange where the Common Stock is then traded (the "Exchange Cap") and (b) the holders of Preferred Shares may not exercise voting power with respect to any Preferred Shares in accordance with Section 9 hereof on any matter brought before all holders of Capital Stock of the Corporation to

the extent that voting such Preferred Shares shall cause the Corporation to breach its obligations under the Exchange Cap, except that such limitations shall not apply in the event that the Corporation (i) obtains the approval of its stockholders as required by the applicable rules of the Principal Market (or any successor rule or regulation) for issuances of Common Stock in excess of such amount, or (ii) obtains a written opinion from outside counsel to the Corporation that such approval is not required, which opinion shall be reasonably satisfactory to the holders of at least 51% of the Preferred Shares then outstanding. Until such approval or written opinion is obtained, (A) no purchaser of Preferred Shares pursuant to the Purchase Agreement (the "Purchasers") shall be issued, upon conversion of Preferred Shares, shares of Common Stock and (B) no Purchaser shall have the right to exercise voting rights on matters brought before all holders of Capital Stock in accordance with

Section 9 hereof in respect of Preferred Shares in an amount greater than the product of (1) the Exchange Cap amount multiplied by (2) a fraction, the numerator of which is the number of Preferred Shares issued to such Purchaser pursuant to the Purchase Agreement and the denominator of which is the aggregate amount of all the Preferred Shares issued to the Purchasers pursuant to the Purchase Agreement (the "Cap Allocation Amount"). In the event that any Purchaser shall sell or otherwise transfer any of such Purchaser's Preferred Shares, the transferee shall be allocated a pro rata portion of such Purchaser's Cap Allocation Amount. In the event that any holder of Preferred Shares shall convert all of such holder's Preferred Shares into a number of shares of Common Stock which, in the aggregate, is less than such holder's Cap Allocation Amount, then the difference between such holder's Cap Allocation Amount and the number of shares of Common Stock actually issued to such holder shall be allocated to the respective Cap Allocation Amounts of the remaining holders of Preferred Shares on a pro rata basis in proportion to the number of Preferred Shares then held by each such holder. If at any time when a holder of Preferred Shares shall deliver a Conversion Notice pursuant to Section 8(c) hereof the Corporation shall be prohibited pursuant to the provisions of this Section 11 from issuing all or any portion of the Conversion Shares issuable pursuant to such Conversion Notice, then the Corporation shall pay in immediately available funds to the holder within two (2) Business Days of the date of delivery of such Conversion Notice, an amount in cash equal to the product of (x) the number of shares of Common Stock which could not be issued by virtue of the limitations contained in this Section 11 multiplied by (y) the average of the Closing Sale Prices of the Common Stock on each of the five (5) trading days immediately preceding the date of delivery of such Conversion Notice, and concurrent with, and subject to such payment by the Corporation, the number of Preferred Shares held by such holder shall be reduced on the books and records of the Corporation in accordance with Section 8(c)(vi) by the number of Preferred Shares that were subject to the Conversion Notice and could not be converted by virtue of the limitations of this Section 11.

12. Lost or Stolen Certificates. Upon receipt by the Corporation of evidence reasonably satisfactory to the Corporation of the loss, theft, destruction or mutilation of any Preferred Stock Certificates representing the Preferred Shares, and, in the case of loss, theft or destruction, of an indemnification undertaking by the holder to the Corporation in customary form and, in the case of mutilation, upon surrender and cancellation of the Preferred Stock Certificate(s), the Corporation shall execute and deliver to the holder new preferred stock certificate(s) of like tenor and date.

13. Reservation of Shares. The Corporation shall, so long as any of the Preferred Shares are outstanding, take all action necessary to reserve and keep available out of its

authorized and unissued Common Stock, solely for the purpose of effecting the conversions of the Preferred Shares, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all of the Preferred Shares then outstanding (without regard to any limitations on conversions) under the terms of this Certificate of Vote as then in effect. The initial number of shares of Common Stock reserved for conversions of the Preferred Shares and each increase in the number of shares so reserved shall be allocated pro rata among the holders of the Preferred Shares based on the number of Preferred Shares held by each holder at the time of issuance of the Preferred Shares or increase in the number of reserved shares, as the case may be. In the event a holder shall sell or otherwise transfer any of such holder's Preferred Shares, each transferee shall be allocated a pro rata portion of the number of reserved shares of Common Stock reserved for such transferor. Any shares of Common Stock reserved and allocated to any Person which ceases to hold any Preferred Shares shall be allocated to the remaining holders of Preferred Shares, pro rata based on the number of Preferred Shares then held by such holders.

14. No Impairment. The Corporation shall not, by amendment of its

Articles of Organization or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Preferred Shares set forth herein, but will at all times in good faith assist in the carrying out of all terms and in the taking of all action that may be necessary or appropriate in order to protect the rights of the holders of then outstanding Preferred Shares against dilution or other impairment. Without limiting the generality of the foregoing, the Corporation (a) shall not increase the par value of any shares of stock receivable on the conversion of Preferred Shares above the amount payable therefor on such conversion and (b) shall take all action that may be necessary or appropriate in order that the Corporation may validly and legally issue fully paid and nonassessable shares of stock on the conversion of all Preferred Shares from time to time outstanding.

15. Severability of Provisions. Whenever possible, each provision of this Certificate of Vote shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision hereof is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions hereof. If a court of competent jurisdiction should determine that a provision hereof would be valid or enforceable if a period of time were extended or shortened or a particular percentage were increased or decreased, then such court may make such change as shall be necessary to render the provision in question effective and valid under applicable law.

16. Amendment, Waiver or Discharge. Except as otherwise expressly provided herein, neither this Certificate of Vote nor any term hereof may be amended, waived, modified, discharged or terminated without the written consent or affirmative vote of the holders of not less than 51% of the Preferred Shares then outstanding; provided, however, that no amendment, waiver or consent shall (a) change or extend the Mandatory Redemption Date, the Redemption Price or the Conversion Price applicable to any Preferred Shares, in each case without the written consent of the holder of such Preferred Shares (b) amend, modify or waive the conversion or redemption rights of any holder of Preferred Shares without the written consent

of such holder or (c) amend, modify or waive this Section 16 without the written consent of each holder of Preferred shares.

17. Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Certificate of Votes shall be cumulative and in addition to all other remedies available under this Certificate of Vote, at law or in equity (including a decree of specific performance and/or other injunctive relief). No remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy. Nothing herein shall limit a holder's right to pursue actual damages for any failure by the Corporation to comply with the terms of this Certificate of Vote. The Corporation covenants to each holder of Preferred Shares that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the holder thereof and shall not, except as expressly provided herein, be subject to any other obligation of the Corporation (or the performance thereof). The Corporation acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the holders of the Preferred Shares and that the remedy at law for any such breach may be inadequate. The Corporation therefore agrees that, in the event of any such breach or threatened breach, the holders of the Preferred Shares shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

18. Failure or Indulgence Not Waiver. No failure or delay on the part of a holder of Preferred Shares in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

19. Notice. Whenever notice is required to be given under this Certificate of Vote, unless otherwise provided herein, such notice shall be given in accordance with Section 8 of the Purchase Agreement (provided that if the Preferred Shares are not held by a Buyer (as defined in the Purchase Agreement) then such notice shall be given to the holder of Preferred Shares at the address set forth on the books and records of the Corporation.

20. Transfer of Preferred Shares. A holder of Preferred Shares may assign some or all of the Preferred Shares and the accompanying rights hereunder held by such holder without the consent of the Corporation; provided that such assignment is in compliance with applicable securities laws and notice of such assignment is delivered to the Corporation promptly thereafter.

21. Preferred Share Register. The Corporation shall maintain at its principal executive offices (or such other office or agency of the Corporation as it may designate by notice to the holders of the Preferred Shares), a register for the Preferred Shares, in which the Corporation shall record the name and address of the persons in whose name the Preferred Shares have been issued, as well as the name and address of each transferee. The Corporation may treat the person in whose name any Preferred Share is registered on the register as the owner and holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any properly made transfers.

EXHIBIT I

CLEAN HARBORS, INC. CONVERSION NOTICE

Reference is made to the Certificate of Vote of Directors Establishing a Series of a Class of Stock describing the Preference and Rights of Series C Convertible Preferred Stock of Clean Harbors, Inc. (the "Certificate of Vote"). In accordance with and pursuant to the Certificate of Vote, the undersigned hereby elects to convert the number of shares of Series C Convertible Preferred Stock, par value $0.01 per share (the "Preferred Shares"), of Clean Harbors, Inc., a Massachusetts corporation (the "Corporation"), indicated below into shares of Common Stock, par value $0.01 per share (the "Common Stock"), of the Corporation, as of the date specified below.

Date of Conversion:_____

Number of Preferred Shares to be converted:_____

Stock certificate no(s). of Preferred Shares to be converted:_____

Tax ID Number (If applicable):_____

Please confirm the following information:_____

Conversion Price:_____

Number of shares of Common Stock to be issued:_____

Please issue the Common Stock into which the Preferred Shares are being converted and, if applicable, any check drawn on an account of the Corporation in the following name and to the following address:

Issue to:_____

_____

Address:_____

Telephone Number:_____

Facsimile Number:_____

Authorization:_____

By:_____

Title:_____

Dated:

Account Number (if electronic book entry transfer):_____

Transaction Code Number (if electronic book entry transfer):_____

[NOTE TO HOLDER -- THIS FORM MUST BE SENT CONCURRENTLY TO TRANSFER AGENT]

SIGNED UNDER THE PENALTIES OF PERJURY this 9th day of September, 2002

/s/ Stephen H. Moynihan /*Vice President,

/s/ C. Michael Malm / **Clerk /

THE COMMONWEALTH OF MASSACHUSETFS

CERTIFICATE OF VOTE OF DIRECTORS
ESTABLISHING A SERIES OF A CLASS OF STOCK
(General Laws, Chapter 156B, Section 26)

I hereby approve the within Certificate of Vote of Directors and, the filing fee in the amount of $100.00 having been paid, said certificate is deemed to have been filed with me this 9th day of September, 2002

Effective date:_____

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION
Photocopy of document to be sent to:

C. Michael Malm, Esq.

Davis Malm & D'Agostine, P.C.

One Boston Place, 37th Floor

Boston, MA 02108

Telephone: 617-367-2500

Exhibit 4.24

LOAN AND SECURITY AGREEMENT

by and among

CONGRESS FINANCIAL CORPORATION
(NEW ENGLAND) as Agent,

CONGRESS FINANCIAL CORPORATION (NEW ENGLAND),
And the other financial institutions party hereto
from time to time as Lenders,

and

CLEAN HARBORS, INC. AND ITS SUBSIDIARIES
as Borrowers

Dated: September 6, 2002

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INDEX TO EXHIBITS AND SCHEDULES

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement dated September 6, 2002 is entered into by and among Congress Financial Corporation (New England), a Massachusetts corporation ("Congress") as agent for itself and the other Lenders ("Agent"), Congress Financial Corporation (New England) and the other financial institutions from time to time party hereto (each, a "Lender" and, collectively, "Lenders") and Clean Harbors, Inc., a Massachusetts corporation ("Parent"), Clean Harbors Canada, Inc. (currently, Safety-Kleen Ltd.), a New Brunswick corporation, Clean Harbors Mercier, Inc. (currently, Safety-Kleen Services (Mercier) Ltd.), a Quebec corporation, Clean Harbors Quebec, Inc. (currently, Safety-Kleen Services (Quebec) Ltd.), a Quebec corporation and 510127 N.B. Inc., a New Brunswick corporation (collectively, "Canadian Borrowers" as hereinafter further defined) and each of the other Subsidiaries of Parent from time to time a party hereto (each together with Parent and Canadian Borrowers, a "Borrower" and, collectively, "Borrowers").

W I T N E S S E T H:

WHEREAS, Parent has entered into an Acquisition Agreement dated as of February 22, 2002, as amended as of March 8, April 30 and September 6, 2002 with Safety-Kleen Services, Inc. (the "Purchase Agreement") to acquire certain assets and businesses of the Chemical Services Division (the "Division") of Safety-Kleen Services, Inc. and certain of its subsidiaries ("Sellers") in a transaction pursuant to Sections 363/365 of the United States Bankruptcy Code;

WHEREAS, Borrowers have requested that Agent and Lenders enter into financing arrangements with Borrowers pursuant to which Agent and Lenders may make loans and provide other financial accommodations to Borrowers;

WHEREAS, Agent and Lenders are willing to make such loans and provide such financial accommodations on the terms and conditions set forth herein; and

WHEREAS, immediately after the consummation of the transactions contemplated by the Purchase Agreements the name of Safety-Kleen Services (Mercier) Ltd. will be changed to Clean Harbors Mercier, Inc., the name of Safety-Kleen Services (Quebec) Ltd. will be changed to Clean Harbors Quebec, Inc. and the name of Safety-Kleen Ltd. will be changed to Clean Harbors Canada, Inc;

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

For purposes of this Agreement, the following terms shall have the respective meanings given to them below:

1.1 "Accounts" shall mean all present and future rights of each Borrower to payment of a monetary obligation, whether or not earned by performance, which is not evidenced by chattel paper or an instrument, (a) for Inventory that has been

or is to be sold, leased, licensed, assigned, or otherwise disposed of, (b) for services rendered or to be rendered, (c) for a

secondary obligation incurred or to be incurred, or (d) arising out of the use of a credit or charge card or information contained on or for use with the card.

1.2 "Acquisition" means the acquisition of the Division in accordance with the Purchase Agreements.

1.3 "Adjusted Eurodollar Rate" shall mean, with respect to each Interest Period for any Eurodollar Rate Loan, the rate per annum (rounded upwards, if necessary, to the next one-sixteenth (1/16) of one (1%) percent) determined by dividing (a) the Eurodollar Rate for such Interest Period by (b) a percentage equal to: (i) one (1) minus (ii) the Reserve Percentage. For purposes hereof, "Reserve Percentage" shall mean the reserve percentage, expressed as a decimal, prescribed by any United States or foreign banking authority for determining the reserve requirement which is or would be applicable to deposits of United States dollars in a non-United States or an international banking office of Reference Bank used to fund a Eurodollar Rate Loan or any Eurodollar Rate Loan made with the proceeds of such deposit, whether or not the Reference Bank actually holds or has made any such deposits or loans. The Adjusted Eurodollar Rate shall be adjusted on and as of the effective day of any change in the Reserve Percentage.

1.4 "Adjusted Net Worth" shall mean as to any Person, at any time, in accordance with GAAP (except as otherwise specifically set forth below), on a consolidated basis for such Person and its Subsidiaries (if any), the amount equal to the difference between: (a) the aggregate net book value of all assets of such Person and its Subsidiaries after deducting from such book values all appropriate reserves in accordance with GAAP (including all reserves for doubtful receivables, obsolescence, depreciation and amortization) and (b) the aggregate amount of the Indebtedness and other liabilities of such Person and its Subsidiaries (including tax and other proper accruals).

1.5 "Affiliate" shall mean, with respect to a specified Person, any other Person (a) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified person; (b) which beneficially owns or holds five (5%) percent or more of any class of the Voting Stock or other equity interest of such specified person; or (c) of which five (5%) percent or more of the Voting Stock or other equity interest is beneficially owned or held by such specified person or a Subsidiary of such specified person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with") when used with respect to any specified person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of Voting Stock, by agreement or otherwise.

1.6 "Agent" shall mean Congress Financial Corporation (New England) and its successors and assigns, as administrative and collateral agent for the Lenders hereunder.

1.7 "Agent Payment Account" shall mean account no. _____ of Agent at Wachovia Bank, National Association or such other account as Agent may from time to time designate to Borrowers as the Agent Payment Account for purposes of this Agreement.

1.8 "Assignment and Acceptance" means an Assignment and Acceptance between a Lender and an Eligible Assignee (with the consent and approval of the Agent) in the form of Exhibit D hereto.

1.9 "Bankruptcy Court" shall have the meaning set forth in Section 4.1(k) hereof.

1.10 "Blocked Accounts" shall have the meaning set forth in Section 6.3 hereof.

1.11 "Borrowers" shall mean, collectively, US Borrowers and Canadian Borrowers; each sometimes being referred to herein individually as a "Borrower".

1.12 "Borrowing Base" shall mean, as to US Borrowers, the US Borrowing Base and as to Canadian Borrowers, the Canadian Borrowing Base.

1.13 "Borrower Representative" shall have the meaning set forth in Section 2.5 hereof.

1.14 "Business Day" shall mean (a) in connection with any Loans or Letter of Credit Accommodations made or provided to a Canadian Borrower, or other matters related exclusively to a Canadian Borrower, any day (i) other than a Saturday or Sunday or other day on which commercial banks are authorized or required to close under the laws of the State of New York, the State of North Carolina, or The Commonwealth of Massachusetts or the Province of Ontario, and (ii) on which Agent's Canadian Affiliate's offices and the Bank of Montreal are open for the transaction of business and (b) in connection with any Loans or Letter of Credit Accommodations made or provided to any other Borrower, any day other than a Saturday, Sunday, or other day on which commercial banks are authorized or required to close under the laws of the State of New York, the State of North Carolina, or The Commonwealth of Massachusetts and a day on which the Reference Bank and Agent are open for the transaction of business, except that if a determination of a Business Day shall relate to any Eurodollar Rate Loans, the term Business Day shall also exclude any day on which banks are closed for dealings in dollar deposits in the London interbank market or other applicable Eurodollar Rate market.

1.15 "Canadian Borrowing Base" shall mean, at any time, the amount for each Canadian Borrower equal to: (a) eighty (80%) percent of the Net Amount of Eligible Accounts of each such Canadian Borrower (including all Municipal Government Accounts that are Eligible Accounts), plus (b) sixty-five (65%) percent of the Net Amount of Federal Government Accounts of each such Canadian Borrower that are Eligible Accounts, less (c) any Reserves attributable to each such Canadian Borrower.

1.16 "Canadian Borrowers" shall mean, collectively, the following (together with their respective successors and assigns): Clean Harbors Canada, Inc. (currently, Safety-Kleen Ltd.), a New Brunswick corporation, Clean Harbors Mercier, Inc. (currently, Safety-Kleen Services (Mercier) Ltd.), a Quebec corporation, Clean Harbors Quebec, Inc. (currently, Safety-Kleen Services (Quebec) Ltd.), a Quebec corporation, and 510127 N.B. Inc., a New Brunswick corporation; each being referred to sometimes herein as a "Canadian Borrower".

1.17 "Canadian Credit Facility" shall mean the Loans and Letter of Credit Accommodations provided to or for the benefit of a Canadian Borrower pursuant to Section 2 hereof.

1.18 "Canadian Dollar Equivalent" shall mean at any time (a) as to any amount denominated in Canadian Dollars, the amount thereof and (b) as to any amount denominated in US Dollars or any other currency, the equivalent amount in Canadian Dollars calculated by Agent at such time using the then applicable Exchange Rate in effect on the Business Day of determination.

1.19 "Canadian Dollar Loans" shall mean any Loans or portion thereof which are denominated in Canadian Dollars.

1.20 "Canadian Dollars" and "C$" shall each mean the lawful currency of Canada.

1.21 "Canadian Lender" shall mean Congress Financial Corporation (Canada), an Ontario corporation, and its successors and assigns.

1.22 "Canadian Letter of Credit Accommodations" shall mean Letter of Credit Accommodations made by Canadian Lender under the Canadian Credit Facility.

1.23 "Canadian Payment Account" shall mean US Dollar account no. 00002-4635-886 of Canadian Lender at Bank of Montreal for US Dollars and Canadian Dollar account no. 00002-1258-246 of Canadian Lender at Bank of Montreal for Canadian Dollars or such other account of Canadian Lender as Agent may from time to time designate to Parent as the Canadian Payment Account for purposes of this Agreement and the other Financing Agreements.

1.24 "Canadian Maximum Credit" shall mean C$20,000,000.

1.25 "Canadian Overadvances" shall have the meaning set forth in Section 2.1(e).

1.26 "Canadian Pension Plan" shall mean any plan, program or arrangement (other than the Canada/Quebec Pension Plan) that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, any Borrower in respect of any Person's employment in Canada with such Borrower.

1.27 "Canadian Prime Rate" shall mean, at any time, the greater of (i) the rate from time to time publicly announced by Bank of Montreal as its prime rate in effect for determining interest rates on Canadian Dollar denominated commercial loans in Canada, whether or not such announced rate is the best rate available at such bank and (ii) the CDOR Rate at such time plus one (1%) percent per annum.

1.28 "Canadian Prime Rate Loans" shall mean any Canadian Dollar Loans or portion thereof on which interest is payable based on the Canadian Prime Rate in accordance with the terms hereof.

1.29 "Canadian Revolving Loans" shall mean Revolving Loans made by Canadian Lender under the Canadian Credit Facility.

1.30 "Capital Expenditures" shall mean with respect to any Person for any period, the sum of (i) the aggregate of all expenditures by such Person and its Subsidiaries during such

period that in accordance with GAAP are or should be included in "property, plant and equipment" or in a similar fixed asset account on its balance sheet, whether such expenditures are paid in cash or financed and including all Capital Leases paid or payable during such period, and (ii) to the extent not covered by clause (i) above, the aggregate of all expenditures by such Person and its Subsidiaries during such period to acquire by purchase or otherwise the business or fixed assets of, or the Capital Stock of, any other Person.

1.31 "Capital Leases" shall mean, as applied to any Person, any lease of (or any agreement conveying the right to use) any property (whether real, personal or mixed) by such Person as lessee which in accordance with GAAP, is required to be reflected as a liability on the balance sheet of such Person.

1.32 "Capital Stock" shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's capital stock, partnership interests or limited liability company interests at any time outstanding, and any and all rights, warrants or options exchangeable for or convertible into such capital stock or other interests (but excluding any debt security that is exchangeable for or convertible into such

capital stock).

1.33 "Cash Equivalents" shall mean, at any time, (a) any evidence of Indebtedness with a maturity date of ninety (90) days or less issued or directly and fully guaranteed or insured by the United States of America, Canada or any agency or instrumentality thereof; provided, that, the full faith and credit of the United States of America or Canada, as applicable, is pledged in support thereof; (b) certificates of deposit or bankers' acceptances with a maturity of ninety (90) days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than $250,000,000; (c) commercial paper (including variable rate demand notes) with a maturity of ninety (90) days or less issued by a corporation (except any Borrower or an Affiliate of any Borrower) organized under the laws of any State of the United States of America or the District of Columbia or organized under the laws of any Province of Canada, or the federal laws applicable therein and rated at least A-1 by Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. or at least P-1 by Moody's Investors Service, Inc.; (d) repurchase obligations with a term of not more than thirty (30) days for underlying securities of the types described in clause (a) above entered into with any financial institution having combined capital and surplus and undivided profits of not less than $250,000,000; (e) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America, Canada or issued by any governmental agency thereof and backed by the full faith and credit to the United States of America or Canada, as applicable, in each case maturing within ninety (90) days or less from the date of acquisition; provided, that, the terms of such agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions with Securities Dealers and Others, as adopted by the Comptroller of the Currency on October 31, 1985; and (f) investments in money market funds and mutual funds which invest substantially all of their assets in securities of the types described in clauses (a) through (e) above.

1.34 "CDOR Rate" shall mean, on any day, the annual rate of interest which is the rate based on an average 30 day rate applicable to Canadian Dollar bankers' acceptances appearing on the "Reuters Screen CDOR Page" (as defined in the International Swap Dealer Association,

Inc. definitions, as modified and amended from time to time) as of 10:00 a.m. Toronto, Ontario time on such day; provided that if such rate does not appear on the Reuters Screen CDOR Page as contemplated, then the CDOR Rate on any day shall be the 30 day rate applicable in Canadian Dollar bankers' acceptances quoted by the Bank of Montreal as of 10:00 a.m. Toronto, Ontario time on such day.

1.35 "Change of Control" shall mean (a) except as may be expressly permitted under Section 9.7 hereof, the transfer (in one transaction or a series of transactions) of all or substantially all of the assets of any Borrower to any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act); (b) except as may be expressly permitted under Section 9.7 hereof, the liquidation or dissolution of any Borrower or the adoption of a plan by the stockholders of any Borrower relating to the dissolution or liquidation of any Borrower; (c) the acquisition by any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act), except for one or more Permitted Holders, of beneficial ownership, directly or indirectly, of fifty (50%) percent or more of the voting power of the total outstanding Voting Stock of Parent, or the Board of Directors of Parent; (d) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board of Directors of Parent (together with any new directors who have been appointed by any Permitted Holder, or whose nomination for election by the stockholders of Parent, as the case may be, was approved by a vote of at least sixty-six and two-thirds (66 2/3%) percent of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason (other than death

or cessation of legal capacity) to constitute a majority of the Board of Directors of Parent then still in office; (e) in the case of any Borrower other than Parent, Parent or Borrowers that own beneficially and of record, Voting Stock of other Borrowers on the date of this Agreement shall cease to own beneficially and of record, one hundred (100%) percent of the voting power of the total outstanding Voting Stock of each such other Borrower or shall cease to control the appointment of the Board of Directors of each such Borrower; or (f) the failure of the Permitted Holders to own more than twenty-five (25%) percent of the voting power of the total outstanding Voting Stock of Parent.

1.36 "Code" shall mean the Internal Revenue Code of 1986, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all rules, regulations and interpretations thereunder or related thereto.

1.37 "Collateral" shall have the meaning set forth in Section 5.1 hereof.

1.38 "Collateral Access Agreement" shall mean an agreement in writing, in form and substance satisfactory to Agent, from any lessor of premises to any Borrower, or any other person to whom any Collateral (including Inventory, Equipment, bills of lading or other documents of title) is consigned or who has custody, control or possession of any such Collateral or is otherwise the owner or operator of any premises on which any of such Collateral is located, pursuant to which such lessor, consignee or other person, inter alia, acknowledges the first priority security interest of Agent in such Collateral, agrees to waive any and all claims such lessor, consignee or other person may, at any time, has against such Collateral, whether for processing, storage or otherwise, and agrees to permit Agent access to, and the right to remain on, the premises of such lessor, consignee or other person so as to exercise Agent's rights and remedies and otherwise deal with such Collateral and, in the case of any consignee or other person who at any time has custody, control or possession of any Collateral, acknowledges that it

holds and will hold possession of the Collateral for the benefit of Agent and agrees to follow all instructions of Agent with respect thereto.

1.39 "Congress" shall mean Congress Financial Corporation (New England) , a Massachusetts corporation, and its successors and assigns.

1.40 "Consolidated Annualized EBITDA" means, as of any date of determination, the product of (i) the aggregate amount of Consolidated EBITDA for those fiscal quarters commencing on or after October and ending on or prior to such date of determination , multiplied by (ii) a fraction, the numerator of which shall be the number 12 and the denominator of which shall equal the total number of calendar months that have elapsed since October 1, 2002.

1.41 "Consolidated EBITDA" shall mean with respect to any Person for any period, the Consolidated Net Income of such Person and its Subsidiaries for such period, plus (i) without duplication, the sum of the following amounts of such Person and its Subsidiaries for such period, in each case and to the extent deducted in determining Consolidated Net Income of such Person for such period: (A) Consolidated Net Interest Expense, (B) income tax expense determined on a consolidated basis in accordance with GAAP, (C) depreciation expense determined on a consolidated basis in accordance with GAAP, and (D) amortization expense determined on a consolidated basis in accordance with GAAP.

1.42 "Consolidated Net Income" shall mean with respect to any Person for any period, the net income (loss) of such Person and its Subsidiaries for such period, determined on a consolidated basis and in accordance with GAAP, but excluding from the determination of Consolidated Net Income (without duplication): (a) any extraordinary or non recurring gains or losses or gains or losses from dispositions of assets of such Person and Subsidiaries (other than Inventory in the ordinary course of business on ordinary business terms), (b) restructuring charges, (c) effects of discontinued operations, (d) interest

income, and (e) extraordinary or non recurring costs otherwise included in the calculation of Consolidated Net Income that were incurred during 2002 in connection with the Acquisition and the related financing transactions.

1.43 "Consolidated Net Interest Expense" shall mean with respect to any Person for any period, gross interest expense of such Person and its Subsidiaries for such period determined on a consolidated basis and in accordance with GAAP (including, without limitation, interest expense paid to Affiliates of such Person), less (i) the sum of (A) interest income for such period, (B) gains for such period on Hedging Agreements (to the extent not included in interest income above and to the extent not deducted in the calculation of gross interest expense), and (C) amortization of extraordinary or non recurring costs otherwise included in gross interest expense that were incurred during 2002 in connection with the Acquisition and the related financing transactions (but only to the extent such costs would be deducted in the determination of Consolidated Net Income without regard to the exclusion set forth in clause (e) of the definition of "Consolidated Net Income") plus (ii) the sum of (A) losses for such period on Hedging Agreements (to the extent not included in gross interest expense) and (B) the upfront costs or fees for such period associated with Hedging Agreements (to the extent not included in gross interest expense), in each case, determined on a consolidated basis and in accordance with GAAP.

1.44 "Credit Facility" shall mean, collectively, the US Credit Facility and the Canadian Credit Facility.

1.45 "Currency Due" shall have the meaning set forth in Section 11.6 hereof.

1.46 "Deed of Hypothec" means, collectively, (a) Deed of Hypothec executed or to be executed by Clean Harbors Mercier, Inc. (currently, Safety-Kleen Services (Mercier) Ltd.), a Quebec corporation, pursuant to which it hypothecates its Collateral in favour of the Agent pursuant to the provisions of Article 2692 of the Civil Code of Quebec, and (b) the Deed of Hypothec executed or to be executed by Clean Harbors Quebec, Inc. (currently, Safety-Kleen Services (Quebec) Ltd.), a Quebec corporation, pursuant to which it hypothecates its Collateral in favour of the Agent pursuant to the provisions of Article 2692 of the Civil Code of Quebec.

1.47 "Default" shall mean an act, condition or event which with notice or passage of time or both would constitute an Event of Default.

1.48 "Default Rate" shall mean the Interest Rate specified in the proviso to Section 1.83 hereto.

1.49 "Delinquent Lender" shall have the meaning set forth in Section 13.5(c) hereof.

1.50 "Deposit Account Control Agreement" shall mean an agreement in writing, in form and substance satisfactory to Agent, by and among Agent, a Borrower, and any bank at which any deposit account of any Borrower is at any time maintained and such Borrower which provides that such bank will comply with instructions originated by Agent directing disposition of the funds in the deposit account without further consent by such Borrower and such other terms and conditions as Agent may require, including as to any such agreement with respect to any Blocked Account, providing that all items received or deposited in the Blocked Accounts are the property of Agent, that the bank has no lien upon, or right to setoff against, the Blocked Accounts, the items received for deposit therein, or the funds from time to time on deposit therein and that the bank will wire, or otherwise transfer, in immediately available funds, on a daily basis to the Agent Payment Account (in the case of the US Borrowers) and to the Canadian Payment Account (in the case of the Canadian Borrowers) all available funds received or deposited into the Blocked Accounts.

1.51 "Division" shall have the meaning set forth in the recitals.

1.52 "Eligible Accounts" shall mean Accounts created by Borrowers which are and continue to be acceptable to Agent based on the criteria set forth below. In general, Accounts shall be Eligible Accounts if:

(a) such Accounts arise from the actual and bona fide sale and delivery of Inventory by a Borrower or rendition of services by a Borrower in the ordinary course of its business which transactions are completed in accordance with the terms and provisions contained in any documents related thereto;

(b) such Accounts are not unpaid more than the ninety (90) days after the date of the original invoice for them;

(c) such Accounts comply with the terms and conditions contained in Section 7.2(b) of this Agreement;

(d) such Accounts do not arise from sales on consignment, guaranteed sale, sale and return, sale on approval, or other terms under which payment by the account debtor may be conditional or contingent;

(e) the chief executive office of the account debtor with respect to such Accounts is located in the United States of America, Puerto Rico or Canada (provided, that, at any time promptly upon Agent's request, Borrowers shall execute and deliver, or cause to be executed and delivered, such other agreements, documents and instruments as may be required by Agent to perfect the security interests of Agent in those Accounts of an account debtor with its chief executive office or principal place of business in Puerto Rico or Canada in accordance with the applicable laws of the Commonwealth of Puerto Rico or the Province of Canada in which such chief executive office or principal place of business is located and take or cause to be taken such other and further actions as Agent may request to enable Agent as secured party with respect thereto to collect such Accounts under the applicable laws of Puerto Rico or Federal or Provincial laws of Canada) or, at Agent's option, if the chief executive office and principal place of business of the account debtor with respect to such Accounts is located other than in the United States of America, Puerto Rico or Canada, then if: (i) the account debtor has delivered to Borrowers an irrevocable letter of credit issued or confirmed by a bank satisfactory to Agent and payable only in the United States of America and in US dollars, sufficient to cover such Account, in form and substance satisfactory to Agent and if required by Agent, the original of such letter of credit has been delivered to Agent or Agent's agent and Borrowers have complied with the terms of Section 5.2(f) hereof with respect to the assignment of the proceeds of such letter of credit to Agent or naming Agent as transferee beneficiary thereunder, as Agent may specify, (ii) such Account is subject to credit insurance payable to Agent issued by an insurer and on terms and in an amount acceptable to Agent, or (iii) such Account is otherwise acceptable in all respects to Agent (subject to such lending formula with respect thereto as Agent may determine);

(f) such Accounts do not consist of progress billings (such that the obligation of the account debtors with respect to such Accounts is conditioned upon a Borrower's satisfactory completion of any further performance under the agreement giving rise thereto), bill and hold invoices or retainage invoices, except as to bill and hold invoices, if Agent shall have received an agreement in writing from the account debtor, in form and substance satisfactory to Agent, confirming the unconditional obligation of the account debtor to take the goods related thereto and pay such invoice;

(g) the account debtor with respect to such Accounts has not asserted a counterclaim, defense or dispute and does not have, and does not engage in transactions which may give rise to any right of setoff or recoupment against such Accounts (but the portion of the Accounts of such account debtor in excess of the amount at any

time and from time to time owed by any Borrower to such account debtor or claimed owed by such account debtor may be deemed Eligible Accounts);

(h) there are no facts, events or occurrences which would impair the validity, enforceability or collectability of such Accounts or reduce the amount payable or delay payment thereunder;

(i) such Accounts are subject to the first priority, valid and perfected security interest of Agent as to Accounts of US Borrower and first priority, valid and perfected security interest, lien and first ranking hypothec of Agent and, to the extent applicable, in the case of the Hypothec, the Canadian Lender, as to Accounts of Canadian Borrowers and any goods giving rise thereto are not, and were not at the time of the sale thereof, subject to any claims, liens, security interest or hypothecs except those permitted in this Agreement;

(j) neither the account debtor nor any officer or employee of the account debtor with respect to such Accounts is an officer, employee, agent or other Affiliate of any Borrower;

(k) the account debtors with respect to such Accounts are not any foreign government, the United States of America, any State, Canada, any Province, political subdivision, department, agency or instrumentality thereof, unless, upon Agent's request, if (i) the account debtor is the United States of America, any State, political subdivision, department, agency or instrumentality thereof, such Borrower has assigned its rights to payment of such Account to Agent pursuant to and in accordance with the Federal Assignment of Claims Act of 1940, as amended, or pursuant to any similar State or local law, regulation or requirement or (ii) the account debtor is Her Majesty in right of Canada or any Canadian provincial or local governmental entity, or any ministry, such Borrower has assigned its rights to payment of such Account to Agent pursuant to and in accordance with the Financial Administration Act, R.S.C. 185, c.F-11, as amended, or any similar applicable provincial or local law, regulation or requirement;

(l) there are no proceedings or actions which are threatened or pending against the account debtors with respect to such Accounts which might result in any material adverse change in any such account debtor's financial condition;

(m) such Accounts are not evidenced by or arising under any instrument or chattel paper;

(n) such Accounts of a single account debtor or its affiliates do not constitute more than twenty (20%) percent of all otherwise Eligible Accounts (but the portion of the Accounts not in excess of such percentage may be deemed Eligible Accounts);

(o) such Accounts are not owed by an account debtor who has Accounts unpaid more than ninety (90) days after the original invoice date for them which constitute more than fifty (50%) percent of the total Accounts of such account debtor;

(p) the account debtor is not located in a state requiring the filing of a Notice of Business Activities Report or similar report in order to permit Borrowers to seek judicial enforcement in such State of payment of such Account, unless the Borrower doing business with such account debtor has qualified to do business in such state or has filed a Notice of Business Activities Report or equivalent report for the then current year or such failure to file and inability to seek judicial enforcement is capable of being remedied without any material delay or material cost;

(q) such Accounts are owed by account debtors whose total indebtedness to Borrowers does not exceed the credit limit with respect to such account debtors as determined by Borrowers from time to time and as is reasonably acceptable to Agent (but the portion of the Accounts not in excess of such credit limit may be deemed Eligible Accounts); and

(r) such Accounts are owed by account debtors deemed creditworthy at all times by Agent in good faith.

The criteria for Eligible Accounts set forth above may only be changed and any new criteria for Eligible Accounts may only be established by Agent in good faith based on either: (i) an event, condition or other circumstance arising after the date hereof, or (ii) an event, condition or other circumstance existing on the date hereof to the extent Agent has no written notice thereof from Borrowers prior to the date hereof, in either case under clause (i) or (ii) which adversely affects or could reasonably be expected to adversely affect the Accounts in the good faith determination of Agent. Any Accounts which are not Eligible Accounts shall nevertheless be part of the Collateral.

1.53 "Eligible Assignee" shall mean any of the following: (i) a commercial bank, insurance company, or finance company or a subsidiary thereof organized under the laws of the United States, or any State thereof or the District of Columbia, and having total assets in excess of $1,000,000,000 or, in the case of the Canadian Credit Facility, any Affiliate thereof; (ii) a savings and loan association or savings bank organized under the laws of the United States, or any State thereof or the District of Columbia, and having a net worth of at least $100,000,000, calculated in accordance with GAAP or, in the case of the Canadian Credit Facility, any Affiliate thereof; (iii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having total assets in excess of $1,000,000,000, provided that such bank is acting through a branch or agency located in the country in which it is organized or another country which is also a member of the OECD; (iv) the central bank of any country which is a member of the OECD; and (v) if, but only if, an Event of Default has occurred and is continuing, any other bank, insurance company, finance company or other financial institution or Affiliate thereof approved by the Agent, in good faith.

1.54 "Environmental Laws" shall mean all foreign, Federal, State, Provincial and local laws (including common law), legislation, rules, codes, licenses, permits (including any conditions imposed therein), authorizations, judicial or administrative decisions, injunctions or agreements between any Borrower and any Governmental Authority, (a) relating to pollution and the protection, preservation or restoration of the environment (including air, water vapor, surface

water, ground water, drinking water, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource), or to human health or safety, (b) relating to the exposure to, or the use, storage, recycling, treatment, generation, manufacture, processing, distribution, transportation, handling, labeling, production, release or disposal, or threatened release, of Hazardous Materials, or (c) relating to all laws with regard to recordkeeping, notification, disclosure and reporting requirements

respecting Hazardous Materials. The term "Environmental Laws" includes (i) the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Superfund Amendments and Reauthorization Act, the Federal Water Pollution Control Act of 1972, the Federal Clean Water Act, the Federal Clean Air Act, the Federal Resource Conservation and Recovery Act of 1976 (including the Hazardous and Solid Waste Amendments thereto), the Federal Solid Waste Disposal and the Federal Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, and the Federal Safe Drinking Water Act of 1974, the Canadian Environmental Assessment Act, the Canadian Environmental Protection Act, the Environmental Assessment Act (Ontario), and the Environmental Protection Act (Ontario) and any equivalent act or statute in Quebec or New Brunswick; (ii) applicable state or provincial counterparts to such laws, and (iii) any common law or equitable doctrine that may impose liability or obligations for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Materials.

1.55 "Equipment" shall mean all of Borrowers' now owned and hereafter acquired equipment, wherever located, including machinery, data processing and computer equipment and computer hardware and software, whether owned or licensed, and including embedded software, vehicles, tools, furniture, fixtures, all attachments, accessions and property now or hereafter affixed thereto or used in connection therewith, and substitutions and replacements thereof, wherever located.

1.56 "ERISA" shall mean the United States Employee Retirement Income Security Act of 1974, together with all rules, regulations and interpretations thereunder or related thereto.

1.57 "ERISA Affiliate" shall mean any person required to be aggregated with any Borrower or any of its Subsidiaries under Sections 414(b), 414(c), 414(m) or 414(o) of the Code.

1.58 "ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan; (b) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (c) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (d) the filing pursuant to Section 412 of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the occurrence of a "prohibited transaction" with respect to which any Borrower or any of its Subsidiaries is a "disqualified person" (within the meaning of Section 4975 of the Code) or with respect to which any Borrower or any of its Subsidiaries could otherwise be liable; (f) a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a Multiemployer Plan or a cessation of operations which is treated as a withdrawal or notification that a Multiemployer Plan is in reorganization; (g) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the Pension Benefit Guaranty Corporation to terminate a Plan;

(h) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (i) the imposition of any liability under Title IV of ERISA, other than the Pension Benefit Guaranty Corporation premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate; and (j) any other event or condition with respect to a Plan including any Plan subject to Title IV of ERISA maintained, or contributed to, by any ERISA Affiliate that could reasonably be expected to result in liability of any Borrower in excess of $250,000.00.

1.59 "Eurodollar Rate" shall mean with respect to the Interest Period for a Eurodollar Rate Loan, the interest rate per annum equal to the arithmetic

average of the rates of interest per annum (rounded upwards, if necessary, to the next one-sixteenth (1/16) of one (1%) percent) at which Reference Bank is offered deposits of United States dollars in the London interbank market (or other Eurodollar Rate market selected by Borrowers and approved by Agent) on or about 9:00 a.m. (New York time) two (2) Business Days prior to the commencement of such Interest Period in amounts substantially equal to the principal amount of the Eurodollar Rate Loans requested by and available to Borrowers in accordance with this Agreement, with a maturity of comparable duration to the Interest Period selected by Borrower.

1.60 "Eurodollar Rate Loans" shall mean any Loans or portion thereof on which interest is payable based on the Adjusted Eurodollar Rate in accordance with the terms hereof.

1.61 "Event of Default" shall mean the occurrence or existence of any event or condition described in Section 10.1 hereof.

1.62 "Excess Availability" shall mean:

(a) as to US Borrowers, the amount, as determined by Agent, calculated at any time, equal to: (a) the lesser of: (i) the US Borrowing Base and (ii) the US Maximum Credit, minus (b) the sum of: (i) the amount of all then outstanding and unpaid Obligations of US Borrowers, plus (ii) the aggregate amount of all then outstanding and unpaid trade payables and other obligations of US Borrowers which are more than sixty (60) days past due as of such time, plus (iii) the aggregate amount of checks issued by US Borrowers to pay trade payables and other obligations which are more than sixty (60) days past due as of such time, but not yet sent (but without duplication of clause (b)(ii)) and the aggregate book overdraft of US Borrowers; and

(b) as to Canadian Borrowers, the amount, as determined by Agent, calculated at any time, equal to: (a) the lesser of: (i) the Canadian Borrowing Base and (ii) the Canadian Maximum Credit, minus (b) the sum of: (i) the amount of all then outstanding and unpaid Obligations of Canadian Borrowers, plus (ii) the aggregate amount of all then outstanding and unpaid trade payables and other obligations of Canadian Borrowers which are more than sixty (60) days past due as of such time, plus (iii) the aggregate amount of checks issued by Canadian Borrowers to pay trade payables and other obligations which are more than sixty (60) days past due as of such time, but not yet sent (but without duplication of clause (b)(ii)) and the aggregate book overdraft of Canadian Borrowers.

1.63 "Exchange Act" shall mean the Securities Exchange Act of 1934, together with all rules, regulations and interpretations thereunder or related thereto.

1.64 "Exchange Rate" shall mean the prevailing spot rate of exchange of Reference Bank or, in the case of the Canadian Credit Facility, Bank of Montreal or if such rate is not available from Reference Bank or Bank of Montreal, as applicable, such other bank as Agent may reasonably select for the purpose of conversion of one currency to another, at or around 11:00 a.m. Boston time, on the date on which any such conversion of currency is to be made under this Agreement.

1.65 "Excluded Taxes" shall have the meaning set forth in Section 6.8 hereof.

1.66 "Federal Funds Rate" shall mean, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such a rate is not so published for any day that is a Business Day, the average (rounded upward, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by Agent from three federal funds brokers of recognized

standing selected by Agent.

1.67 "Federal Government Account" shall mean an Account in which the account debtor with respect to such Account is the United States of America or Canada or a department, agency or instrumentality thereof.

1.68 "Final Order" shall have the meaning set forth in Section 4.1(k) hereof.

1.69 "Financing Agreements" shall mean, collectively, this Agreement and all notes, guarantees, security agreements, hypothecs, mortgages, deeds of trust, deeds to secure debts, deposit account control agreements, intercreditor agreements and all other agreements, documents and instruments now or at any time hereafter executed and/or delivered by any Borrower or any Obligor in connection with this Agreement.

1.70 "First Rate" shall have the meaning set forth in Section 3.1(e) hereof.

1.71 "Fixed Charge Coverage Ratio" shall mean with respect to any Person for any period, the ratio of (i) Consolidated EBITDA of such Person and its Subsidiaries for such period, to (ii) the sum of (A) all principal of Indebtedness of such Person and its Subsidiaries scheduled to be paid or prepaid (excluding any prepayment of the Term Debt) during such period (and in the case of this Agreement, to the extent there is an equivalent permanent reduction in the Maximum Credit and Revolving Loan Limits hereunder), plus (B) Consolidated Net Interest Expense of such Person and its Subsidiaries for such period, plus (C) income taxes paid or payable by such Person and its Subsidiaries during such period, plus (D) cash dividends or distributions paid by such Person and its Subsidiaries (other than, in the case of any Borrower, dividends or distributions paid by such Borrower to any other Borrower) during such period, plus (E) Capital Expenditures made by such Person and its Subsidiaries during such period. In determining the Fixed Charge Coverage Ratio for a particular period (w) pro forma effect will be given to: (1) the incurrence, repayment or retirement of any Indebtedness by such Person and its Subsidiaries since the first day of such period as if such Indebtedness was incurred, repaid or retired on the first day of such period and (2) the acquisition (whether by purchase, merger or otherwise) or disposition (whether by sale, merger or otherwise) of any property or assets acquired or disposed of by such Person and its Subsidiaries since the first day of such period, as if such acquisition or disposition occurred on the first day of such period; (x) interest on

Indebtedness bearing a floating interest rate will be computed as if the rate at the time of computation had been the applicable rate for the entire period; (y) if such Indebtedness bears, at the option of such Person and its Subsidiaries, a fixed or floating rate of interest, interest thereon will be computed by applying, at the option of such Person, either the fixed or floating rate; and (z) the amount of Indebtedness under a revolving credit facility will be computed based upon the average daily balance of such Indebtedness during such period.

1.72 "FRBP" shall have the meaning set forth in Section 4.1(k) hereof.

1.73 "GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board which are applicable to the circumstances as of the date of determination consistently applied, except that, for purposes of Sections 9.17 and 9.18 hereof, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent audited financial statements delivered to Lender prior to the date hereof.

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

1.75 "Hazardous Materials" shall mean any hazardous, toxic or dangerous substances, materials and wastes, including hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials, or wastes and including any other substances, materials or wastes that are or become regulated under any Environmental Law (including any that are or become classified as hazardous or toxic under any Environmental Law).

1.76 "Hedging Agreements" shall mean any interest rate, foreign currency, commodity or equity swap, collar, cap, floor or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including, without limitation, any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements), and any confirmation executed in connection with any such agreement or arrangement.

1.77 "Inactive Subsidiaries" shall mean the Subsidiaries of the Borrowers listed on Schedule 2.

1.78 "Indebtedness" shall mean, with respect to any Person, any liability, whether or not contingent, (a) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof) or evidenced by bonds, notes, debentures or similar instruments; (b) representing the balance deferred and unpaid of the purchase price of any property or services (except any such balance that constitutes an account

payable to a trade creditor (whether or not an Affiliate) created, incurred, assumed or guaranteed by such Person in the ordinary course of business of such Person in connection with obtaining goods, materials or services that is not overdue by more than ninety (90) days, unless the trade payable is being contested in good faith); (c) all obligations as lessee under leases which have been, or should be, in accordance with GAAP recorded as Capital Leases; (d) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (e) all obligations with respect to redeemable stock and redemption or repurchase obligations under any Capital Stock or other equity securities issued by such Person; (f) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances or similar documents or instruments issued for such Person's account; and (g) all indebtedness of such Person in respect of indebtedness of another Person for borrowed money or indebtedness of another Person otherwise described in this definition which is secured by any consensual lien, security interest, collateral assignment, conditional sale, mortgage, deed of trust, or other encumbrance on any asset of such Person, whether or not such obligations, liabilities or indebtedness are assumed by or are a personal liability of such Person, all as of such time.

1.79 "Information Certificate" shall mean, collectively, the Information Certificates of Borrowers constituting Exhibit A hereto containing material information with respect to Borrowers, their business and assets provided by or on behalf of Borrowers to Agent in connection with the preparation of this Agreement and the other Financing Agreements and the financing arrangements provided for herein.

1.80 "Intellectual Property" shall mean Borrowers' now owned and hereafter arising or acquired: patents, patent rights, patent applications, copyrights, works which are the subject matter of copyrights, copyright registrations, trademarks, trade names, trade styles, trademark and service mark applications, and licenses and rights to use any of the foregoing; all extensions, renewals, reissues, divisions, continuations, and continuations-in-part of any of the foregoing; all rights to sue for past, present and future infringement of any of the foregoing; inventions, trade secrets, formulae, processes, compounds, drawings, designs, blueprints, surveys, reports, manuals, and operating standards; goodwill (including any goodwill associated with any trademark or the license of any trademark); customer and other lists in whatever form maintained; and trade secret rights, copyright rights, rights in works of authorship, domain names and domain name registrations; software and contract rights relating to software, in whatever form created or maintained.

1.81 "Intercreditor Agreement" shall mean the Intercreditor Agreement among Agent, Term Loan Agent, and Borrowers as such may be amended, modified, supplemented, extended, renewed, restated or replaced.

1.82 "Interest Period" shall mean for any Eurodollar Rate Loan, a period of approximately one (1), two (2), or three (3) months duration as Borrowers may elect, the exact duration to be determined in accordance with the customary practice in the applicable Eurodollar

Rate market; provided, that, Borrowers may not elect an Interest Period which will end after the last day of the then-current term of this Agreement.

1.83 "Interest Rate" shall mean, as to US Prime Rate Loans, a rate equal to the US Prime Rate, as to Canadian Prime Rate Loans, a rate equal to the Canadian Prime Rate and as to Eurodollar Rate Loans, a rate of three (3.00%) percent per annum in excess of the Adjusted Eurodollar Rate (based on the Eurodollar Rate applicable for the Interest Period selected by Borrower as in effect three (3) Business Days after the date of receipt by Agent of the request of Borrower for such Eurodollar Rate Loans in accordance with the terms hereof, whether such rate is higher or lower than any rate previously quoted to Borrower); provided, that, notwithstanding anything to the contrary contained herein, the Interest Rate shall mean the rate of two and one half (2.50%) percent per annum in excess of the rate then applicable as to Prime Rate Loans and the rate of five and one half (5.50%) percent per annum in excess of the rate then applicable as to Eurodollar Rate Loans, at Agent's option (or as directed by the Majority Lenders), without notice, (a) either (i) for the period on and after the date of termination or non-renewal hereof until such time as all Obligations are indefeasibly paid and satisfied in full in immediately available funds, or (ii) for the period from and after the date of the occurrence of any Event of Default, and for so long as such Event of Default is continuing as determined by Agent and (b) on the Revolving Loans at any time outstanding in excess of the amounts available to Borrower under Section 2 (whether or not such excess(es) arise or are made with or without Agent's knowledge or consent and whether made before or after an Event of Default).

1.84 "Inventory" shall mean all of Borrowers' now owned and hereafter existing or acquired goods, wherever located, which (a) are leased by any Borrower as lessor; (b) are held by any Borrower for sale or lease or to be furnished under a contract of service; (c) are furnished by any Borrower under a contract of service; or (d) consist of raw materials, work in process, finished goods or materials used or consumed in their business.

1.85 "Investment Property Control Agreement" shall mean an agreement in writing, in form and substance satisfactory to Agent, by and among Agent, a Borrower and any securities intermediary, commodity intermediary or other person who has custody, control or possession of any investment property of such Borrower acknowledging that such securities intermediary, commodity intermediary or other person has custody, control or possession of such investment property on behalf of Agent, that it will comply with entitlement orders originated by Agent with respect to such investment property, or other instructions of Agent, or (as the case may be) apply any value distributed on account of any commodity contract as directed by Agent, in each case, without the further consent of such Borrower and including such other terms and conditions as Agent may require.

1.86 "Judgment Currency" shall have the meaning set forth in Section 11.6 hereof.

1.87 "LC Participant" shall have the meaning set forth in Section 2.4(j) hereof.

1.88 "Lender" shall have the meaning set forth in the preamble hereto and, with respect to Letter of Credit Accommodations, any issuer of a Letter of Credit Accommodation including, without limitation, the Reference Bank in the case of the US Credit Facility and Bank of Montreal in the case of the Canadian Credit Facility.

1.89 "Letter of Credit Accommodations" shall mean, collectively, the letters of credit, merchandise purchase or other guaranties which are from time to time either: (a) issued or opened by Agent or any Lender for the account of any Borrower or any Obligor, or (b) with respect to which Agent or Lenders have agreed to indemnify the issuer or guaranteed to the issuer including, without limitation, the Reference Bank or Bank of Montreal, as applicable, the performance by any Borrower of its obligations to such issuer: sometimes being referred to herein individually as a "Letter of Credit Accommodation".

1.90 "License Agreements" shall have the meaning set forth in Section 8.11 hereof.

1.91 "Loans" shall mean the Revolving Loans, Overadvances and the SwingLine Loans.

1.92 "Majority Lenders" shall mean, as of any date, Lenders whose Pro Rata Shares aggregate 51% or more of the Credit Facilities; provided that if any Lender breaches its obligation to fund any Loan, for so long as such breach exists, its Pro Rata Share for the purpose of determining voting rights hereunder shall be reduced to zero.

1.93 "Material Contract" shall mean (a) any contract or other agreement (other than the Financing Agreements), written or oral, of any Borrower involving monetary liability of or to any Person in an amount in excess of $1,000,000.00 in any fiscal year and (b) any other contract or other agreement (other than the Financing Agreements), whether written or oral, to which any Borrower is a party as to which the breach, non-performance, cancellation or failure to renew by any party thereto would have a material adverse effect on the business, assets, condition (financial or otherwise) or results of operations or prospects of any Borrower or the validity or enforceability of this Agreement, any of the other Financing Agreements, or any of the rights and remedies of Agent or Lenders hereunder or thereunder.

1.94 "Maximum Credit" shall mean the amount of $100,000,000.

1.95 "Movable Hypothec" means, collectively, (a) the Movable Hypothec executed or to be executed by Clean Harbors Mercier, Inc. (currently, Safety-Kleen Services (Mercier), Ltd.), a Quebec corporation, pursuant to which it pledges the bond issued or to be issued under the Deed of Hypothec executed

or to be executed by it in favour of the Agent, and (b) the Movable Hypothec executed or to be executed by Clean Harbors Quebec, Inc. (currently, Safety-Kleen Services (Quebec), Ltd.), a Quebec corporation, pursuant to which it pledges the bond issued or to be issued under the Deed of Hypothec executed or to be executed by it in favour of the Agent.

1.96 "Multiemployer Plan" shall mean a "multi-employer plan" as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six (6) years contributed to by any Borrower or any ERISA Affiliate.

1.97 "Municipal Government Account" shall mean an Account in which the account debtor with respect to such Account is a state, province or a political subdivision, department, agency or instrumentality thereof.

1.98 "Net Amount of Eligible Accounts" shall mean the gross amount of Eligible Accounts less (a) sales, excise or similar taxes included in the amount thereof, and (b) returns,

discounts, claims, credits and allowances of any nature at any time issued, owing, granted, outstanding, available or claimed with respect thereto.

1.99 "Net Amount of Federal Government Accounts" shall mean the gross amount of Federal Government Accounts less (a) sales, excise or similar taxes included in the amount thereof, and (b) returns, discounts, claims, credits and allowances of any nature at any time issued, owing, granted, outstanding, available or claimed with respect thereto.

1.100 "New Lending Office" shall have the meaning set forth in Section 6.8(e) hereof.

1.101 "Non-U.S. Person" shall have the meaning set forth in Section 6.8(e) hereof.

1.102 "Obligations" shall mean any and all Revolving Loans, Overadvances, SwingLine Loans, Loans made by Agent pursuant to Section 6.6 hereof, Letter of Credit Accommodations and all other obligations, liabilities and indebtedness of every kind, nature and description owing by any Borrower to Agent and/or Lenders and/or their respective affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under this Agreement or under the other Financing Agreements, including, without limitation, with respect to any Hedging Agreements, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of this Agreement or after the commencement of any case with respect to any Borrower under the United States Bankruptcy Code, the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) or any similar statute (including the payment of interest and other amounts which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Agent or any Lender.

1.103 "Obligor" shall mean any guarantor, endorser, acceptor, surety or other person liable on or with respect to the Obligations or who is the owner of any property which is security for the Obligations, other than a Borrower.

1.104 "Other Taxes" shall mean any present or future stamp or documentary taxes or any other exercise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any of the other Financing Agreements.

1.105 "Overadvances" shall have the meaning set forth in Section 2.1(e).

1.106 "Parent" shall mean Clean Harbors, Inc., a Massachusetts corporation, and its successors and assigns.

1.107 "Permitted Holders" shall mean the persons listed on Exhibit C hereto and their respective successors and assigns.

1.108 "Person" or "person" shall mean any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Code), limited liability company, limited liability partnership, business trust, unincorporated association, joint

stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.109 "Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which any Borrower sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a Multiemployer Plan has made contributions at any time during the immediately preceding six (6) plan years.

1.110 "PPSA" shall mean the Personal Property Security Act as in effect in the Province of Ontario, the Civil Code of Quebec as in effect in the Province of Quebec, the Personal Property Security Act as in effect in the Province of New Brunswick or any other Canadian Federal or Provincial statute pertaining to the granting, perfecting, priority or ranking of security interests, liens, hypothecs on personal property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time. References to sections of the PPSA shall be construed to also refer to any successor sections.

1.111 "Prime Rate Loans" shall mean US Prime Rate Loans and Canadian Dollar Prime Rate Loans.

1.112 "Priority Payables" shall mean, as to any Canadian Borrower at any time, (a) the full amount of the liabilities of such Borrower at such time which (i) have a trust imposed to provide for payment or a security interest, pledge, lien or charge ranking or capable of ranking senior to or pari passu with security interests, liens or charges securing the Obligations on any of the Eligible Accounts of such Borrower under Federal, Provincial, State, county, district, municipal, or local law, or (ii) have a right imposed to provide for payment ranking or capable of ranking senior to or pari passu with the Obligations under local or national law, regulation or directive, including, but not limited to, claims for unremitted and/or accelerated rents, taxes, wages, withholding taxes, VAT and other amounts payable to an insolvency administrator, employee withholdings or deductions and vacation pay, workers' compensation obligations, government royalties or pension fund obligations in each case to the extent such trust, or security interest, lien or charge has been or may be imposed.

1.113 "Pro Rata Share" shall mean, with respect to a Lender at any time, such Lender's percentage of the US Credit Facility or Canadian Credit Facility, as applicable, as set forth on Schedule 1 thereto.

1.114 "Proportionate Share" shall have the meaning set forth in Section 14.3 hereof.

1.115 "Purchase Agreements" shall mean, individually and collectively, the Acquisition Agreement, dated February 22, 2002, as amended as of March 8, April 30 and September 6, 2002 between Parent and Safety-Kleen Services, Inc., together with bills of sale, quitclaim deeds, assignment and assumption agreements and such other instruments of transfer as are referred to therein and all side letters with respect thereto, and all agreements, documents and

instruments executed and/or delivered in connection therewith, as all of the foregoing now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced; provided, that, the term "Purchase Agreements" as used herein shall not include any of the "Financing Agreements" as such term is defined herein.

1.116 "Purchased Assets" shall mean all of the assets and properties acquired by Borrowers from Sellers pursuant to the Purchase Agreements.

1.117 "Real Property" shall mean all now owned and hereafter acquired real property of Borrowers, including leasehold interests, together with all buildings, structures, and other improvements located thereon and all licenses, easements and appurtenances relating thereto, wherever located.

1.118 "Receivables" shall mean all of the following now owned or hereafter arising or acquired property of each Borrower: (a) all Accounts; (b) all amounts at any time payable to any Borrower in respect of the sale or other disposition by such Borrower of any Account or other obligation for the payment of money; (c) all interest, fees, late charges, penalties, collection fees and other amounts due or to become due or otherwise payable in connection with any Account; (d) all payment intangibles of each Borrower and other contract rights, chattel paper, instruments, notes, and other forms of obligations owing to any Borrower, whether from the sale and lease of goods or other property, licensing of any property (including Intellectual Property or other general intangibles), rendition of services or from loans or advances by any Borrower or to or for the benefit of any third person (including loans or advances to any Affiliates or Subsidiaries of Borrowers) or otherwise associated with any Accounts, Inventory or general intangibles of Borrowers (including, without limitation, choses in action, causes of action, tax refunds, tax refund claims, any funds which may become payable to any Borrower in connection with the termination of any Plan or other employee benefit plan and any other amounts payable to any Borrower from any Plan or other employee benefit plan, rights and claims against carriers and shippers, rights to indemnification, business interruption insurance and proceeds thereof, casualty or any similar types of insurance relating to or arising out of Collateral and any proceeds thereof and proceeds of insurance covering the lives of employees on which Borrower is beneficiary).

1.119 "Receiver" shall have the meaning set forth in Section 10.2(j) hereof.

1.120 "Records" shall mean all of Borrowers' present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the Collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of Borrowers with respect to the foregoing maintained with or by any other person).

1.121 "Reference Bank" shall mean Wachovia Bank, National Association, and its successors and assigns, or such other bank as Agent may from time to time designate.

1.122 "Register" shall have the meaning set forth in Section 12.8 hereof.

1.123 "Report" shall have the meaning set forth in Section 13.13 hereof.

1.124 "Reserves" shall mean as of any date of determination, such amounts as Agent may from time to time establish and revise in good faith reducing the amount of Revolving Loans and Letter of Credit Accommodations which would otherwise be available to Borrowers under the lending formula(s) provided for herein: (a) to reflect events, conditions, contingencies

or risks which, as determined by Agent in good faith, adversely affect, or would have a reasonable likelihood of adversely affecting, either (i) the Collateral or any other property which is security for the Obligations or its value, (ii) the assets, business or prospects of any Borrower or any Obligor or (iii) the security interests and other rights of Agent in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Agent's good faith belief that any collateral report or financial information furnished by or on behalf of any Borrower or any Obligor to Agent is or may have been incomplete, inaccurate or misleading in any material respect; or (c) to reflect outstanding Letter of Credit Accommodations as provided in Section 2.4 hereof; or (d) in respect of any state of facts which Agent determines in good faith constitutes a Default or an Event of Default; or (e) to reflect the amounts of the Priority Payables; or (f) to reflect Agent's good faith estimate of the amount necessary to reflect changes in applicable currency exchange rates or currency exchange markets; or (g) to reflect rent and other amounts as Agent may determine in good faith payable to owners, lessor or licensors of Real Property leased or used by any Borrower, which do not enter into Collateral Access Agreements acceptable to Agent. To the extent Agent may revise the lending formulas used to determine the Borrowing Base or establish new criteria or revise existing criteria for Eligible Accounts so as to address any circumstances, condition, event or contingency in a manner satisfactory to Agent, Agent shall not establish a Reserve for the same purpose. The amount of any Reserve established by Agent shall have a reasonable relationship to the event, condition or other matter which is the basis for such reserve as determined by Agent in good faith.

1.125 "Revolving Loan Limit" shall mean, with respect to each Lender at any time, the amount set forth on Schedule 1 hereto representing the aggregate amount such Lender has agreed to make in Revolving Loans and to participate in Letter of Credit Accommodations under the US Credit Facility or Canadian Credit Facility, as applicable, hereunder.

1.126 "Revolving Loan Priority Collateral" shall have the meaning given such term in the Intercreditor Agreement.

1.127 "Revolving Loans" shall mean the loans now or hereafter made by Lenders to or for the benefit of Borrowers on a revolving basis (involving advances, repayments and readvances) as set forth in Section 2.1 hereof.

1.128 "Sale Order" shall have the meaning set forth in Section 4.1(k) hereof.

1.129 "Sellers" shall mean Safety-Kleen Services, Inc., a Delaware corporation, and its subsidiaries that are sellers under the Purchase Agreements, and their successors and assigns.

1.130 "Solvent" shall mean, at any time with respect to any Person, that at such time such Person (a) is able to pay its debts as they mature and has (and has a reasonable basis to believe it will continue to have) sufficient capital (and not unreasonably small capital) to carry on its business consistent with its practices as of the date hereof, and (b) the assets and properties of such Person at a fair valuation (and including as assets for this purpose at a fair valuation all rights of subrogation, contribution or indemnification arising pursuant to any guarantees given by such Person) are greater than the Indebtedness of such Person, and including subordinated and contingent liabilities computed at the amount which, such person has a reasonable basis to believe, represents an amount which can reasonably be expected to become an actual or matured liability (and including as to contingent liabilities arising pursuant to any guarantee the face amount of such liability as reduced to reflect the probability of it becoming a matured liability).

1.131 "Subsidiary" or "subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, limited liability partnership or other limited or general partnership, trust, association or other business entity of which an aggregate of at least a majority of the outstanding Capital Stock or other interests entitled to vote in the election of the board of directors of such corporation (irrespective of whether, at the time, Capital Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency), managers, trustees or other controlling persons, or an equivalent controlling interest therein, of such Person is, at the time, directly or indirectly, owned by such Person and/or one or more subsidiaries of such Person.

1.132 "SwingLine Loans" shall have the meaning set forth in Section 2.3 hereof.

1.133 "Taxes" shall mean any and all future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

1.134 "Termination Date" shall the meaning set forth in Section 12.1 hereof.

1.135 "Term Debt" shall mean the term loans made by the Term Loan Lenders under the Term Loan Agreement and all indebtedness, liabilities and obligations of every kind, nature and description owing by any Borrower to Term Loan Lenders under the Term Loan Agreement, whether now existing or hereafter arising.

1.136 "Term Loan Agreement" shall mean the Financing Agreement dated as of the date hereof among the Term Loan Agent, Term Lenders, and Borrowers and all promissory notes, instruments, documents and agreements now or hereafter executed and delivered by any Borrower or any Obligor in connection therewith, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.137 "Term Loan Agent" shall mean Ableco Finance, LLC in its capacity as agent for the Term Loan Lenders under the Term Loan Agreement.

1.138 "Term Loan Lenders" shall mean the lenders identified in the Term Loan Agreement to be making the Term Debt available to Borrowers and their respective successors and assigns.

1.139 "Transferee" shall have the meaning set forth in Section 6.8 hereof.

1.140 "UCC" shall mean the Uniform Commercial Code as in effect in The Commonwealth of Massachusetts, and any successor statute, as in effect from time to time (except that terms used herein which are defined in the Uniform Commercial Code as in effect in The Commonwealth of Massachusetts on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as Lender may otherwise determine).

1.141 "US Borrowers" shall mean Parent, each of its Subsidiaries (other than Canadian Borrowers and Inactive Subsidiaries) and each of their successors and assigns.

1.142 "US Borrowing Base" shall mean, at any time, as to US Borrowers, the amount equal to: (a) eighty (80%) of the Net Amount of Eligible Accounts of US Borrowers (including

all Municipal Government Accounts of US Borrowers that are Eligible Accounts), plus (b) sixty-five (65%) percent of the Net Amount of Federal Government Accounts of US Borrowers that are Eligible Accounts, less (c) any Reserves attributable to US Borrowers.

1.143 "US Credit Facility" shall mean the Loans and Letter of Credit Accommodations provided to or for the benefit of US Borrowers pursuant to

Section 2 hereof.

1.144 "US Dollar Equivalent" shall mean at any time (a) as to any amount denominated in US Dollars, the amount thereof at such time, and (b) as to any amount denominated in any other currency, the equivalent amount in US Dollars calculated by Agent in good faith at such time using the Exchange Rate in effect on the Business Day of determination.

1.145 "US Dollar Loans" shall mean any Loans or portion thereof which are denominated in US Dollars.

1.146 "US Dollars", "US$" and "$" shall each mean lawful currency of the United States of America.

1.147 "US Lenders" shall mean, collectively, all Lenders other than Canadian Lender; sometimes being referred to herein individually as a "US Lender".

1.148 "US Letter of Credit Accommodations" shall mean Letter of Credit Accommodations made by US Lenders under the US Credit Facility.

1.149 "US Maximum Credit" shall mean $100,000,000 less the US Dollar Equivalent of C$20,000,000.

1.150 "US Overadvances" shall have the meaning set forth in Section 2.1(d).

1.151 "US Prime Rate" shall mean the rate from time to time publicly announced by Reference Bank, or its successors, as its prime rate, whether or not such announced rate is the best rate available at such bank.

1.152 "US Prime Rate Loans" shall mean any US Dollar Loans or portion thereof on which interest is payable based on the US Prime Rate in accordance with the terms thereof.

1.153 "US Revolving Loans" shall mean Revolving Loans made by US Lenders under the US Credit Facility.

1.154 "Voting Stock" shall mean with respect to any Person, (a) one (1) or more classes of Capital Stock of such Person having general voting powers to elect at
least a majority of the board of directors, managers or trustees of such Person, irrespective of whether at the time Capital Stock of any other class or classes have or might have voting power by reason of the happening of any contingency, and (b) any Capital Stock of such Person convertible or exchangeable without restriction at the option of the holder thereof into Capital Stock of such Person described in clause (a) of this definition.

SECTION 2. CREDIT FACILITIES.

2.1 Revolving Loans.

(a) Subject to and upon the terms and conditions contained herein, each of the US Lenders severally, but not jointly, agrees to make Revolving Loans to US Borrowers from time to time in amounts requested by US Borrowers up to the amount equal to the lesser of such Lender's (i) Pro Rata Share of the US Borrowing Base or (ii) such US Lender's Revolving Loan Limit.

(b) Subject to and upon the terms and conditions contained herein, Canadian Lender agrees to make Revolving Loans to each Canadian Borrower from time to time in amounts requested by each such Canadian Borrower up to the aggregate amount for all Canadian Borrowers equal to the lesser of (i) Canadian Lender's Pro Rata Share of the Canadian Borrowing Base or (ii) Canadian Lender's Revolving Loan Limit; provided that each Canadian Borrower shall only be permitted to borrow hereunder with respect to the amount of its specific

Canadian Borrowing Base.

(c) Agent may, in its discretion (and shall, upon the direction of the Majority Lenders), from time to time, upon not less than five (5) days prior notice to Borrowers with respect to the US Credit Facility or Canadian Credit Facility, as applicable, (i) reduce the lending formula with respect to Eligible Accounts to the extent that Agent determines in good faith that: (A) the dilution with respect to the Accounts for any period (based on the ratio of (1) the aggregate amount of reductions in Accounts other than as a result of payments in cash to (2) the aggregate amount of total sales) has increased or may be reasonably anticipated to increase in any material respect above historical levels, or (B) the general creditworthiness of account debtors has declined in any material respect. The amount of any decrease in the lending formulas shall have a reasonable relationship to the event, condition or circumstance which is the basis for such decrease as determined by Agent in good faith. In determining whether to reduce the lending formula(s), Agent and Majority Lenders may consider events, conditions, contingencies or risks which are also considered in determining Eligible Accounts or in establishing Reserves.

(d) Insofar as US Borrowers may request and Agent or Majority Lenders (as provided below) may be willing, in their sole and absolute discretion, to make Revolving Loans to US Borrowers at a time when the unpaid balance of the Revolving Loans and SwingLine Loans plus the amount of Letter of Credit Accommodations, exceeds, or would exceed with the making of any such Revolving Loan, the US Borrowing Base (and such Loan or Loans being herein referred to individually as an "US Overadvance" and collectively, as "US Overadvances"), Agent (unless otherwise directed by the Majority Lenders) shall make such US Overadvances to the US Borrowers or Agent may, at its option, charge any loan account(s) of US Borrowers for the ratable account of the US Lenders in an aggregate outstanding principal amount not to exceed the lesser of $10,000,000 or ten (10%) percent of the US Borrowing Base; provided that the US Overadvances plus the US Dollar Equivalent of the Canadian Overadvances shall not at any time exceed the lesser of $10,000,000 or ten (10%) percent of the Borrowing Base. All US Overadvances shall be repaid on demand, shall be secured by the Collateral and shall bear interest as provided for US Prime Rate Loans in clause (b) of the proviso to Section 1.83, the definition of "Interest Rate"; provided, however, that US

Overadvances to be made after the occurrence and during the continuation of an Event of Default shall require the consent of Majority Lenders. Any US Overadvance made pursuant to the terms hereof shall be made by all US Lenders ratably in accordance with their respective Pro Rata Shares. The foregoing notwithstanding, in no event, unless otherwise consented to by all US Lenders, (i) shall any such US Overadvances be outstanding for more than sixty (60) consecutive days, (ii) after all outstanding US Overadvances have been repaid, shall Agent or Majority Lenders authorize the making of any additional US Overadvances unless sixty (60) days or more have expired since the last date on which any US Overadvances were outstanding, (iii) shall US Overadvances be outstanding on more than ninety (90) days within any one hundred eighty day (180) period or (iv) shall Agent make Revolving Loans on behalf of US Lenders under this Section 2.1(d) to the extent such Revolving Loans would cause a US Lender's share of the Revolving Loans to exceed such US Lender's Revolving Loan Limit.

(e) Insofar as Canadian Borrowers may request and Agent or Majority Lenders (as provided below) may be willing, in their sole and absolute discretion, to make Revolving Loans to Canadian Borrowers at a time when the unpaid balance of the Revolving Loans and SwingLine Loans plus the amount of Letter of Credit Accommodations, exceeds, or would exceed with the making of any such Revolving Loan, the Canadian Borrowing Base (and such Loan or Loans being herein referred to individually as an "Canadian Overadvance" and collectively, as "Canadian Overadvances", and together with US Overadvances, as "Overadvances"), Agent (unless otherwise directed by the Majority Lenders) shall

make such Canadian Overadvances to the Borrowers or Agent may, at its option, charge any loan account(s) of Canadian Borrowers for the ratable account of the Lenders in an aggregate outstanding principal amount not to exceed the lesser of C$2,000,000 or ten (10%) percent of the Canadian Borrowing Base; provided that the US Dollar Equivalent of Canadian Overadvances plus the US Overadvances shall not at any time exceed the lesser of $10,000,000 or ten (10%) of the Borrowing Base. All Canadian Overadvances shall be repaid on demand, shall be secured by the Collateral and shall bear interest as provided for Canadian Prime Rate Loans in clause (b) of the proviso to Section 1.83, the definition of "Interest Rate"; provided, however, that Canadian Overadvances to be made after the occurrence and during the continuation of an Event of Default shall require the consent of Majority Lenders. Any Canadian Overadvance made pursuant to the terms hereof shall be made by all Canadian Lenders ratably in accordance with their respective Pro Rata Shares. The foregoing notwithstanding, in no event, unless otherwise consented to by all Canadian Lenders, (i) shall any such Canadian Overadvances be outstanding for more than sixty (60) consecutive days, (ii) after all outstanding Canadian Overadvances have been repaid, shall Agent or Majority Lenders authorize the making of any additional Canadian Overadvances unless sixty (60) days or more have expired since the last date on which any Canadian Overadvances were outstanding, (iii) shall Canadian Overadvances be outstanding on more than ninety (90) days within any one hundred eighty day (180) period or (iv) shall Agent make Revolving Loans on behalf of Canadian Lenders under this Section 2.1(e) to the extent such Revolving Loans would cause a Lender's share of the Revolving Loans to exceed such as Lender's Revolving Loan Limit.

2.2 Maximum Loans. Unless consented to by all the Lenders, in Lenders' discretion, (a) the aggregate amount of the US Revolving Loans and the US Letter of Credit Accommodations outstanding at any time shall not exceed the US Maximum Credit; (b) the aggregate amount of the Canadian Revolving Loans and the Canadian Letter of Credit Accommodations shall not exceed the Canadian Maximum Credit and (c) the aggregate US

Dollar Amount of the Revolving Loans and Letter of Credit Accommodations shall not exceed the Maximum Credit. In the event that, except as provided in Section 2.1(d) or (e), the outstanding amount of any component of the US or Canadian Loans, as applicable, or the aggregate amount of the outstanding US or Canadian Loans, as applicable, and US or Canadian Letter of Credit Accommodations, as applicable, exceed the amounts available pursuant to the applicable Borrowing Base, the sublimits for US Letter of Credit Accommodations or Canadian Letter of Credit Accommodations as applicable set forth in Section 2.4(f) or the Maximum Credit, as applicable, such event shall not limit, waive or otherwise affect any rights of Agent and Lenders in that circumstance or on any future occasions and Borrower shall, upon demand by Agent, which may be made at any time or from time to time, immediately repay to Agent for the benefit of the relevant Lenders the entire amount of any such excess(es) for which payment is demanded.

2.3 SwingLine Loans. In order to reduce the frequency of transfers of funds from US Lenders to Agent for making US Revolving Loans and subject to the terms and conditions of this Agreement, Agent shall be permitted (but not required) to make loans to US Borrowers (such loans to be designated as "SwingLine Loans"); provided, that the aggregate principal amount of SwingLine Loans outstanding at any time will not (i) exceed $10,000,000; (ii) when added to the principal amount of Agent's other US Revolving Loans then outstanding plus Agent's participation in the US Letter of Credit Accommodations, exceed Agent's Revolving Loan Limit; or (iii) when added to the principal amount of all US Revolving Loans then outstanding plus the US Letter of Credit Accommodations, exceed the US Borrowing Base. Within the foregoing limits, US Borrowers may borrow, repay and reborrow SwingLine Loans. SwingLine Loans may only be borrowed as US Prime Rate Loans. Notwithstanding the foregoing, not more than two (2) Business Days after (a) Lenders receive notice from Agent that a SwingLine Loan has been advanced in respect of a drawing under a US Letter of Credit Accommodation or (b) in any other circumstance, demand is made by Agent during the continuance of an Event of Default, each US Lender shall irrevocably and

unconditionally purchase and receive from the Agent without recourse or warranty from Agent an undivided interest and participation in each SwingLine Loan to the extent of such US Lender's Pro Rata Share thereof, by paying to the Agent in immediately available funds, an amount equal to such US Lender's Pro Rata Share.

2.4 Letter of Credit Accommodations.

(a) Subject to and upon the terms and conditions contained herein, at the request of US Borrowers, Agent agrees to provide or arrange for Letter of Credit Accommodations for the account of US Borrowers containing terms and conditions acceptable to Agent and the issuer thereof. Any payments made by Agent to any issuer thereof and/or related parties in connection with the US Letter of Credit Accommodations shall constitute additional US Revolving Loans by Lenders to Borrowers pursuant to this Section 2.

(b) Subject to and upon the terms and conditions contained herein, at the request of Canadian Borrowers (or Parent on behalf of Canadian Borrowers), Agent agrees to cause the Canadian Lender to arrange for Letter of Credit Accommodations for the account of Canadian Borrowers containing terms and conditions acceptable to Agent and the issuer thereof. Any payments made by Agent or Canadian Lender to any issuer thereof and/or related parties in connection with the Canadian Letter of Credit Accommodations shall constitute additional Canadian Revolving Loans by Lenders to Canadian Borrowers pursuant to this Section 2.

(c) In addition to any charges, fees or expenses charged by any bank or issuer in connection with the Letter of Credit Accommodations, the applicable Borrowers shall pay to Agent for the ratable benefit of the applicable Lenders a letter of credit fee at a rate equal to three (3%) percent per annum on the daily outstanding balance of the Letter of Credit Accommodations for the immediately preceding month (or part thereof), payable in arrears as of the first day of each succeeding month, except that Borrowers shall pay to Agent for the ratable benefit of Lenders such letter of credit fee, at Agent's option (or at the direction of Majority Lenders), without notice, at a rate equal to five and one-half (5.50%) percent per annum on such daily outstanding balance for: (i) the period from and after the date of termination or non-renewal hereof until Agent and Lenders have received full and final payment of all Obligations (notwithstanding entry of a judgment against any Borrower) and (ii) the period from and after the date of the occurrence of an Event of Default for so long as such Event of Default is continuing as determined by Agent. Such letter of credit fee shall be calculated on the basis of a three hundred sixty (360) day year and actual days elapsed and the obligation of Borrowers to pay such fee shall survive the termination or non-renewal of this Agreement.

(d) Borrowers shall give Agent two (2) Business Days' prior written notice of Borrowers' request for the issuance of a Letter of Credit Accommodation. Such notice shall be irrevocable and shall specify the original face amount of the Letter of Credit Accommodation requested, the effective date (which date shall be a Business Day) of issuance of such requested Letter of Credit Accommodation, whether such Letter of Credit Accommodation may be drawn in a single or in partial draws, the date on which such requested Letter of Credit Accommodation is to expire (which date shall be a Business Day), the purpose for which such Letter of Credit Accommodation is to be issued, and the beneficiary of the requested Letter of Credit Accommodation. Borrowers shall attach to such notice the proposed form of the Letter of Credit Accommodation.

(e) In addition to being subject to the satisfaction of the applicable conditions precedent contained in Section 4 hereof and the other terms and conditions contained herein, no Letter of Credit Accommodations shall be available unless each of the following conditions precedent have been satisfied in a manner satisfactory to Agent: (i) Borrowers shall have delivered to the proposed issuer of such Letter of Credit Accommodation at such times and in such manner as such proposed issuer may require, an application in form and substance satisfactory to such proposed issuer and Lender for the issuance of the Letter

of Credit Accommodation and such other documents as may be required pursuant to the terms thereof, and the form and terms of the proposed Letter of Credit Accommodation shall be satisfactory to Agent and such proposed issuer, (ii) as of the date of issuance, no order of any court, arbitrator or other Governmental Authority shall purport by its terms to enjoin or restrain money center banks generally from issuing letters of credit of the type and in the amount of the proposed Letter of Credit Accommodation, and no law, rule or regulation applicable to money center banks generally and no request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over money center banks generally shall prohibit, or request that the proposed issuer of such Letter of Credit Accommodation refrain from, the issuance of letters of credit generally or the issuance of such Letters of Credit Accommodation; and (iii) the applicable Excess Availability, prior to giving effect to any Reserves with respect to such Letter of Credit Accommodations, on the date of the proposed issuance of any Letter of Credit Accommodations, shall be equal to or greater than an amount equal to one hundred (100%) percent of the face amount thereof and all other commitments and obligations made or

incurred by Agent or Canadian Lender, as applicable, with respect thereto. Effective on the issuance of each Letter of Credit Accommodation, a Reserve shall be established in the amount set forth in this Section 2.4(e).

(f) Except in Agent's and Majority Lenders' discretion, the US Dollar Equivalent of all outstanding Letter of Credit Accommodations and all other commitments and obligations made or incurred by Agent in connection therewith shall not at any time exceed $20,000,000.

(g) Each Borrower shall indemnify and hold Agent and each Lender harmless from and against any and all losses, claims, damages, liabilities, costs and expenses which Agent or any Lender may suffer or incur in connection with any Letter of Credit Accommodations and any documents, drafts or acceptances relating thereto, including any losses, claims, damages, liabilities, costs and expenses due to any action taken by any issuer or correspondent with respect to any Letter of Credit Accommodation. Each Borrower assumes all risks with respect to the acts or omissions of the drawer under or beneficiary of any Letter of Credit Accommodation and for such purposes the drawer or beneficiary shall be deemed such Borrower's agent. Each Borrower assumes all risks for, and agrees to pay, all foreign, Federal, State, Provincial and local taxes, duties and levies relating to any goods subject to any Letter of Credit Accommodations or any documents, drafts or acceptances thereunder. Each Borrower hereby releases and holds Agent and each Lender harmless from and against any acts, waivers, errors, delays or omissions, whether caused by any Borrower, by any issuer or correspondent or otherwise with respect to or relating to any Letter of Credit Accommodation, except for the gross negligence or willful misconduct of Agent or Canadian Lender, as applicable, as determined pursuant to a final, non-appealable order of a court of competent jurisdiction. The provisions of this Section 2.4 shall survive the payment of Obligations and the termination or non-renewal of this Agreement.

(h) Each Borrower hereby irrevocably authorizes and directs any issuer of a Letter of Credit Accommodation to name Borrowers as the account party therein and to deliver to Agent or Canadian Lender, as applicable, all instruments, documents and other writings and property received by issuer pursuant to the Letter of Credit Accommodations and to accept and rely upon Agent's or Canadian Lender, as applicable, instructions and agreements with respect to all matters arising in connection with the Letter of Credit Accommodations or the applications therefor. Nothing contained herein shall be deemed or construed to grant any Borrower any right or authority to pledge the credit of Agent or any Lender in any manner. Neither Agent or Canadian Lender, as applicable, shall have any liability of any kind with respect to any Letter of Credit Accommodation provided by an issuer other than Agent or Canadian Lender unless Agent or Canadian Lender, as applicable, has duly executed and delivered to such issuer the application or a guarantee or indemnification in

writing with respect to such Letter of Credit Accommodation. Borrowers shall be bound by any interpretation made in good faith by Agent or Canadian Lender, as applicable, or any other issuer or correspondent under or in connection with any Letter of Credit Accommodation or any documents, drafts or acceptances thereunder, notwithstanding that such interpretation may be inconsistent with any instructions of Borrowers. Agent and Canadian Lender shall have the sole and exclusive right and authority to, and Borrowers shall not: (i) at any time an Event of Default exists or has occurred and is continuing, (A) approve or resolve any questions of non-compliance of documents, (B) give any instructions as to acceptance or rejection of any documents or goods, or (C) execute any and all applications for steamship or airway guaranties, indemnities or delivery orders; and (ii) at all times, (A) grant

any extensions of the maturity of, time of payment for, or time of presentation of, any drafts, acceptances, or documents, and (B) agree to any amendments, renewals, extensions, modifications, changes or cancellations of any of the terms or conditions of any of the applications, Letter of Credit Accommodations, or documents, drafts or acceptances thereunder or any letters of credit included in the Collateral. Agent or Canadian Lender, as applicable, may take such actions either in its own name or in any Borrower's name.

(i) Any rights, remedies, duties or obligations granted or undertaken by Borrowers to any issuer or correspondent in any application for any Letter of Credit Accommodation, or any other agreement in favor of any issuer or correspondent relating to any Letter of Credit Accommodation, shall be deemed to have been granted or undertaken by Borrowers to Agent or Canadian Lender, as applicable. Any duties or obligations undertaken by Agent or Canadian Lender to any issuer or correspondent in any application for any Letter of Credit Accommodation, or any other agreement by Agent or Canadian Lender in favor of any issuer or correspondent relating to any Letter of Credit Accommodation, shall be deemed to have been undertaken by Borrowers to Agent or Canadian Lender, as applicable, and to apply in all respects to Borrowers.

(j) To induce Agent to issue or cause to be issued Letter of Credit Accommodations, each Lender (an "LC Participant") under the Canadian Credit Facility or US Credit Facility, as applicable, irrevocably agrees to accept and purchase and hereby accepts and purchases, on the terms and conditions hereinafter stated, for such LC Participant's own account and risk, an undivided interest and participation equal to such LC Participant's Pro Rata Share in the Agent's or Canadian Lender's obligations and rights under each Letter of Credit Accommodation. Each LC Participant unconditionally and irrevocably agrees with the Agent or Canadian Lender, that it shall be directly and unconditionally obligated to the Agent or Canadian Lender to reimburse the Agent or Canadian Lender upon demand and without setoff or deduction of any kind or nature, for making any payment under any Letter of Credit Accommodation, in an amount equal to such LC Participant's Pro Rata Share multiplied by the amount of such payment made by the Agent or Canadian Lender, as applicable, under such Letter of Credit Accommodation. If any amount required to be paid by any LC Participant to the Agent pursuant hereto in respect of any payment made by the Agent or Canadian Lender under any Letter of Credit Accommodation is not paid to Agent or Canadian Lender on the date such payment is due from such LC Participant, such LC Participant shall pay to the Agent or Canadian Lender, as applicable, on demand an amount equal to the product of (i) such amount, times (ii) (A) the Federal Funds Rate during the period from and including the date such payment is required to and including the third day after such payment is required and (B) thereafter, the Interest Rate applicable to Prime Rate Loans to the date on which such payment is immediately available to the Agent or Canadian Lender, as applicable, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360 in the case of US Letters of Credit and the denominator of which is 365 in the case of Canadian Letters of Credit. A certificate of the Agent or Canadian Lender, as applicable, submitted to any LC Participant with respect to any amounts owing under this subsection shall be conclusive in the absence of manifest error. Whenever, at any time after the Agent or Canadian Lender, as applicable, has

made payment under any Letter of Credit Accommodation and has received from any LC Participant its pro rata share of such payment in accordance herewith, and the Agent or Canadian Lender, as applicable, receives any payment from the Borrowers on account of such payment under such Letter of Credit Accommodation (whether directly from the Borrowers or

otherwise, including by way of set-off or proceeds of collateral applied thereto by the Agent or Canadian Lender, as applicable), or any payment of interest on account thereof, the Agent shall distribute to such LC Participant its pro rata share thereof; provided, however, that in the event that any such payment received by the Agent or Canadian Lender shall be required to be returned by the Agent or Canadian Lender, such LC Participant shall return to the Agent the portion thereof previously distributed by the Agent to it. The obligations of each LC Participant to make payments to the Agent with respect to its participation in any Letter of Credit Accommodation shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which any Lender or any Borrower may have or have had against the Agent, the issuing bank or any beneficiary of a Letter of Credit Accommodation.

2.5 Borrower Representative. Each Borrower hereby irrevocably designates the Parent as its representative and agent on its behalf (the "Borrower Representative") for the purpose of requesting on such Borrower's behalf borrowings of US Revolving Loans or Canadian Revolving Loans, as applicable, and the continuation and/or conversion of US Revolving Loans or Canadian Revolving Loans, as applicable, giving instructions with respect to the disbursement of the proceeds of US Revolving Loans or Canadian Revolving Loans, as applicable, to be made to US Borrowers or Canadian Borrowers, as applicable, selecting interest rate options for US Borrowers or Canadian Borrowers, as applicable, requesting US Letter of Credit or Canadian Letter of Credit Accommodations, as applicable, for the account of US Borrowers or Canadian Borrowers, as applicable, giving and receiving on Borrowers' behalf all other notices and consents hereunder or under any of the other Financing Agreements and taking all other actions (including in respect of compliance with covenants) on behalf of Borrowers under the Financing Agreements. The Borrower Representative hereby accepts such appointment. The Agent and each Lender may regard any notice or other communication pursuant to any Financing Agreement from the Borrower Representative as a notice or communication from the US Borrowers or Canadian Borrowers, as applicable, and may give any notice or communication required or permitted to be given to any Borrower or Borrowers hereunder to the Borrower Representative on behalf of such Borrower or Borrowers. Each Borrower agrees that each notice, election, representation and warranty, covenant, agreement and undertaking made on its behalf by the Borrower Representative shall be deemed for all purposes to have been made by such Borrower and shall be binding upon and enforceable against such Borrower to the same extent as if the same had been made directly by such Borrower. This appointment of Parent as Borrower Representative may not be terminated, rescinded or changed without the prior written consent of Agent, provided that upon Agent's request, the Borrowers shall designate an alternative Borrower Representative satisfactory to Agent.

2.6 Syndication. Borrowers agree to actively assist Agent in completing the syndication of the Obligations in a manner satisfactory to Agent. In connection with such syndication, Borrowers shall: (a) promptly prepare financial information and projections including balance sheets and income, cash flow and availability projections for dissemination to prospective Lenders as Agent may request and in form and substance satisfactory to Agent, (b) make available senior management and advisors of the Borrowers to meet with prospective Lenders as Agent may request, and (c) assist Agent and its representatives in the preparation of other information and materials to be used in connection with the syndication. Borrowers agree that Agent will exclusively manage all aspects of the syndication including decisions as to the selection and timing of financial institutions to be approached, which financing institutions will be selected to be Lenders and the allocation of Pro Rata

Shares and compensation to Lenders.

Borrowers further agree, upon Agent's request, to enter into such amendments and modifications to this Agreement and to the other Financing Agreement as Agent may request in connection with such syndication and to respond to requests made by prospective Lenders.

SECTION 3. INTEREST AND FEES.

3.1 Interest.

(a) US Borrowers shall pay to Agent for the ratable benefit of US Lenders and Canadian Borrowers shall pay to Agent for the benefit of Canadian Lender interest on the outstanding principal amount of the Loans at the applicable Interest Rate. All interest accruing hereunder on and after the date of any Event of Default or termination hereof shall be payable on demand.

(b) Borrower Representative may from time to time request Eurodollar Rate Loans or may request that Prime Rate Loans be converted to Eurodollar Rate Loans or that any existing Eurodollar Rate Loans continue for an additional Interest Period. Such request from Borrower Representative shall be in writing on such form or forms as Agent may require and shall specify, without limitation, the amount of the Eurodollar Rate Loans or the amount of the Prime Rate Loans to be converted to Eurodollar Rate Loans or the amount of the Eurodollar Rate Loans to be continued (subject to the limits set forth below) and the Interest Period to be applicable to such Eurodollar Rate Loans. Subject to the terms and conditions contained herein, three (3) Business Days after receipt by Agent of such a request from Borrower Representative, such Prime Rate Loans shall be converted to Eurodollar Rate Loans or such Eurodollar Rate Loans shall continue, as the case may be, provided, that, (i) no Default or Event of Default shall exist or have occurred and be continuing, (ii) no party hereto shall have sent any notice of termination or non-renewal of this Agreement, (iii) Borrowers shall have complied with such customary procedures as are established by Agent and specified by Agent to Borrowers from time to time for requests by Borrowers for Eurodollar Rate Loans, (iv) no more than four (4) Interest Periods may be in effect at any one time, (v) the aggregate amount of the Eurodollar Rate Loans must be in an amount not less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof, (vi) the maximum amount of the Eurodollar Rate Loans at any time requested by Borrowers shall not exceed the amount equal to eighty (80%) percent of the lowest principal amount of the Revolving Loans which it is anticipated will be outstanding during the applicable Interest Period, in each case as determined by Agent (but with no obligation of Lenders to make such Loans), and (vii) Agent shall have determined that the Interest Period or Adjusted Eurodollar Rate is available to Lenders and Reference Bank and can be readily determined as of the date of the request for such Eurodollar Rate Loan by Borrowers. Any request by Borrower Representative for Eurodollar Rate Loans or to convert Prime Rate Loans to Eurodollar Rate Loans or to continue any existing Eurodollar Rate Loans shall be irrevocable. Notwithstanding anything to the contrary contained herein, Lenders and Reference Bank shall not be required to purchase United States Dollar deposits in the London interbank market or other applicable Eurodollar Rate market to fund any Eurodollar Rate Loans, but the provisions hereof shall be deemed to apply as if Lenders and Reference Bank had purchased such deposits to fund the Eurodollar Rate Loans.

(c) Any Eurodollar Rate Loans shall automatically convert to US Prime Rate Loans upon the last day of the applicable Interest Period, unless Agent has received and

approved a request to continue such Eurodollar Rate Loans at least three (3)

Business Days prior to such last day in accordance with the terms hereof. Any Eurodollar Rate Loans shall, at Agent's option, upon notice by Agent to Borrowers, convert to US Prime Rate Loans in the case of US Dollar Loans in the event that this Agreement shall terminate or not be renewed. US Borrowers shall pay to Agent for the benefit of US Lenders, and Canadian Borrowers shall pay to Agent for the benefit of Canadian Lender, in each case upon demand by any Lender (or Agent or any such Lender may, at its option, charge any loan account of Borrower) any amounts required to compensate such Lender, the Reference Bank or any participant with any such Lender for any loss (including loss of anticipated profits), cost or expense incurred by such person, as a result of the conversion of Eurodollar Rate Loans to Prime Rate Loans pursuant to any of the foregoing.

(d) Interest shall be payable by US Borrowers to Agent for the account of US Lenders and by Canadian Borrowers to Agent for the account of Canadian Lender, monthly in arrears not later than the first day of each calendar month and shall be calculated on the basis of (i) a three hundred sixty-five (365) day year in the case of Canadian Dollar Loans and (ii) a three hundred sixty (360) day year in the case of US Dollar Loans and in each case based on actual days elapsed. The interest rate on non-contingent Obligations (other than Eurodollar Rate Loans) shall increase or decrease by an amount equal to each increase or decrease in the Prime Rate effective on the first day of the month after any change in such Prime Rate is announced based on the Prime Rate in effect on the last day of the month in which any such change occurs. In no event shall charges constituting interest payable by Borrowers to Agent or to Lenders exceed the maximum amount or the rate permitted under any applicable law or regulation, and if any such part or provision of this Agreement is in contravention of any such law or regulation, such part or provision shall be deemed amended to conform thereto.

(e) For purposes of disclosure under the Interest Act (Canada), where interest is calculated pursuant thereto at a rate based upon a three hundred sixty (360) day year or three hundred sixty-five (365) day year (the "First Rate"), the rate or percentage of interest on a yearly basis is equivalent to such First Rate multiplied by the actual number of days in the year divided by three hundred sixty (360) or three hundred sixty-five (365), as applicable.

(f) Notwithstanding the provisions of this Section 3 or any other provision of this Agreement, in no event shall the aggregate "interest" (as that term is defined in Section 347 of the Criminal Code (Canada)) with respect to any Loans by or on behalf of Canadian Lender exceed the effective annual rate of interest on the "credit advanced" (as defined therein) lawfully permitted under Section 347 of the Criminal Code (Canada). The effective annual rate of interest for such purpose shall be determined in accordance with generally accepted actuarial practices and principles over the term of the applicable Loan by or on behalf of Canadian Lender, and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent will be conclusive for the purposes of such determination.

(g) A certificate of an authorized signing officer of Agent as to each rate of interest payable hereunder from time to time absent manifest error shall be conclusive evidence of such rate.

(h) For greater certainty, unless otherwise specified in this Agreement or any of the other Financing Agreements, as applicable, whenever any amount is payable under this

Agreement or any of the other Financing Agreements by Borrowers as interest or as a fee which requires the calculation of an amount using a percentage per annum, each party to this Agreement acknowledges and agrees that such amount shall be calculated as of the date payment is due without application of the "deemed reinvestment principle" or the "effective yield method." As an example, when interest is calculated and payable monthly, the rate of interest payable per month is one twelfth (1/12) of the stated rate of interest per annum.

3.2 Agent Fees. Borrowers shall pay to Agent the fees set forth in the Agent fee letter dated as of the date hereof between Agent and Borrowers.

3.3 Lender Fees. Borrowers shall pay to Agent for the benefit of Lenders the fees set forth in the Lender fee letter dated as of the date hereof between Agent and Borrowers.

3.4 Unused Line Fee. Borrowers shall pay to Agent for the ratable benefit of Lenders monthly an unused line fee at a rate equal to one quarter of one (.25%) percent per annum calculated upon the amount by which the Revolving Loan Limit exceeds the average daily principal balance of the outstanding Revolving Loans and Letter of Credit Accommodations during the immediately preceding month (or part thereof) while this Agreement is in effect and for so long thereafter as any of the Obligations are outstanding, which fee shall be payable on the first day of each month in arrears.

3.5 Changes in Laws and Increased Costs of Loans.

(a) Notwithstanding anything to the contrary contained herein, the Eurodollar Rate Loans made by a Lender shall, upon notice by such Lender to Borrowers, convert to Prime Rate Loans in the event that (i) any change in applicable law or regulation (or the interpretation or administration thereof) shall (A) make it unlawful for such Lender, or any participant with such Lender or Reference Bank to make or maintain Eurodollar Rate Loans or to comply with the terms hereof in connection with the Eurodollar Rate Loans, or (B) shall result in the increase in the costs to such Lender or any participant with such Lender or Reference Bank of making or maintaining any Eurodollar Rate Loans by an amount deemed by such Lender to be material, or (C) reduce the amounts received or receivable by such Lender in respect thereof, by an amount deemed by such Lender to be material; or (ii) the cost to such Lender, or any participant with such Lender or Reference Bank of making or maintaining any Eurodollar Rate Loans shall otherwise increase by an amount deemed by such Lender to be material. Borrowers shall pay to such Lender, upon demand by such Lender (or such Lender may, at its option, charge any loan account of Borrowers) any amounts required to compensate such Lender or any participant with such Lender or Reference Bank for any loss (including loss of anticipated profits), cost or expense incurred by such person as a result of the foregoing, including, without limitation, any such loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such person to make or maintain the Eurodollar Rate Loans or any portion thereof. A certificate of such Lender setting forth the basis for the determination of such amount necessary to compensate such Lender as aforesaid shall be delivered to Borrowers and shall be conclusive, absent manifest error.

(b) If any payments or prepayments in respect of the Eurodollar Rate Loans are received by Lenders other than on the last day of the applicable Interest Period (whether pursuant to acceleration, upon maturity or otherwise), including any payments pursuant to the application of collections under Section 6.3 or any other payments made with the proceeds of

Collateral, Borrowers shall pay to Lenders upon demand by Agent (or Agent or any Lender may, at their option, charge any loan account of Borrowers) any amounts required to compensate Lenders, the Reference Bank or any participant with any Lender for any additional loss (including loss of anticipated profits), cost or expense incurred by such person as a result of such prepayment or payment, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such person to make or maintain such Eurodollar Rate Loans or any portion thereof.

SECTION 4. CONDITIONS PRECEDENT.

4.1 Conditions Precedent to Initial Loans and Letter of Credit Accommodations. Each of the following is a condition precedent to Agent and each

Lender making the initial Loans and providing the initial Letter of Credit Accommodations hereunder:

(a) Agent shall have received, in form and substance satisfactory to Agent, all releases, terminations and such other documents as Agent may request to evidence and effectuate the termination by the existing lenders to Borrowers of their respective financing arrangements (other than Indebtedness permitted by Section 9.9) with Borrowers and the termination and release by it or them, as the case may be, of any interest in and to the Purchased Assets and any assets and properties of Borrowers and each Obligor, and such releases, terminations and other documents shall be duly authorized, executed and delivered by it or each of them, including, but not limited to, (i) UCC termination statements for all UCC financing statements previously filed by it or any of them or their predecessors, as secured party and any Borrower or any Obligor, as debtor, (ii) PPSA terminations or hypothec discharges or acknowledgments for all PPSA financing statements or hypothecs previously filed or registered by it or any of them or their predecessors, or secured party and any Borrower or any Obligor, as debtor, and (iii) satisfactions and discharges of any mortgages, deeds of trust or deeds to secure debt by any Borrower or any Obligor in favor of such existing lender or lenders, in form acceptable for recording with the appropriate Governmental Authority;

(b) all requisite corporate action and proceedings in connection with this Agreement and the other Financing Agreements shall be satisfactory in form and substance to Agent, and Agent shall have received all information and copies of all documents, including records of requisite corporate action and proceedings which Agent may have requested in connection therewith, such documents where requested by Agent or its counsel to be certified by appropriate corporate officers or Governmental Authority (and including a copy of the certificate of incorporation or formation of each Borrower certified by the Secretary of State (or equivalent Governmental Authority) which shall set forth the same complete corporate or limited liability company name of each Borrower as is set forth herein and such document as shall set forth the organizational identification number of each Borrower, if one is issued in its jurisdiction of incorporation or formation);

(c) no material adverse change shall have occurred in the assets, business or prospects of any Borrower or the Purchased Assets since the date of Agent's latest field examination and no change or event shall have occurred which would impair the ability of any Borrower or any Obligor to perform its obligations hereunder or under any of the other Financing Agreements to which it is a party or of Agent or Lenders to enforce the Obligations or realize upon the Collateral;

(d) Agent shall have completed a field review of the Records and such other information with respect to the Collateral as Agent may require to determine the amount of Revolving Loans available to Borrowers (including, without limitation, current perpetual inventory records and/or roll-forwards of Accounts and Inventory through the date of closing and test counts of the Inventory in a manner satisfactory to Agent, together with such supporting documentation as may be necessary or appropriate, and other documents and information that will enable Agent to accurately identify and verify the Collateral), the results of which each case shall be satisfactory to Agent, not more than three (3) Business Days prior to the date hereof;

(e) Agent shall have received, in form and substance satisfactory to Agent, all consents, waivers, acknowledgments and other agreements from third persons which Agent may deem necessary or desirable in order to permit, protect and perfect its security interests in and liens upon the Collateral or to effectuate the provisions or purposes of this Agreement and the other Financing Agreements, including, without limitation, Collateral Access Agreements by owners and lessors of leased premises of Borrowers and by warehouses at which Collateral is located, and the hypothecs, the security interests and liens of Agent upon the Collateral of the Canadian Borrowers.

(f) the combined Excess Availability of US Borrowers and Canadian Borrowers as determined by Agent, as of the date hereof, shall be not less than the US Dollar Equivalent of $25,000,000 after giving effect to the initial Loans made or to be made and Letter of Credit Accommodations issued or to be issued in connection with the initial transactions hereunder;

(g) Agent shall have received, in form and substance satisfactory to Agent, Deposit Account Control Agreements by and among Agent, Borrowers and each bank where any Borrower has a deposit account, in each case, duly authorized, executed and delivered by such bank and such Borrower (or shall be the bank's customer with respect to such deposit account as Agent may specify);

(h) Agent shall have received evidence, in form and substance satisfactory to Agent, that Agent for the benefit of itself and the Lenders and Canadian Lender, where applicable, has a valid perfected first priority security interest in, and first ranking hypothec on, all of the Revolving Loan Priority Collateral and a valid perfected second priority security interest in and second ranking hypothec on all other Collateral;

(i) Agent shall have received and reviewed lien and judgment search results for the jurisdiction of incorporation or organization of each Borrower, the jurisdiction of the chief executive office of each Borrower and all jurisdictions in which assets of Borrowers are located, which search results shall be in form and substance satisfactory to Agent;

(j) Agent shall have received evidence of insurance and loss payee endorsements required hereunder and under the other Financing Agreements, in form and substance satisfactory to Agent, and certificates of insurance policies and/or endorsements naming Lender as loss payee;

(k) The order dated June 18, 2002 of the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") approving the sale of the Division of the Sellers to Parent pursuant to Sections 363/365 of the United States Bankruptcy Code (the "Sale Order")

shall be in form and substance satisfactory to the Agent and shall be a Final Order. The Sale Order shall have been signed and entered by the Bankruptcy Court and a certified copy thereof shall have been delivered to Agent. The Sale Order shall be in full force and effect and shall not have been reversed, stayed, modified or amended. For purposes hereof, "Final Order" means an order of the Bankruptcy Court with respect to which (x) no appeal has been filed within the time period specified by Rule 8002(a) of the Federal Rules of Bankruptcy Procedure ("FRBP"), (y) in the event a timely appeal has been filed, the effectiveness of such order has not been stayed in accordance with Rule 8005 of the FRBP, or (z) in the event such order was stayed pending appeal, such stay has been terminated by a subsequent court order.

(l) Agent shall have received, in form and substance satisfactory to Agent, evidence that the Purchase Agreements have been duly executed and delivered by and to the appropriate parties thereto and the transactions contemplated under the terms of the Purchase Agreements and Sales Order have been consummated prior to or contemporaneously with the execution of this Agreement and that, pursuant thereto, Borrowers have acquired good and marketable title to the Purchased Assets, free and clear of all claims, liens, pledges and encumbrances of any kind, except as permitted hereunder;

(m) Agent shall have received, in form and substance satisfactory to Agent, a pro-forma balance sheet of Borrowers reflecting the initial transactions contemplated hereunder, including, but not limited to, (i) the consummation of the acquisition of the Purchased Assets by Borrowers from Sellers and the other transactions contemplated by the Sale Order and Purchase Agreements, and (ii) the Loans and Letter of Credit Accommodations provided by Lenders, Term Lenders to Borrowers on the date hereof and the use of the

proceeds of the initial Loans as provided herein and the initial advances of Term Debt, accompanied by a certificate, dated of even date herewith, of the chief financial officer of Borrowers stating that such pro-forma balance sheet represents the reasonable, good faith opinion of such officer as to the subject matter thereof as of the date of such certificate;

(n) The Term Loan Agreement shall be in form and substance satisfactory to Agent, all conditions precedent to the making of the term loans thereunder shall have been satisfied and Borrowers shall have received not less than (i) $100,000,000 in cash proceeds from term loans A made by the Term Loan Lenders and (ii) $35,000,000 in cash proceeds from term loans B made by the Term Loan Lenders under the Term Loan Agreement;

(o) Parent shall have received not less than $25,000,000 in cash proceeds from the issuance of its Series C convertible preferred stock pursuant to documentation in form and substance satisfactory to Agent and to investors acceptable to Agent;

(p) Agent shall have received, in form and substance satisfactory to Agent, such opinion letters of counsel to Borrowers with respect to the Financing Agreements and such other matters as Agent may request; and

(q) the other Financing Agreements and all instruments and documents hereunder and thereunder shall have been duly executed and delivered to Agent, in form and substance satisfactory to Agent.

4.2 Conditions Precedent to All Loans and Letter of Credit Accommodations. Each of the following is an additional condition precedent to Agent and Lenders making Loans and/or

providing Letter of Credit Accommodations to Borrowers, including the initial Loans and Letter of Credit Accommodations and any future Loans and Letter of Credit Accommodations:

(a) all representations and warranties contained herein and in the other Financing Agreements shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of the making of each such Loan or providing each such Letter of Credit Accommodation and after giving effect thereto, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date);

(b) no law, regulation, order, judgment or decree of any Governmental Authority shall exist, and no action, suit, investigation, litigation or proceeding shall be pending or threatened in any court or before any arbitrator or Governmental Authority, which (i) purports to enjoin, prohibit, restrain or otherwise affect (A) the making of the Loans or providing the Letter of Credit Accommodations, or (B) the consummation of the transactions contemplated pursuant to the terms hereof or the other Financing Agreements; or (ii) has or could reasonably be expected to have a material adverse effect on the assets, business or prospects of any Borrower or would impair the ability of any Borrower to perform its obligations hereunder or under any of the other Financing Agreements or of Agent and Lenders to enforce any Obligations or realize upon any of the Collateral;

(c) no Default or Event of Default shall exist or have occurred and be continuing on and as of the date of the making of such Loan or providing each such Letter of Credit Accommodation and after giving effect thereto; and

(d) In addition to the other conditions precedent to Agent and Lenders making Loans and/or providing Letter of Credit Accommodations to Borrowers, the conditions to Loans and Letter of Credit Accommodations by or on behalf of Canadian Lender in favor of Canadian Borrowers shall also include that no

requirement of the Minister of National Revenue for payment pursuant to Section 224, or any successor section, of the Income Tax Act (Canada) or Section 317, or any successor section of the Excise Act (Canada) or any comparable provision of similar legislation shall have been received by Agent, Canadian Lender or any other Person in respect of a Canadian Borrower or otherwise issued in respect of a Canadian Borrower.

SECTION 5. GRANT AND PERFECTION OF SECURITY INTEREST.

5.1 Grant of Security Interest.

(a) To secure payment and performance of all Obligations, each Borrower hereby grants to Agent for the benefit of itself and each Lender a continuing security interest in, a lien upon, and a right of set off against, and hereby assigns to Agent for the benefit of itself and each Lender as security, and each Canadian Borrower hereby grants to Agent a continuing security interest in, a lien upon, and a right of set off against, and hereby assigns to Agent for the benefit of itself and each Lender as security, all personal and real property and fixtures and interests in property and fixtures of each Borrower, whether now owned or hereafter acquired or existing, and wherever located (together with all other collateral security for the Obligations at any time granted to or held or acquired by Agent for the benefit of itself and each Lender or by any Lender, collectively, the "Collateral"), including:

(i) all Accounts;

(ii) all general intangibles, including, without limitation, all Intellectual Property;

(iii) all goods, including, without limitation, Inventory and Equipment;

(iv) all Real Property and fixtures;

(v) all chattel paper (including all tangible and electronic chattel paper);

(vi) all instruments (including all promissory notes);

(vii) all documents;

(viii) all deposit accounts;

(ix) all letters of credit, banker's acceptances and similar instruments and including all letter-of-credit rights;

(x) all supporting obligations and all present and future liens, security interests, rights, remedies, title and interest in, to and in respect of Receivables and other Collateral, including (i) rights and remedies under or relating to guaranties, contracts of suretyship, letters of credit and credit and other insurance related to the Collateral, (ii) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lien or secured party, (iii) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, Receivables or other Collateral, including returned, repossessed and reclaimed goods, and (iv) deposits by and property of account debtors or other persons securing the obligations of account debtors;

(xi) all investment property (including securities, whether certificated or uncertificated, securities accounts, security

entitlements, commodity contracts or commodity accounts) and all monies, credit balances, deposits and other property of any Borrower now or hereafter held or received by or in transit to Agent, any Lender or any of their Affiliates or at any other depository or other institution from or for the account of any Borrower, whether for safekeeping, pledge, custody, transmission, collection or otherwise;

(xii) all commercial tort claims, including, without limitation, those identified in the Information Certificates;

(xiii) to the extent not otherwise described above, all Receivables;

(xiv) all Records;

(xv) all products and proceeds of the foregoing, in any form, including insurance proceeds and all claims against third parties for loss or damage to or destruction of or other involuntary conversion of any kind or nature of any or all of the other Collateral; and

(xvi) as to Canadian Borrowers only, a hypothec to and in favor of each of Agent and Canadian Lender to the extent of the sum of C$200,000,000 in lawful money of Canada with interest thereon at the rate of twenty-five (25%) percent, with respect to all of its rights and interests to the Collateral.

(b) Notwithstanding anything to the contrary set forth in 5.1(a) above, the types of collateral described in such Section shall not include the last day of the term of any lease or agreement to which any Canadian Borrower is a party therefor but upon enforcement of the security interest the applicable Canadian Borrower shall stand possessed of such last day in trust to assign the same to any person acquiring the term of the lease or agreement therefor.

5.2 Perfection of Security Interests.

(a) Each Borrower irrevocably and unconditionally authorizes Agent (or its agent) to file at any time and from time to time such financing statements with respect to the Collateral naming Agent or its designee as the secured party and each such Borrower as debtor, as Agent may require, and including any other information with respect to each such Borrower or otherwise required by part 5 of Article 9 of the Uniform Commercial Code of such jurisdiction or under the PPSA as Agent may determine, together with any amendment and continuations with respect thereto, which authorization shall apply to all financing statements filed on, prior to or after the date hereof. Each Borrower hereby ratifies and approves all financing statements naming Agent or its designee as secured party and each such Borrower as debtor with respect to the Collateral (and any amendments with respect to such financing statements) filed by or on behalf of Agent prior to the date hereof and ratifies and confirms the authorization of Agent to file such financing statements (and amendments, if any). Each Borrower hereby authorizes Agent to adopt on behalf of each such Borrower any symbol required for authenticating any electronic filing. In no event shall any Borrower at any time file, or permit or cause to be filed, any correction statement or termination statement with respect to any financing statement (or amendment or continuation with respect thereto) naming Agent or its designee as secured party and any Borrower as debtor.

(b) Borrowers do not have any chattel paper (whether tangible or electronic) or instruments as of the date hereof, except as set forth in the Information Certificates. In the event that any Borrower shall be entitled to or shall receive any chattel paper or instrument after the date hereof, Borrowers shall promptly notify Agent thereof in writing. Promptly upon the receipt thereof by or on behalf of any Borrower (including by any agent or representative), Borrowers shall deliver, or cause to be delivered to Agent, all

tangible chattel paper and instruments that any Borrower may at any time acquire, accompanied by such instruments of transfer or assignment duly executed in blank as Agent may from time to time specify, in each case, except as Agent may otherwise agree. At Agent's option, Borrowers shall, or Agent may at any time on behalf of Borrowers, cause the original of any such instrument or chattel paper to be conspicuously marked in a form and manner acceptable to Agent with the following legend

referring to chattel paper or instruments as applicable: "This [chattel paper][instrument] is subject to the security interest of Congress Financial Corporation (New England), as agent for itself and certain other lending institutions, and any sale, transfer, assignment or encumbrance of this [chattel paper][instrument] violates the rights of such secured party."

(c) In the event that any Borrower shall at any time hold or acquire an interest in any electronic chattel paper or any "transferable record" (as such term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction), Borrowers shall promptly notify Agent thereof in writing. Promptly upon Agent's request, Borrowers shall take, or cause to be taken, such actions as Agent may reasonably request to give Agent control of such electronic chattel paper under Section 9-105 of the UCC and control of such transferable record under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as in effect in such jurisdiction.

(d) Borrowers do not have any deposit accounts as of the date hereof, except as set forth in the Information Certificates. Borrowers shall not, directly or indirectly, after the date hereof open, establish or maintain any deposit account unless each of the following conditions is satisfied: (i) Agent shall have received not less than five (5) Business Days prior written notice of the intention of any Borrower to open or establish such account which notice shall specify in reasonable detail and specificity acceptable to Agent the name of the account, the owner of the account, the name and address of the bank or other financial institution at which such account is to be opened or established, the individual at such bank or other financial institution with whom such Borrower is dealing and the purpose of the account, (ii) the bank or other financial institution where such account is opened or maintained shall be acceptable to Agent, and (iii) on or before the opening of such deposit account, such Borrower shall, as Agent may specify, either (A) deliver to Agent a Deposit Account Control Agreement with respect to such deposit account duly authorized, executed and delivered by such Borrower and the bank at which such deposit account is opened and maintained, or (B) arrange for Agent to become the customer of the bank with respect to the deposit account on terms and conditions acceptable to Agent. The terms of this subsection (d) shall not apply to deposit accounts specifically and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrowers' salaried employees.

(e) Borrowers do not own or hold, directly or indirectly, beneficially or as record owner or both, any investment property, as of the date hereof, or have any investment account, securities account, commodity account or other similar account with any bank or other financial institution or other securities intermediary or commodity intermediary as of the date hereof, in each case except as set forth in the Information Certificates.

(i) In the event that any Borrower shall be entitled to or shall at any time after the date hereof hold or acquire any certificated securities, such Borrower shall promptly endorse, assign and deliver the same to Agent, accompanied by such instruments of transfer or assignment duly executed in blank as Agent may from time to time specify. If any securities, now or hereafter acquired by Borrower are uncertificated and are issued to such Borrower or

its nominee directly by the issuer thereof, such Borrower

shall immediately notify Agent thereof and shall, as Agent may specify, either (A) cause the issuer to agree to comply with instructions from Agent as to such securities, without further consent of such Borrower or such nominee, or (B) arrange for Agent to become the registered owner of the securities.

(ii) Borrowers shall not, directly or indirectly, after the date hereof open, establish or maintain any investment account, securities account, commodity account or any other similar account (other than a deposit account) with any securities intermediary or commodity intermediary unless each of the following conditions is satisfied: (A) Agent shall have received not less than five (5) Business Days prior written notice of the intention of a Borrower to open or establish such account which notice shall specify in reasonable detail and specificity acceptable to Agent the name of the account, the owner of the account, the name and address of the securities intermediary or commodity intermediary at which such account is to be opened or established, the individual at such intermediary with whom such Borrower is dealing and the purpose of the account, (B) the securities intermediary or commodity intermediary (as the case may be) where such account is opened or maintained shall be acceptable to Agent, and (C) on or before the opening of such investment account, securities account or other similar account with a securities intermediary or commodity intermediary, such Borrower shall, as Agent may specify, either (1) execute and deliver, and cause to be executed and delivered to Agent, an Investment Property Control Agreement with respect thereto duly authorized, executed and delivered by such Borrower and such securities intermediary or commodity intermediary, or (2) arrange for Agent to become the entitlement holder with respect to such investment property on terms and conditions acceptable to Agent.

(f) No Borrower is the beneficiary or otherwise entitled to any right to payment under any letter of credit, banker's acceptance or similar instrument as of the date hereof, except as set forth in the Information Certificates. In the event that any Borrower shall be entitled to or shall receive any right to payment under any letter of credit, banker's acceptance or any similar instrument, whether as beneficiary thereof or otherwise after the date hereof, such Borrower shall promptly notify Agent thereof in writing. Each Borrower shall immediately, as Agent may specify, either (i) deliver, or cause to be delivered to Agent, with respect to any such letter of credit, banker's acceptance or similar instrument, the written agreement of the issuer and any other nominated person obligated to make any payment in respect thereof (including any confirming or negotiating bank), in form and substance satisfactory to Agent, consenting to the assignment of the proceeds of the letter of credit to Agent by such Borrower and agreeing to make all payments thereon directly to Agent or as Agent may otherwise direct, or (ii) cause Agent to become, at Borrowers' expense, the transferee beneficiary of the letter of credit, banker's acceptance or similar instrument (as the case may be).

(g) No Borrower has commercial tort claims as of the date hereof, except as set forth in the Information Certificates. In the event that any Borrower shall at any time after the date hereof have any commercial tort claims, such Borrower shall promptly notify Agent

thereof in writing, which notice shall (i) set forth in reasonable detail the basis for and nature of such commercial tort claim, and (ii) include the express

grant by such Borrower to Agent of a security interest in such commercial tort claim (and the proceeds thereof). In the event that such notice does not include such grant of a security interest, the sending thereof by such Borrower to Agent shall be deemed to constitute such grant to Agent. Upon the sending of such notice, any commercial tort claim described therein shall constitute part of the Collateral and shall be deemed included therein. Without limiting the authorization of Agent provided in Section 5.2(a) hereof or otherwise arising by the execution by Borrowers of this Agreement, Agent is hereby irrevocably authorized from time to time and at any time to file such financing statements naming Agent or its designee as secured party and each Borrower as debtor, or any amendments to any financing statements, covering any such commercial tort claim as Collateral. In addition, Borrowers shall promptly upon Agent's request, execute and deliver, or cause to be executed and delivered, to Agent such other agreements, documents and instruments as Agent may require in connection with such commercial tort claim.

(h) Borrowers do not have any goods, documents of title or other Collateral in the custody, control or possession of a third party as of the date hereof, except as set forth in the Information Certificates and except for goods located in the United States or Canada in transit to a location of Borrowers permitted herein or in the ordinary course of business of Borrowers in the possession of the carrier transporting such goods. In the event that any goods, documents of title or other Collateral are at any time after the date hereof in the custody, control or possession of any other person not referred to in the Information Certificates or such carriers, Borrowers shall promptly notify Agent thereof in writing. Promptly upon Agent's request, Borrowers shall deliver to Agent a Collateral Access Agreement duly authorized, executed and delivered by such person and Borrower.

(i) If a Default or an Event of Default shall occur and be continuing or if the aggregate Excess Availability of all Borrowers is less than the US Dollar Equivalent of $10,000,000 for ten (10) consecutive days or ten (10) days in any thirty (30) day period, upon the request of Agent, (i) Borrowers shall cause Agent's name to be noted as secured party on each certificate of title for titled goods of the Borrowers, if, as determined by Agent, such notation is a condition to attachment, priority or perfection or ability of Agent to enforce, the security interest of Agent in such Collateral, (ii) Borrowers shall execute and deliver to Agent mortgages, charges, hypothecs, deeds of trust or deeds to secure debt, as Agent may determine, in form and substance satisfactory to Agent and in forms appropriate for recording in the real estate records of the jurisdictions in which Borrowers' Real Property is located granting to Agent a lien and mortgage on and security interest in such Real Property, fixtures or other property and cause to be delivered to Agent, in form and substance satisfactory to Agent, valid and effective title insurance policies issued by a company and agent satisfactory to Agent insuring the priority, amount and sufficiency of such mortgages, charges, hypothecs, deeds of trust or deeds to secure debt and containing such legally available endorsements, assurances and affirmative coverages as Agent may reasonably require, with opinions of counsel in form and substance satisfactory to Agent as Agent may reasonably require.

(j) Borrowers shall take any other actions reasonably requested by Agent from time to time to cause the attachment, perfection and first priority of, and the ability of Agent to enforce, the security interest of Agent in any and all of the Collateral, including, without limitation, (i) executing, delivering and, where appropriate, filing financing statements

and amendments relating thereto under the UCC, the PPSA or other applicable law, to the extent, if any, that a Borrower's signature thereon is required therefor, (ii) complying with any provision of any statute, regulation or treaty of the United States or Canada as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Agent to enforce, the security interest of Agent in such Collateral, or (iii) obtaining the consents and approvals of any Governmental Authority or third party, including, without limitation, any consent of any licensor, lessor or other

person obligated on such Collateral, and taking all actions required by any earlier versions of the UCC, the PPSA or by other law, as applicable in any relevant jurisdiction.

5.3 Exclusion from Collateral of Cash Collateral Maintained at L/C Issuer Under Cash Collateral Control Agreement. Notwithstanding anything to the contrary contained in Section 5.1 above, the types or items of Collateral described in such Section shall not include the cash and Cash Equivalents deposited in the collateral account maintained at the L/C Issuer (as such term is defined in the Term Loan Agreement) pursuant to the Cash Collateral Control Agreement among Borrowers, Term Loan Agent and the L/C Issuer entered into under the Term Loan Agreement that secures the letters of credit issued by the L/C Issuer from time to time.

SECTION 6. COLLECTION AND ADMINISTRATION.

6.1 Borrowers' Loan Account. Agent shall maintain one or more loan account(s) on its books in which shall be recorded (a) all Loans, Letter of Credit Accommodations and other Obligations and the Collateral, (b) all payments made by or on behalf of Borrowers, and (c) all other appropriate debits and credits as provided in this Agreement, including fees, charges, costs, expenses and interest. All entries in the loan account(s) shall be made in accordance with Agent's customary practices as in effect from time to time.

6.2 Statements. Agent shall render to Borrowers each month a statement setting forth the balance in the Borrowers' loan account(s) maintained by Agent for Borrowers pursuant to the provisions of this Agreement, including principal, interest, fees, costs and expenses. Each such statement shall be subject to subsequent adjustment by Agent but shall, absent manifest errors or omissions, be considered correct and deemed accepted by Borrowers and conclusively binding upon Borrowers as an account stated except to the extent that Agent receives a written notice from Borrowers of any specific exceptions of Borrower thereto within thirty (30) days after the date such statement has been mailed by Agent. Until such time as Agent shall have rendered to Borrowers a written statement as provided above, the balance in Borrowers' loan account(s) shall be presumptive evidence of the amounts due and owing to Agent and Lenders by Borrowers.

6.3 Collection of Accounts.

(a) Borrowers shall establish and maintain, at their expense, blocked accounts or lockboxes and related blocked accounts (in either case, "Blocked Accounts"), as Agent may specify, with such banks as are acceptable to Agent into which Borrowers shall promptly deposit and direct their account debtors to directly remit all payments on Receivables and all payments constituting proceeds of other Revolving Loan Priority Collateral in the identical form in which such payments are made, whether by cash, check or other manner. Borrowers shall deliver, or cause to be delivered to Agent, a Depository Account Control Agreement duly authorized, executed and delivered by each bank where a Blocked Account is maintained as provided in Section 5.2 hereof or at any time and from time to time Agent may become bank's customer with

respect to the Blocked Accounts and promptly upon Agent's request, Borrowers shall execute and deliver such agreements or documents as Agent may require in connection therewith. Borrowers agree that all payments made to such Blocked Accounts or other funds received and collected by Agent, whether in respect of the Receivables or other Revolving Loan Priority Collateral or otherwise shall be treated as payments to Agent for the benefit of itself and Lenders in respect of the Obligations and therefore shall constitute the property of Agent and Lenders to the extent of the then outstanding Obligations.

(b) For purposes of calculating the amount of the Loans available to Borrowers, such payments will be applied (conditional upon final collection) to the Obligations on the Business Day of receipt by Agent of immediately available funds in the Agent Payment Account or the Canadian Payment Account (as the case

may be) provided such payments and notice thereof are received in accordance with Agent's usual and customary practices as in effect from time to time and within sufficient time to credit Borrowers' loan account(s) on such day, and if not, then on the next Business Day. For the purposes of calculating interest on the Obligations, such payments or other funds received will be applied (conditional upon final collection) to the Obligations one (1) Business Day following the date of receipt of immediately available funds by Agent in the Agent Payment Account or the Canadian Payment Account (as the case may be) provided such payments or other funds and notice thereof are received in accordance with Agent's usual and customary practices as in effect from time to time and within sufficient time to credit Borrowers' loan account on such day, and if not, then on the next Business Day and such amount shall be retained by the Agent. In the event that at any time or from time to time there are no Loans outstanding, Borrowers shall pay an administrative charge to Agent in an amount equivalent to the interest Borrowers would have paid for such Business Day had there been Loans outstanding on such day which charge shall be paid to Agent.

(c) Each Borrower and its shareholders, directors, employees, agents, Subsidiaries or other Affiliates shall, acting as trustee for Agent and Lenders, receive, as the property of Agent and Lenders, any monies, checks, notes, drafts or any other payment relating to and/or proceeds of Accounts or other Revolving Loan Priority Collateral which come into their possession or under their control and immediately upon receipt thereof, shall deposit or cause the same to be deposited in the Blocked Accounts, or remit the same or cause the same to be remitted, in kind, to Agent for the benefit of itself and Lenders. In no event shall the same be commingled with any Borrower's own funds. Each Borrower agrees to reimburse Agent and Lenders on demand for any amounts owed or paid to any bank at which a Blocked Account is established or any other bank or person involved in the transfer of funds to or from the Blocked Accounts arising out of Agent's or any Lender's payments to or indemnification of such bank or person. The obligation of Borrowers to reimburse Agent and Lenders for such amounts pursuant to this Section 6.3 shall survive the termination or non-renewal of this Agreement.

(d) No Borrower shall permit any payment relating to or constituting proceeds of Collateral other than Revolving Loan Priority Collateral to be deposited into any Blocked Account or the Agent Payment Account or the Canadian Payment Account. All payments relating to or constituting proceeds of Collateral other than Revolving Loan Priority Collateral shall be made to the account of the Term Loan Agent set forth in the Term Loan Agreement or as otherwise provided under the Term Loan Agreement. Borrowers shall immediately notify Agent if any payment or deposit is made contrary to this provision.

6.4 Payments.

(a) All Obligations of US Borrowers shall be payable to the Agent Payment Account as provided in Section 6.3 and all Obligations of Canadian Borrowers shall be payable to the Canadian Payment Account or, in each case such other place as Agent may designate from time to time. Agent shall apply payments received or collected from Borrowers or for the account of Borrowers (including the monetary proceeds of collections or of realization upon any Collateral) under the US Credit Facility or Canadian Credit Facility, as applicable, as follows: first, to pay any fees, indemnities or expense reimbursements then due to Agent or Lenders from Borrowers; second, to pay interest due in respect of any Loans; third, to pay principal due on any SwingLine Loans, Overadvances and Loans made by Agent pursuant to Section 6.6 thereof; fourth, to pay principal due in respect of the Revolving Loans; fifth, to pay or prepay any other Obligations whether or not then due, in such order and manner as Agent determines. Notwithstanding anything to the contrary contained in this Agreement, (i) unless so directed by Borrowers, or unless a Default or an Event of Default shall exist or have occurred and be continuing, Lenders shall not apply any payments which they receive to any Eurodollar Rate Loans, except (A) on the expiration date of the Interest Period applicable to any such Eurodollar Rate Loans, or (B) in the event that there are no outstanding Prime Rate Loans,

and (ii) to the extent Borrowers use any proceeds of the Loans or Letter of Credit Accommodations to acquire rights in or the use of any Collateral or to repay any Indebtedness used to acquire rights in or the use of any Collateral, payments in respect of the obligations shall be deemed applied first to the Obligations arising from Loans and Letter of Credit Accommodations that were not used for such purposes and second to the Obligations arising from Loans and Letter of Credit Accommodations the proceeds of which were used to acquire rights in or the use of any Collateral in the chronological order in which Borrowers acquired such rights or use.

(b) At Agent's option, all principal, interest, fees, costs, expenses and other charges provided for in this Agreement or the other Financing Agreements may be charged directly to the loan account(s) of Borrowers. Borrowers shall make all payments to Agent and Lenders on the Obligations free and clear of, and without deduction or withholding for or on account of, any setoff, counterclaim, defense, duties, taxes, levies, imposts, fees, deductions, withholding, restrictions or conditions of any kind. If after receipt of any payment of, or proceeds of Collateral applied to the payment of, any of the Obligations, Agent or any Lender is required to surrender or return such payment or proceeds to any Person for any reason, then the Obligations intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Agreement shall continue in full force and effect as if such payment or proceeds had not been received. Borrowers shall be liable to pay to Agent and each Lender, and does hereby indemnify and hold Agent and each Lender harmless for the amount of any payments or proceeds surrendered or returned. This Section 6.4 shall remain effective notwithstanding any contrary action which may be taken by Lender in reliance upon such payment or proceeds. This Section 6.4 shall survive the payment of the Obligations and the termination or non-renewal of this Agreement.

6.5 Authorization to Make Loans.

(a) Agent and Lenders are authorized to make the Loans and provide the Letter of Credit Accommodations based upon telephonic or other instructions received from anyone purporting to be an authorized officer of Borrower Representative (as set forth in the

Information Certificate) or other authorized person or, at the discretion of Agent, if such Loans are necessary to satisfy any Obligations. All requests for Loans or Letter of Credit Accommodations hereunder shall be made to the Agent and shall specify the date on which the requested advance is to be made or Letter of Credit Accommodations established (which day shall be a Business Day) and the amount of the requested Loan. Requests received after 11:00 a.m. Boston, Massachusetts time on any day shall be deemed to have been made as of the opening of business on the immediately following Business Day. All Loans and Letter of Credit Accommodations under this Agreement shall be conclusively presumed to have been made to, and at the request of and for the benefit of, Borrowers when deposited to the credit of Borrowers or otherwise disbursed or established in accordance with the instructions of Borrowers or in accordance with the terms and conditions of this Agreement; and

(b) All Loans provided to US Borrowers shall be in or denominated in US Dollars and shall be disbursed only to bank accounts in the United States of America and all Loans provided to Canadian Borrowers shall be in or denominated in either Canadian Dollars or US Dollars as Canadian Borrowers may specify, except as Canadian Lender may otherwise specifically agree in writing and shall be disbursed only to bank accounts in Canada. Set forth on Schedule 8.10 to the Information Certificates are the bank accounts of each Borrower used by such Borrower for making payments of its Indebtedness and other obligations to which, as of the date hereof, proceeds of Loans may be disbursed.

6.6 Payment by Lenders and Settlement of Loans. Each Lender shall, not later than 12:00 p.m. (Boston time) on such requested borrowing date, wire to a bank designated by Agent the amount of that Lender's Pro Rata Share of the

requested Revolving Loan. The failure of any Lender to make the Revolving Loans required to be made by it shall not release any other Lender of its obligations hereunder to make its Revolving Loan. Neither Agent nor any other Lender shall be responsible for the failure of any other Lender to make the Revolving Loan to be made by such other Lender. Unless the Agent has received notice from a Lender that such Lender does not intend to fund a Revolving Loan and the basis for such action prior to 12:00 noon on the Business Day prior to the date any Revolving Loan is to be made, Agent shall be entitled to assume that all Lenders will make Revolving Loans as required hereunder and to make such Revolving Loans to the Borrowers. The foregoing notwithstanding, Agent, in its sole discretion, may from time to time make Revolving Loans on behalf of any or all Lenders including, without limitation, Revolving Loans with respect to Letter of Credit Accommodations that may be drawn. In such event, the Lenders on behalf of whom Agent made the Revolving Loans, shall reimburse Agent for the amount of such Revolving Loan made on its behalf, on a weekly (or more frequent, as determined by Agent in its sole discretion) basis. Settlements shall continue to occur during the continuance of a Default or an Event of Default and whether or not the applicable conditions in Section 4 have been satisfied. On each such settlement date, each such Lender shall pay to Agent, the net amount owing to Agent in connection with such settlement, as determined by Agent, including without limitation, amounts relating to Loans, fees, interest and other amounts payable hereunder. If a Lender fails to pay the settlement amount due to Agent on the settlement date specified by Agent, such Lender shall pay to Agent on demand an amount equal to the product of (i) such amount times (ii)(A) the Federal Funds Rate during the period from and including the third day after such payment is required to be made, and (B) thereafter, the Interest Rate applicable to Prime Rate Loans to the date on which such payment is immediately available to Agent, times (iii) a fraction, the numerator of which is the number of days that elapsed from and including such settlement date to the date such settlement amount is

immediately available to Agent and the denominator is 360. In addition to the foregoing, if the amount of any such Lender's Pro Rata Share of such Revolving Loans is not made available to Agent on any settlement date, the Agent shall be entitled to recover such amount from Borrowers upon demand with interest thereon at the Interest Rate applicable to Prime Rate Loans.

6.7 Use of Proceeds.

Borrowers shall use the initial proceeds of the Loans provided by Lenders to Borrower hereunder only for: (a) payments to each of the persons listed in the disbursement direction letter furnished by Borrowers to Lenders on or about the date hereof including with respect to payments to be made to the Sellers under the Purchase Agreements, to refinance existing indebtedness of Borrowers and pay the prepayment and defeasance costs in connection therewith and for fees, costs and expenses relating thereto and (b) costs, expenses and fees in connection with the preparation, negotiation, execution and delivery of this Agreement and the other Financing Agreements. All other Loans made or Letter of Credit Accommodations provided by Agent, Lenders and Reference Bank to Borrower pursuant to the provisions hereof shall be used by Borrowers only for general operating, working capital and other proper corporate purposes of Borrowers not otherwise prohibited by the terms hereof. None of the proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security or for the purposes of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Loans to be considered a "purpose credit" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended.

6.8 Taxes.

(a) Any and all payments by or on behalf of a Borrower hereunder and under any other Financing Agreement shall be made, in accordance with Section 6.4, free and clear of and without deduction for any and all Taxes, excluding

the following (collectively, "Excluded Taxes"): (i) income taxes imposed on the net income or capital of Agent or any Lender (or any transferee or assignee of such Lender, including any Participant, any such transferee or assignee being referred to as a "Transferee") in the jurisdiction of Agent's or such Lender's applicable lending office or jurisdiction of organization or any political subdivision thereof, and (ii) franchise or similar taxes imposed on or determined by reference to the net income of Agent or any Lender (or Transferee), in each case by the United States of America or by the jurisdiction under the laws of which such Lender (or Transferee) (A) is organized or any political subdivision thereof, (B) has its applicable lending office located or (C) is otherwise doing business. In addition, Borrowers agree to pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes.

(b) If a Borrower shall be required by law to deduct or withhold in respect of any Taxes or Other Taxes (other than Excluded Taxes) from or in respect of any sum payable hereunder to Agent or any Lender, then:

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

(ii) such Borrower shall make such deductions and withholdings;

(iii) such Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) to the extent not paid to Agent and Lenders pursuant to clause (i) above, Borrowers shall also pay to Agent or any Lender, at the time interest is paid, all additional amounts which Agent or any Lender specifies as necessary to preserve the after-tax yield such Lender would have received if such Taxes or Other Taxes had not been imposed.

(c) Within thirty (30) days after the date of any payment by a Borrower of Taxes or Other Taxes, upon Agent's request, such Borrower shall furnish to Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment reasonably satisfactory to Agent.

(d) Borrowers any will indemnify Agent and each Lender (or Transferee) for the full amount of Taxes and Other Taxes paid by Agent or such Lender (or Transferee, as the case may be). If Agent or such Lender (or Transferee) receives a refund in respect of any Taxes or Other Taxes for which Agent or such Lender (or Transferee) has received payment from a Borrower hereunder, so long as no Default or Event of Default shall exist or have occurred and be continuing and Excess Availability in excess of such refund exists, Agent or such Lender (as the case may be) shall credit to the loan account of the applicable Borrower the amount of such refund plus any interest received (but only to the extent of indemnity payments made, or additional amounts paid, by or on behalf of such Borrower under this Section 6.8 with respect to the Taxes or Other Taxes giving rise to such refund). If a Lender (or any Transferee) claims a tax credit in respect of any Taxes for which it has been indemnified by a Borrower pursuant to this Section 6.8, such Lender will apply the amount of the actual dollar benefit received by such Lender as a result thereof, as reasonably calculated by such Lender and net of all expenses related thereto, to the Loans made by such Lender. If Taxes or Other Taxes were not correctly or legally asserted, Agent or such Lender shall, upon Parent's request and at the expense of Parent, provide such documents to Parent in form and substance satisfactory to Agent, as Parent may reasonably request, to enable such Borrower to contest such Taxes or Other Taxes pursuant to appropriate proceedings then available to such Borrower (so long as providing such documents

shall not, in the good faith determination of Agent or the Lender, have a reasonable likelihood of resulting in any liability of Agent or such Lender for which Agent has not established a Reserve). The indemnity provided for herein shall survive the payment of the Obligations and the termination of this Agreement. A certificate as to the amount of such payment or liability and setting forth in reasonable detail the calculation and basis for such payment or liability delivered to Parent by a Lender or by Agent on its own behalf or on behalf of a Lender, shall be conclusive, absent manifest error.

(e) Each Transferee of a US Lender or Agent that is not a United States person within the meaning of Section 7701(a)(30) of the Code and that is a US Lender or claims indemnification or additional amounts under this Section 6.8 (a "Non-U.S. Person") shall deliver to Parent two (2) copies of the applicable United States Internal Revenue Service Form W-8 wherein such Transferee claims entitlement to a complete exemption from U.S. federal income withholding tax on all payments by or on behalf of Parent under this Agreement and the other Financing Agreements. Such forms shall be delivered by any Non-U.S. Person receiving

payments by or on behalf of Parent on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a Participant, on or before the date such Participant becomes a Transferee hereunder) and on or before the date, if any, such Non-U.S. Person changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition, a Non-U.S. Person shall upon written notice from Parent promptly deliver such new forms as are required by the relevant Governmental Authority to claim exemption from, or reduction in the rate of, U.S. Federal withholding tax upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Person. Each Lender and Agent that is a United States Person (other than a Lender or Agent that is a corporation or otherwise exempt from United States backup withholding Tax) shall deliver at the time(s) and in the manner(s) if and to the extent such delivery is required under applicable law, to Parent and Agent (as applicable), a properly completed and duly executed United States Internal Revenue From W-9 or any successor form, certifying that such Person is exempt from United States backup withholding Tax on payments made by Parent hereunder. Notwithstanding any other provision of this Section 6.8(e), no Non-U.S. Person, Agent or any Lender shall be required to deliver any form pursuant to this Section 6.8(e) that such Non-U.S. Person, Agent or Lender is not legally able to deliver.

(f) Borrowers shall not be required to indemnify any Person or to pay any additional amounts to any Person pursuant to subsections (b) or (d) above to the extent that (i) the Tax was applicable on the date such Person became a party to this Agreement (or, in the case of a Transferee that is a Participant, on the date such Participant became a Transferee hereunder) or, with respect to payments to a New Lending Office, the date such Person designated such New Lending Office with respect to a Loan, provided, that, this subsection (f) shall not apply (A) to any Transferee or New Lending Office that becomes a Transferee or New Lending Office as a result of an assignment, participation, transfer or designation made at the request or with the approval of any Borrower, and (B) to the extent the indemnity payment or additional amounts any Transferee, acting through a New Lending Office, would be entitled to receive (without regard to this subsection (f)) do not exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Transferee making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation; or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Person to comply with the provisions of subsection (e) above or the gross negligence or wilful misconduct of such Person as determined pursuant to a final, non-appealable order of a court of competent jurisdiction.

(g) The provisions of this Section 6.8 shall survive the termination of this Agreement and the repayment of the Obligations.

SECTION 7. COLLATERAL REPORTING AND COLLATERAL COVENANTS.

7.1 Collateral Reporting.

(a) Borrowers shall provide Agent (with, upon Agent's request, sufficient copies for the Lenders) with the following documents in a form satisfactory to Agent:

(i) on a regular basis as required by Agent, a schedule of sales made, credits issued and cash received;

(ii) as soon as possible after the end of each month (but in any event within ten (10) days after the end thereof), on a monthly basis or more frequently as Agent may request, (A) agings of accounts payable (and including information indicating the status of payments to owners and lessors of the leased premises of Borrower) and (B) agings of accounts receivable (together with a reconciliation to the previous month's aging and general ledger);

(iii) upon Agent's request, (A) copies of customer statements and credit memos, remittance advices and reports, and copies of deposit slips and bank statements, (B) copies of shipping and delivery documents, (C) copies of purchase orders, invoices and delivery documents for Inventory and Equipment acquired by Borrowers, and (D) copies of Material Contracts entered into after the date hereof; and

(iv) such other reports as to the Collateral as Agent or Majority Lenders shall request from time to time.

(b) If any of Borrowers' records or reports of the Collateral are prepared or maintained by an accounting service, contractor, shipper or other agent, each Borrower hereby irrevocably authorizes such service, contractor, shipper or agent to deliver such records, reports, and related documents to Agent and to follow Agent's instructions with respect to further services at any time that an Event of Default exists or has occurred and is continuing.

7.2 Accounts Covenants.

(a) Each Borrower shall notify Agent promptly of: (i) any material delay in any Borrower's performance of any of its obligations to any account debtor or the assertion of any claims, offsets, defenses or counterclaims by any account debtor, or any disputes with account debtors, or any settlement, adjustment or compromise thereof, (ii) all material adverse information relating to the financial condition of any account debtor, and (iii) any event or circumstance which, to any Borrower's knowledge would cause Agent to consider any then existing Accounts as no longer constituting Eligible Accounts. No credit, discount, allowance or extension or agreement for any of the foregoing shall be granted to any account debtor without Agent's consent, except in the ordinary course of Borrowers' business in accordance with practices and policies previously disclosed in writing to Agent and except as set forth in the schedules delivered to Agent pursuant to Section 7.1(a) above. So long as no Event of Default exists or has occurred and is continuing, Borrowers shall settle, adjust or compromise any claim, offset, counterclaim or dispute with any account debtor. At any time that an Event of Default exists or has occurred and is continuing, Agent shall, at its option, have the exclusive right to settle, adjust or compromise any claim, offset, counterclaim or dispute with account debtors or grant any credits, discounts or allowances.

(b) With respect to each Account: (i) the amounts shown on any invoice delivered to Lender or schedule thereof delivered to Agent shall be true and complete, (ii) no payments shall be made thereon except payments immediately

delivered to Lender pursuant to the terms of this Agreement, (iii) no credit, discount, allowance or extension or agreement for any of the foregoing shall be granted to any account debtor except as reported to Agent in accordance with this Agreement and except for credits, discounts, allowances or extensions made

or given in the ordinary course of Borrowers' business in accordance with practices and policies previously disclosed to Agent, (iv) there shall be no setoffs, deductions, contras, defenses, counterclaims or disputes existing or asserted with respect thereto except as reported to Lender in accordance with the terms of this Agreement, and (v) none of the transactions giving rise thereto will violate any applicable foreign, Federal, State, Provincial or local laws or regulations, all documentation relating thereto will be legally sufficient under such laws and regulations, and all such documentation will be legally enforceable in accordance with its terms.

(c) Agent shall have the right at any time or times, in Agent's name or in the name of a nominee of Agent, to verify the validity, amount or any other matter relating to any Account or other Collateral, by mail, telephone, facsimile transmission or otherwise.

7.3 Power of Attorney. Each Borrower hereby irrevocably designates and appoints Agent (and all persons designated by Agent) as such Borrower's true and lawful attorney-in-fact, and authorizes Agent, in any Borrower's or Agent's name, to: (a) at any time an Event of Default exists or has occurred and is continuing (i) demand payment on Receivables or other Collateral, (ii) enforce payment of Receivables by legal proceedings or otherwise, (iii) exercise all of each Borrower's rights and remedies to collect any Receivable or other Collateral, (iv) sell or assign any Receivable upon such terms, for such amount and at such time or times as the Lender deems advisable, (v) settle, adjust, compromise, extend or renew an Account, (vi) discharge and release any Receivable, (vii) prepare, file and sign any Borrower's name on any proof of claim in bankruptcy or other similar document against an account debtor or other obligor in respect of any Receivables or other Collateral, (viii) notify the post office authorities to change the address for delivery of remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral to an address designated by Agent, and open and dispose of all mail addressed to any Borrower and handle and store all mail relating to the Collateral; and (ix) do all acts and things which are necessary, in Agent's determination, to fulfill Borrowers' obligations under this Agreement and the other Financing Agreements, and (b) at any time to (i) take control in any manner of any item of payment in respect of Receivables or constituting Collateral or otherwise received in or for deposit in the Blocked Accounts or otherwise received by Agent, (ii) have access to any lockbox or postal box into which remittances from account debtors or other obligors in respect of Receivables or other proceeds of Collateral are sent or received, (iii) endorse any Borrower's name upon any items of payment in respect of Receivables or constituting Collateral or otherwise received by Lender and deposit the same in Lender's account for application to the Obligations, (iv) endorse any Borrower's name upon any chattel paper, document, instrument, invoice, or similar document or agreement relating to any Receivable or any goods pertaining thereto or any other Collateral, including any warehouse or other receipts, or bills of lading and other negotiable or non-negotiable documents, (v) clear Inventory the purchase of which was financed with Letter of Credit Accommodations through US Customs or foreign export control authorities in any Borrower's name, Agent's name or the name of Agent's designee, and to sign and deliver to customs officials powers of attorney in any Borrower's name for such purpose, and to complete in any Borrower's or Agent's name, any order, sale or transaction, obtain the necessary documents in connection therewith and collect the proceeds thereof, and (vi) sign any Borrower's name on any verification of Receivables and notices thereof to account debtors or any secondary obligors or other obligors in respect thereof. Each Borrower hereby releases Agent and their respective officers, employees and designees from any liabilities arising from any act or acts under this power of attorney and in furtherance thereof, whether of omission or commission, except as a result of Agent's own gross negligence

or willful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction.

7.4 Right to Cure. Agent may, at its option, (a) upon notice to Borrowers, cure any default by any Borrower under any material agreement with a third party that affects the Collateral, their value or the ability of Agent to collect, sell or otherwise dispose of the Collateral or the rights and remedies of Agent therein or the ability of Borrowers to perform their obligations hereunder or under the other Financing Agreements, (b) pay or bond on appeal any judgment entered against any Borrower, (c) discharge taxes, liens, security interests or other encumbrances at any time levied on or existing with respect to the Collateral, and (d) pay any amount, incur any expense or perform any act which, in Agent's judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Agent with respect thereto. Agent may add any amounts so expended to the Obligations and charge Borrowers' account(s) therefor, such amounts to be repayable by Borrowers on demand. Agent shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of any Borrower. Any payment made or other action taken by Agent under this Section 7.4 shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly.

7.5 Access to Premises. From time to time as requested by Agent, at the cost and expense of Borrowers, (a) Agent, Lenders, or their respective designees shall have complete access to all of Borrowers' premises during normal business hours and after notice to Borrowers, or at any time and without notice to any Borrower if an Event of Default exists or has occurred and is continuing, for the purposes of inspecting, verifying and auditing the Collateral and all of Borrowers' books and records, including the Records, and (b) Borrowers shall promptly furnish to Agent and Lenders such copies of such books and records or extracts therefrom as Agent or Lenders may request, and (c) Agent or its designee may use during normal business hours such of Borrowers' personnel, equipment, supplies and premises as may be reasonably necessary for the foregoing and if an Event of Default exists or has occurred and is continuing for the collection of Accounts and realization of other Collateral.

SECTION 8. REPRESENTATIONS AND WARRANTIES.

Each Borrower hereby represents and warrants to Agent and Lenders the following (which shall survive the execution and delivery of this Agreement), the truth and accuracy of which are a continuing condition of the making of Loans and providing Letter of Credit Accommodations by Agent and Lenders to Borrower:

8.1 Corporate Existence; Power and Authority. Each Borrower is a corporation, limited liability company, limited partnership or business trust duly organized and in good standing under the laws of its jurisdiction of incorporation or organization and is duly qualified as a foreign corporation, limited liability company, limited partnership or business trust and in good standing in all states, provinces or other jurisdictions where the nature and extent of the business transacted by it or the ownership of assets makes such qualification necessary, except for those jurisdictions in which the failure to so qualify would not have a material adverse effect on any Borrower's financial condition, results of operation or business or the rights of Agent and Lenders in or to any of the Collateral. The execution, delivery and performance of this Agreement, the other Financing Agreements and the transactions contemplated hereunder and

thereunder (a) are all within each Borrower's corporate, limited liability

company, partnership or trust powers, (b) have been duly authorized, (c) are not in contravention of law or the terms of Borrower's certificate of incorporation, certificate of formation or certificate of limited partnership, by-laws, operating agreement, partnership agreement or declaration of trust, or other organizational documentation, or any indenture, agreement or undertaking to which any Borrower is a party or by which any Borrower or its property are bound, and (d) will not result in the creation or imposition of, or require or give rise to any obligation to grant, any lien, security interest, charge or other encumbrance upon any property of any Borrower. This Agreement and the other Financing Agreements constitute legal, valid and binding obligations of each Borrower enforceable in accordance with their respective terms.

8.2 Name; State of Organization; Chief Executive Office; Collateral Locations.

(a) The exact legal name of each Borrower is as set forth on the signature page of this Agreement and in the Information Certificates. No Borrower has, during the past five years, been known by or used by any other corporate or fictitious name or been a party to any merger or consolidation, or acquired all or substantially all of the assets of any Person, or acquired any of its property or assets out of the ordinary course of business, except as set forth in the Information Certificates.

(b) Each Borrower is an organization of the type and organized in the jurisdiction set forth in the Information Certificate. The Information Certificates accurately set forth the organizational identification number of each Borrower or accurately states that a Borrower has none and accurately sets forth the federal employer identification number of each Borrower.

(c) The chief executive office and mailing address of each Borrower and each Borrower's Records concerning Accounts are located only at the address identified as such in Schedule 8.2 to the appropriate Information Certificate and its only other places of business and the only other locations of Collateral, if any, are the addresses set forth in Schedule 8.2 to the appropriate Information Certificate, subject to the right of Borrowers to establish new locations in accordance with Section 9.2 below. The Information Certificates correctly identify any of such locations which are not owned by Borrowers and sets forth the owners and/or operators thereof.

8.3 Financial Statements; No Material Adverse Change. All financial statements relating to Borrowers which have been or may hereafter be delivered by Borrowers to Agent and/or Lenders have been prepared in accordance with GAAP (except as to any interim financial statements, to the extent such statements are subject to normal year-end adjustments and do not include any notes) and fairly present the financial condition and the results of operation of Borrowers as at the dates and for the periods set forth therein. Except as disclosed in any interim financial statements furnished by Borrowers to Agent and Lenders prior to the date of this Agreement, there has been no material adverse change in the assets, liabilities, properties and condition, financial or otherwise, of Borrowers, since the date of the most recent audited financial statements furnished by Borrowers to Agent and Lenders prior to the date of this Agreement.

8.4 Priority of Liens; Title to Properties. The security interests, hypothecs and liens granted to Agent under this Agreement and the other Financing Agreements constitute valid and

perfected first priority liens and security interests and first ranking hypothecs in and upon the Revolving Loan Priority Collateral and valid and perfected second priority liens and security interests and second ranking hypothecs in and upon the other Collateral subject only to the liens indicated on Schedule 8.4 to the Information Certificates and the other liens permitted under Section 9.8 hereof. Each Borrower has good and marketable fee simple title to or valid leasehold interests in all of its Real Property and good, valid and merchantable title to all of its other properties and assets subject to no

liens, mortgages, pledges, security interests, encumbrances or charges of any kind, except those granted to Agent and such others as are specifically listed on Schedule 8.4 to the Information Certificates or permitted under Section 9.8 hereof.

8.5 Tax Returns. Each Borrower has filed, or caused to be filed, in a timely manner all tax returns, reports and declarations which are required to be filed by it. All information in such tax returns, reports and declarations is complete and accurate in all material respects. Each Borrower has paid or caused to be paid all taxes due and payable or claimed due and payable in any assessment received by it, except taxes the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to Borrowers and with respect to which adequate reserves have been set aside on its books. Adequate provision has been made for the payment of all accrued and unpaid Federal, State, Provincial, county, local, foreign and other taxes whether or not yet due and payable and whether or not disputed.

8.6 Litigation. Except as set forth in Schedule 8.6 to the Information Certificates, there is no present investigation by any Governmental Authority pending, or to the best of any Borrower's knowledge threatened, against or affecting any Borrower, its assets or business and there is no action, suit, proceeding or claim by any Person pending, or to the best of any Borrower's knowledge threatened, against any Borrower or its assets or goodwill, or against or affecting any transactions contemplated by this Agreement, which if adversely determined against any Borrower would result in any material adverse change in the assets, business or prospects of any Borrower or would impair the ability of any Borrower to perform its obligations hereunder or under any of the other Financing Agreements to which it is a party or of Agent or Lenders to enforce any Obligations or realize upon any Collateral.

8.7 Compliance with Other Agreements and Applicable Laws. No Borrower is in default in any material respect under, or in violation in any material respect of any of the terms of, any agreement, contract, instrument, lease or other commitment to which it is a party or by which it or any of its assets are bound and each Borrower is in compliance in all material respects with all applicable provisions of laws, rules, regulations, licenses, permits, approvals and orders of any foreign, Federal, State, Provincial or local Governmental Authority.

8.8 Environmental Compliance.

Except as shown or reflected in the financial statements of Borrowers previously furnished to Agent and Lenders and to be furnished to Agent and Lenders under Section 9.6 or as set forth on Schedule 8.8 to the Information Certificates, unless such matters would not have a material adverse effect upon the business, assets or prospects of the Borrowers on a consolidated basis or on the Collateral:

(a) No Borrower or any Subsidiary has generated, used, stored, treated, transported, manufactured, handled, produced or disposed of any Hazardous Materials, on or off its premises (whether or not owned by it) in any manner which at any time violates any

applicable Environmental Law or any license, permit, certificate, approval or similar authorization thereunder and the operations of Borrowers and their Subsidiaries comply in all material respects with all Environmental Laws and all orders, licenses, permits, certificates, approvals and similar authorizations thereunder.

(b) There has been no investigation, proceeding, complaint, order, directive, claim, citation or notice by any Governmental Authority or any other person nor is any pending or to the best of Borrowers' knowledge threatened, with respect to any non-compliance with or violation of the requirements of any Environmental Law by Borrowers and their Subsidiaries or the release, spill or

discharge, threatened or actual, of any Hazardous Material at any properties at which or from which Borrowers or their Subsidiaries has transported, stored or disposed of any Hazardous Materials, and all transportation, handling, processing and disposal of Hazardous Materials by Borrowers and their Subsidiaries has been conducted in compliance with all applicable Environmental Laws, and all laws relating to health or safety matters.

(c) Borrowers and their Subsidiaries have no material liability (contingent or otherwise) in connection with (i) a release, spill or discharge, threatened or actual, of any Hazardous Materials, (ii) the generation, use, storage, treatment, transportation, manufacture, handling, production, processing or disposal of any Hazardous Materials or (iii) any service or remediation performed by Borrowers or their Subsidiaries at any location.

(d) Borrowers and their Subsidiaries have all licenses, permits, certificates, approvals or similar authorizations required to be obtained or filed in connection with the operations of Borrowers and their Subsidiaries under any Environmental Law and, to the best knowledge of Borrowers, all of such licenses, permits, certificates, approvals or similar authorizations are valid and in full force and effect.

8.9 Employee Benefits.

(a) Each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service and to the best of Borrowers' knowledge, nothing has occurred which would cause the loss of such qualification. Each Borrower and its ERISA Affiliates have made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or to the best of Borrowers' knowledge, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) the current value of each Plan's assets (determined in accordance with the assumptions used for funding such Plan pursuant to Section 412 of the Code) are not less than such Plan's liabilities under Section 4001(a)(16) of ERISA; (iii) Borrowers and their ERISA Affiliates have not incurred and do not reasonably expect to incur, any liability under Title IV of ERISA with respect to any Plan (other than premiums due and not delinquent under Section 4007 of ERISA);

(iv) Borrowers and their ERISA Affiliates have not incurred and do not reasonably expect to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) Borrowers and their ERISA Affiliates have not engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(d) With respect to any Canadian Pension Plan, if and to the extent that any such Canadian Pension Plan exists or has not been terminated, (i) the Canadian Pension Plans are duly registered under all applicable Federal and Provincial pension benefits legislation, (ii) all obligations of any Borrower (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Canadian Pension Plans or the funding agreements therefor have been performed in a timely fashion and there are no outstanding disputes concerning the assets held pursuant to any such funding agreement, (iii) all contributions or premiums required to be made by any Borrower to the Canadian Pension Plans have been made in a timely fashion in

accordance with the terms of the Canadian Pension Plans and applicable laws and regulations, (iv) all employee contributions to the Canadian Pension Plans required to be made by way of authorized payroll deduction have been properly withheld by any Borrower and fully paid into the Canadian Pension Plans in a timely fashion, (v) all reports and disclosures relating to the Canadian Pension Plans required by any applicable laws or regulations have been filed or distributed in a timely fashion, (vi) there have been no improper withdrawals, or applications of, the assets of any of the Pension Plans, (vii) no amount is owing by any of the Canadian Pension Plans under the Income Tax Act (Canada) or any provincial taxation statute, (viii) the Canadian Pension Plans are fully funded both on an ongoing basis and on a solvency basis (using actuarial assumptions and methods which are consistent with the valuations last filed with the applicable governmental authorities and which are consistent with generally accepted actuarial principles), and (ix) to the best of the knowledge of each Borrower none of the Canadian Pension Plans is the subject of an investigation, any other proceeding, an action or a claim and there exists no state of facts which after notice or lapse of time or both could reasonably be expected to give rise to any such proceeding, action or claim.

8.10 Bank Accounts. All of the deposit accounts, investment accounts or other accounts in the name of or used by any Borrower maintained at any bank or other financial institution are set forth in Schedule 8.10 to the Information Certificates, subject to the right of Borrower to establish new accounts in accordance with Section 5.2 hereof.

8.11 Intellectual Property. Each Borrower owns or licenses or otherwise has the right to use all Intellectual Property necessary for the operation of its business as presently conducted or proposed to be conducted. As of the date hereof, no Borrower has any Intellectual Property registered, or subject to pending applications, in the United States Patent and Trademark Office, the Canadian Intellectual Property Office or any similar office or agency in the United States, or Canada, any State or Province thereof, any political subdivision thereof or in any other country, other than those described in Schedule 8.11 to the Information Certificates hereto and has not granted any licenses with respect thereto other than as set forth in Schedule 8.11 to the Information Certificates. No event has occurred which permits or would permit after notice or passage of time or both, the revocation, suspension or termination of such rights. To the best of Borrowers' knowledge, no slogan or other advertising device, product, process, method, substance or other Intellectual Property or goods bearing or using any Intellectual Property presently contemplated to be sold by or employed by any Borrower infringes any patent,

trademark, servicemark, tradename, copyright, license or other Intellectual Property owned by any other Person presently and no claim or litigation is pending or threatened against or affecting any Borrower contesting its right to sell or use any such Intellectual Property. Schedule 8.11 to the Information Certificates sets forth all of the agreements or other arrangements of Borrowers pursuant to which any Borrower has a license or other right to use any trademarks, logos, designs, representations or other Intellectual Property owned by another person as in effect on the date hereof and the dates of the expiration of such agreements or other arrangements of any Borrower as in effect on the date hereof (collectively, together with such agreements or other arrangements as may be entered into by any Borrower after the date hereof, collectively, the "License Agreements" and individually, a "License Agreement"). No trademark, servicemark or other Intellectual Property at any time used by any Borrower which is owned by another person, or owned by any Borrower subject to any security interest, lien, collateral assignment, pledge or other encumbrance in favor of any person other than Lender, is affixed to any Inventory, except to the extent permitted under the term of the License Agreements listed on Schedule 8.11 to the Information Certificates.

8.12 Subsidiaries; Affiliates; Capitalization; Solvency.

(a) No Borrower has any direct or indirect Subsidiaries or Affiliates and is engaged in any joint venture or partnership except as set forth in Schedule 8.12 to the Information Certificates, subject to the right of Borrower to form or acquire Subsidiaries in accordance with Section 9.10 hereof.

(b) Borrowers are the record and beneficial owners of all of the issued and outstanding shares of Capital Stock of the each of the Subsidiaries listed on Schedule 8.12 to the Information Certificates as being owned by Borrowers and there are no proxies, irrevocable or otherwise, with respect to such shares and no equity securities of any of the Subsidiaries are or may become required to be issued by reason of any options, warrants, rights to subscribe to, calls or commitments of any kind or nature and there are no contracts, commitments, understandings or arrangements by which any Subsidiary is or may become bound to issue additional shares of it Capital Stock or securities convertible into or exchangeable for such shares.

(c) The issued and outstanding shares of Capital Stock of each Borrower are directly and beneficially owned and held by the persons indicated in the Information Certificates, and in each case all of such shares have been duly authorized and are fully paid and non-assessable, free and clear of all claims, liens, pledges and encumbrances of any kind, except as disclosed in writing to Lender.

(d) After giving effect to the Purchase Agreement, each Borrower is Solvent and will continue to be Solvent after the creation of the Obligations, the security interests of Agent and Lenders and the other transactions contemplated hereunder, and after creation of the Term Debt, the security interests and liens of Term Loan Agent, and Term Loan Lenders and other transactions contemplated under the Term Loan Agreement.

8.13 Labor Disputes.

(a) Set forth on Schedule 8.13 to the Information Certificates is a list (including dates of termination) of all collective bargaining or similar agreements between or

applicable to any Borrower and any union, labor organization or other bargaining agent in respect of the employees of any Borrower on the date hereof.

(b) There is (i) no significant unfair labor practice complaint pending against any Borrower or, to the best of Borrowers' knowledge, threatened against any Borrower, before the National Labor Relations Board, (ii) no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is pending on the date hereof against any Borrower or, to best of Borrowers' knowledge, threatened against any Borrower, and (iii) no significant strike, labor dispute, slowdown or stoppage is pending against any Borrower or, to the best of Borrowers' knowledge, threatened against any Borrower.

8.14 Restrictions on Subsidiaries. Except for restrictions contained in this Agreement or any other agreement with respect to Indebtedness of Borrowers permitted hereunder as in effect on the date hereof, there are no contractual or consensual restrictions on any Borrower or any of their Subsidiaries which prohibit or otherwise restrict (a) the transfer of cash or other assets (i) between any Borrower and any of their Subsidiaries or (ii) between any Subsidiaries of Borrowers or (b) the ability of any Borrower or any of their Subsidiaries to incur Indebtedness or grant security interests to Lender in the Collateral.

8.15 Material Contracts. Schedule 8.15 to the Information Certificates sets forth all Material Contracts to which any Borrower is a party or is bound as of the date hereof. Borrowers have delivered true, correct and complete copies of such Material Contracts to Agent on or before the date hereof. Borrowers are not in breach of or in default under any Material Contract and

have not received any notice of the intention of any other party thereto to terminate any Material Contract.

8.16 Payable Practices. Borrowers have not made any material change in the historical accounts payable practices from those in effect immediately prior to the date hereof.

8.17 Acquisition of Purchased Assets.

(a) The Purchase Agreements and the transactions contemplated thereunder have been duly executed, delivered and performed in accordance with their terms by the respective parties thereto in all respects, including the fulfillment (not merely the waiver, except as may be disclosed to Agent and consented to in writing by Agent) of all conditions precedent set forth therein and giving effect to the terms of the Purchase Agreements and Sales Order and the assignments to be executed and delivered by Sellers (or any of their affiliates or subsidiaries) thereunder, Borrowers acquired and have good and marketable title to the Purchased Assets, free and clear of all claims, liens, pledges and encumbrances of any kind, except as permitted hereunder.

(b) All actions and proceedings, required by the Purchase Agreements, applicable law or regulation (including, but not limited to, compliance with the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended) have been taken and the transactions required thereunder have been duly and validly taken and consummated.

(c) No court of competent jurisdiction has issued any injunction, restraining order or other order which prohibits consummation of the transactions described in the Purchase Agreements and no governmental or other action or proceeding has been threatened or

commenced, seeking any injunction, restraining order or other order which seeks to void or otherwise modify the transactions described in the Purchase Agreements.

(d) The Sales Order is in full force and effect and has not been reversed, stayed, modified, or amended, no appeal has been filed with respect to the Sales Order within the time period specified by Rule 8002(a) of the Federal Rules of Bankruptcy Procedure and Sellers and Borrowers have performed their respective obligations under the Sales Order in all respects;

(e) Borrowers have delivered, or caused to be delivered, to Agent, true, correct and complete copies of the Sales Order, all proceedings relating thereto, the Purchase Agreements and the Series C convertible preferred stock.

8.18 Interdependent Businesses and Operations. Each of the operations and businesses of each Borrower is interdependent with the other Borrowers and each Borrower substantially relies on the other Borrowers in its operations and business. Each Borrower will derive substantial direct and indirect benefits from the Loans and Letter of Credit Accommodations made and to be made by Agent and Lenders hereunder. Each Borrower's access to the financing provided hereunder significantly enhances its own financial condition and business prospects and the Borrowers acknowledge that the financing provided hereunder would only be available on a joint and several basis among all the US Borrowers.

8.19 Accuracy and Completeness of Information. All information furnished by or on behalf of Borrowers in writing to Agent and/or Lenders in connection with this Agreement or any of the other Financing Agreements or any transaction contemplated hereby or thereby, including all information on the Information Certificates are true and correct in all material respects on the date as of which such information is dated or certified and does not omit any material fact necessary in order to make such information not misleading. No event or circumstance has occurred which has had or could reasonably be expected

to have a material adverse affect on the business, assets or prospects of any Borrower, which has not been fully and accurately disclosed to Agent and Lenders in writing.

8.20 Survival of Warranties; Cumulative. All representations and warranties contained in this Agreement or any of the other Financing Agreements shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to Lender on the date of each additional borrowing or other credit accommodation hereunder and shall be conclusively presumed to have been relied on by Agent and Lenders regardless of any investigation made or information possessed by Agent or Lenders. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which Borrowers shall now or hereafter give, or cause to be given, to Agent.

Section 9. AFFIRMATIVE AND NEGATIVE COVENANTS

9.1 Maintenance of Existence.

(a) Borrowers shall at all times preserve, renew and keep in full, force and effect their corporate, limited liability company, partnership or business trust, as the case may be, existence and all rights and franchises with respect thereto and maintain in full force and effect all permits, licenses, trademarks, tradenames, approvals, authorizations, leases and contracts necessary to carry on the businesses as presently or proposed to be conducted by Borrowers.

(b) No Borrower shall change its name unless each of the following conditions is satisfied: (i) Agent shall have received not less than thirty (30) days prior written notice from a Borrower of such proposed change in its name, which notice shall accurately set forth the new name; and (ii) prior to the filing thereof, Agent shall have received a copy of the proposed amendment to the Certificate of Incorporation, Certificate of Formation or Certificate of Limited Partnership, as the case may be, of such Borrower providing for the name change and once the filing has been made, Agent shall receive a copy of such amendment to the Certificate of Incorporation, Certificate of Formation or Certificate of Limited Partnership, as the case may be, of such Borrower certified by the Secretary of State of the jurisdiction of incorporation or organization of such Borrower as soon as it is available.

(c) No Borrower shall change its chief executive office or its mailing address or organizational identification number (or if it does not have one, shall not acquire one) unless Agent shall have received not less than thirty (30) days' prior written notice from Borrowers of such proposed change, which notice shall set forth such information with respect thereto as Agent may require and Agent shall have received such agreements as Agent may reasonably require in connection therewith. No Borrower shall change its type of organization, jurisdiction of organization or other legal structure.

9.2 New Collateral Locations. Borrowers may only open any new location within the continental United States or Canada provided Borrowers (a) give Agent thirty (30) days prior written notice from Borrowers of the intended opening of any such new location, and (b) execute and deliver, or causes to be executed and delivered, to Agent such agreements, documents, and instruments as Agent may deem necessary or desirable to protect its interests in the Collateral at such location.

9.3 Compliance with Laws, Regulations, Etc.

(a) Borrowers shall, and shall cause any Subsidiary to, at all times, comply in all material respects with all laws, rules, regulations, licenses, permits, approvals and orders applicable to it and duly observe all requirements of any foreign, Federal, State, Provincial or local Governmental Authority, including ERISA, the Code, the Occupational Safety and Health Act of

1970, as amended, the Fair Labor Standards Act of 1938, as amended, and all statutes, rules, regulations, orders, permits and stipulations relating to environmental pollution and employee health and safety, including all of the Environmental Laws if the failure to so comply could result in the imposition of material fines or penalties or result in the revocation or termination of any material license, permit, order or approval of any Governmental Authority or could otherwise materially and adversely affect the business, assets or prospects of Borrowers on a consolidated basis.

(b) Borrowers shall give written notice to Agent immediately upon any Borrower's receipt of any notice of, or any Borrower's otherwise obtaining knowledge of, any of the following which could result in the imposition of material fines or penalties or the revocation or termination of any material license, permit, order or approval of any Governmental Authority or could otherwise materially and adversely affect the business, assets or prospects of Borrowers on a consolidated basis, (i) the occurrence of any event involving the release, spill or discharge, threatened or actual, of any Hazardous Material or (ii) any investigation, proceeding, complaint, order, directive, claims, citation or notice with respect to: (A) any non-compliance with or

violation of any applicable Environmental Law by any Borrower or (B) the release, spill or discharge, threatened or actual, of any Hazardous Material other than in the ordinary course of business and other than as permitted under any applicable Environmental Law. Copies of all environmental surveys, audits, assessments, feasibility studies and results of remedial investigations shall be promptly furnished, or caused to be furnished, by Borrowers to Agent. Borrowers shall take prompt and appropriate action to respond to any non-compliance with any of the Environmental Laws and shall regularly report to Agent on such response.

(c) Without limiting the generality of the foregoing, whenever Agent reasonably determines that there is non-compliance, or any condition which requires any action by or on behalf of Borrowers in order to avoid any material non-compliance, with any Environmental Law, Borrowers shall, at Agent's request and Borrowers' expense: (i) cause an independent environmental engineer acceptable to Agent to conduct such tests of the site where Borrowers' non-compliance or alleged non-compliance with such Environmental Laws has occurred as to such non-compliance and prepare and deliver to Agent a report as to such non-compliance setting forth the results of such tests, a proposed plan for responding to any environmental problems described therein, and an estimate of the costs thereof, and (ii) provide to Agent a supplemental report of such engineer whenever the scope of such non-compliance, or Borrowers' response thereto or the estimated costs thereof, shall change in any material respect.

(d) Borrowers shall indemnify and hold harmless Agent, each Lender, and each of their respective directors, officers, employees, agents, invitees, representatives, successors and assigns, from and against any and all losses, claims, damages, liabilities, costs, and expenses (including attorneys' fees and legal expenses) directly or indirectly arising out of or attributable to the use, generation, manufacture, reproduction, storage, release, threatened release, spill, discharge, disposal or presence of a Hazardous Material, including the costs of any required or necessary repair, cleanup or other remedial work with respect to any property of Borrowers and the preparation and implementation of any closure, remedial or other required plans. All representations, warranties, covenants and indemnifications in this Section 9.3 shall survive the payment of the Obligations and the termination or non-renewal of this Agreement.

9.4 Payment of Taxes and Claims. Borrowers shall, and shall cause any Subsidiary to, duly pay and discharge all taxes, assessments, contributions and governmental charges upon or against it or its properties or assets, except for taxes the validity of which are being contested in good faith by appropriate

proceedings diligently pursued and available to Borrowers or such Subsidiary, as the case may be, and with respect to which adequate reserves have been set aside on its books. Borrowers shall be liable for any tax or penalties withheld from or imposed on Agent or any Lender as a result of the financing arrangements provided for herein and Borrowers agree to indemnify and hold Agent and each Lender harmless with respect to the foregoing, and to repay to Agent and each Lender on demand the amount thereof, and until paid by Borrowers such amount shall be added and deemed part of the Loans. The foregoing indemnity shall survive the payment of the Obligations and the termination or non-renewal of this Agreement.

9.5 Insurance. Borrowers shall, and shall cause any Subsidiary to, at all times, maintain with financially sound and reputable insurers insurance with respect to the Collateral against loss or damage and all other insurance of the kinds and in the amounts customarily insured against or carried by corporations of established reputation engaged in the same or similar businesses and similarly situated. Said policies of insurance shall be satisfactory to

Agent as to form, amount and insurer. Borrowers shall furnish certificates, policies or endorsements to Agent as Agent shall require as proof of such insurance, and, if Borrowers fail to do so, Agent is authorized, but not required, to obtain such insurance at the expense of Borrowers. All policies shall provide for at least thirty (30) days prior written notice to Agent of any cancellation or reduction of coverage and that Agent may act as attorney for Borrowers in obtaining, and at any time a Default or an Event of Default exists or has occurred and is continuing, adjusting, settling, amending and canceling such insurance. Borrowers shall cause Agent to be named as a loss payee and an additional insured (but without any liability for any premiums) under such insurance policies and Borrowers shall obtain non-contributory lender's loss payable endorsements to all insurance policies in form and substance satisfactory to Agent. Such lender's loss payable endorsements shall specify that the proceeds of such insurance shall be payable to Agent as its interests may appear and further specify that Agent shall be paid regardless of any act or omission by Borrower or any of its Affiliates. At its option, Agent may apply any insurance proceeds received by Agent at any time to the cost of repairs or replacement of Collateral and/or to payment of the Obligations, whether or not then due, in any order and in such manner as Agent may determine or hold such proceeds as cash collateral for the Obligations.

9.6 Financial Statements and Other Information.

(a) Borrowers shall, and shall cause any Subsidiary to, keep proper books and records in which true and complete entries shall be made of all dealings or transactions of or in relation to the Collateral and the business of Borrowers and their Subsidiaries in accordance with GAAP. Borrowers shall promptly furnish to Agent and Lenders all such financial and other information as Agent shall reasonably request relating to the Collateral and the assets, business and operations of Borrowers, and to notify the auditors and accountants of Borrower that Agent is authorized to obtain such information directly from them. Without limiting the foregoing, Borrowers shall furnish or cause to be furnished to Agent and each Lender, the following: (i) within thirty (30) days after the end of each fiscal month, monthly unaudited consolidated financial statements (including in each case balance sheets, statements of income and loss, statements of cash flow, and statements of shareholders' equity), all in reasonable detail, fairly presenting the financial position and the results of the operations of Parent and its Subsidiaries as of the end of and through such fiscal month, certified to be correct by the chief financial officer of Parent, subject to normal year-end adjustments and accompanied by a compliance certificate substantially in the form of Exhibit B hereto, along with a schedule in form reasonably satisfactory to Agent of the calculations used in determining, as of the end of such month, whether Parent was in compliance with the covenants set forth in Sections 9.17, and 9.18 of this Agreement for such month, (ii) within forty-five (45) days after the end of each fiscal quarter, quarterly unaudited consolidated financial statements (including in each case

balance sheets, statements of income and loss, statements of cash flow, and statements of shareholders' equity), all in reasonable detail, fairly presenting the financial position and the results of operations of Parent and its Subsidiaries as of the end of and through such fiscal quarter, certified to be correct by the chief financial officer of Parent, subject to normal year-end adjustments; and (iii) within ninety (90) days after the end of each fiscal year, audited consolidated financial statements of Parent and its Subsidiaries (including in each case balance sheets, statements of income and loss, statements of cash flow and statements of shareholders' equity), and the accompanying notes thereto, all in reasonable detail, fairly presenting the financial position and the results of the operations of Parent and its Subsidiaries as of the end of and for such fiscal year, together with

the unqualified opinion of independent certified public accountants, which accountants shall be an independent accounting firm selected by Parent and reasonably acceptable to Agent, that such financial statements have been prepared in accordance with GAAP, and present fairly the results of operations and financial condition of Parent, and its Subsidiaries as of the end of and for the fiscal year then ended.

(b) Borrowers shall promptly notify Agent in writing of the details of (i) any loss, damage, investigation, action, suit, proceeding or claim relating to the Collateral or any other property which is security for the Obligations or which would result in any material adverse change in any Borrower's business, properties, assets, goodwill or condition, financial or otherwise, (ii) any Material Contract of any Borrower being terminated or amended or any new Material Contract entered into (in which event Borrowers shall provide Agent with a copy of such Material Contract), (iii) any order, judgment or decree in excess of $500,000 in any one case or in the aggregate shall have been entered against any Borrower or any of its properties or assets, (iv) any notification of violation of laws or regulations received by any Borrower, (v) any ERISA Event, and (vi) the occurrence of any Default or Event of Default.

(c) Borrowers shall promptly after the sending or filing thereof furnish or cause to be furnished to Lender copies of all reports which Parent sends to its stockholders generally and copies of all reports and registration statements which Parent files with the Securities and Exchange Commission, any national securities exchange or the National Association of Securities Dealers, Inc.

(d) Borrowers shall furnish or cause to be furnished to Agent and Lenders such budgets, forecasts, projections and other information respecting the Collateral and the business of Borrowers, as Agent may, from time to time, reasonably request. Agent and each Lender are hereby authorized to deliver a copy of any financial statement or any other information relating to the business of Borrowers to any court or other Governmental Authority or to any participant or assignee or prospective participant or assignee of any Lender. Borrowers hereby irrevocably authorize and direct all accountants or auditors to deliver to Agent and Lenders, at Borrowers' expense, copies of the financial statements of Borrowers and any reports or management letters prepared by such accountants or auditors on behalf of Borrowers and to disclose to Agent and to each Lender such information as they may have regarding the business of Borrowers. Any documents, schedules, invoices or other papers delivered to Agent and to each Lender may be destroyed or otherwise disposed of by Agent and Lenders one (1) year after the same are delivered, except as otherwise designated by Borrowers to Agent and Lenders in writing.

9.7 Sale of Assets, Consolidation, Merger, Dissolution, Etc. Borrowers shall not, and shall not permit any Subsidiary to (and Agent and Lenders do not authorize any Borrower to), directly or indirectly,

(a) merge into or consolidate or amalgamate with any other Person or permit any other Person to merge into or consolidate with it (except

that any Borrower (other than the Parent) may be merged into, consolidated with, or amalgamated with any other Borrower and any wholly-owned Subsidiary of any Borrower may be merged into such Borrower); or

(b) sell, assign, lease, transfer, abandon or otherwise dispose of any Capital Stock or Indebtedness to any other Person or any of its assets to any other Person, except for (i)

sales of Inventory in the ordinary course of business, (ii) the disposition of Equipment as permitted under the Term Loan Agreement, and (iii) the issuance and sale by Parent of Capital Stock of Parent after the date hereof; provided, that, (A) Agent shall have received not less than ten (10) Business Days prior written notice of such issuance and sale by Parent, which notice shall specify the parties to whom such shares are to be sold, the terms of such sale, the total amount which it is anticipated will be realized from the issuance and sale of such stock and the net cash proceeds which it is anticipated will be received by Borrower from such sale, (B) Parent shall not be required to pay any cash dividends or repurchase or redeem such Capital Stock or make any other payments in respect thereof, (C) the terms of such Capital Stock, and the terms and conditions of the purchase and sale thereof, shall not include any terms that include any limitation on the right of Parent or any other Borrower to request or receive Loans or Letter of Credit Accommodations or the right of Parent or any other Borrower to amend or modify any of the terms and conditions of this Agreement or any of the other Financing Agreements or otherwise in any way relate to or affect the arrangements of Borrowers with Agent or Lenders or are more restrictive or burdensome to Borrowers than the terms of any Capital Stock in effect on the date hereof, and (D) as of the date of such issuance and sale and after giving effect thereto, no Default or Event of Default shall exist or have occurred;

(c) wind up, liquidate or dissolve (except in the case of the Inactive Subsidiaries); or

(d) agree to do any of the foregoing.

9.8 Encumbrances. Borrowers shall not, and shall not permit any Subsidiary to, create, incur, assume, suffer or permit to exist any security interest, mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its assets or properties, including the Collateral, except: (a) the security interests, hypothecs and liens of Agent; (b) liens securing the payment of taxes, either not yet overdue or the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to Borrowers or any Subsidiary, as the case may be and with respect to which adequate reserves have been set aside on its books; (c) non-consensual statutory liens (other than liens securing the payment of taxes) arising in the ordinary course of Borrowers' or such Subsidiary's business to the extent: (i) such liens secure Indebtedness which is not overdue or (ii) such liens secure Indebtedness relating to claims or liabilities which are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or being contested in good faith by appropriate proceedings diligently pursued and available to Borrowers or any Subsidiary, in each case prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books; (d) zoning restrictions, easements, licenses, covenants and other restrictions affecting the use of Real Property which do not interfere in any material respect with the use of such Real Property or ordinary conduct of the business of Borrowers or any Subsidiary as presently conducted thereon or materially impair the value of the Real Property which may be subject thereto; (e) purchase money security interests in Equipment (including Capital Leases) and purchase money mortgages on Real Property to secure Indebtedness permitted under Section 9.9(b) hereof; (f) security interests and liens in favor of the Term Loan Agent under the Term Loan Agreement, or of the L/C Issuer in the cash and Cash Equivalents maintained in a blocked deposit account maintained at the L/C Issuer under the Cash Collateral Control Agreement (as those terms are defined in the Term Loan Agreement as in

effect on the date hereof); and (g) the security interests and liens set forth on Schedule 8.4 to the Information Certificates.

9.9 Indebtedness. Borrowers shall not, and shall not permit any Subsidiary to, incur, create, assume, become or be liable in any manner with respect to, suffer or permit to exist, any Indebtedness or guarantee, assume, endorse, or otherwise become responsible for (directly or indirectly) the performance, dividends or other obligations of any Person, except:

(a) the Obligations;

(b) purchase money Indebtedness (including Capital Leases) arising after the date hereof to the extent secured by purchase money security interests in Equipment (including Capital Leases) and purchase money mortgages on Real Property not to exceed $10,000,000 in the aggregate at any time outstanding so long as such security interests and mortgages do not apply to any property of Borrowers other than the Equipment or Real Property so acquired, and the Indebtedness secured thereby does not exceed the cost of the Equipment or Real Property so acquired, as the case may be;

(c) guarantees by any Subsidiaries of Borrowers of the Obligations in favor of Agent and Lenders;

(d) unsecured Indebtedness among the Borrowers incurred in the ordinary course of business which Indebtedness is hereby subordinated to the prior indefeasible payment in full in cash of the Obligations;

(e) Indebtedness of Borrowers under interest swap agreements, interest rate cap agreements, interest rate collar agreements, interest rate exchange agreements and similar contractual agreements entered into for the purpose of protecting a Person against fluctuations in interest rates; provided, that, such arrangements are with banks or other financial institutions that have combined capital and surplus and undivided profits of not less than $250,000,000 and are not for speculative purposes and such Indebtedness shall be unsecured;

(f) lease obligations or purchase money indebtedness (including capital leases) to the extent not incurred or secured by liens (including capital leases) in violation of any other provision of this Agreement; provided, that, (i) Borrowers may only make regularly scheduled payments of principal and interest in respect of such indebtedness in accordance with the terms of the agreement or instrument evidencing or giving rise to such indebtedness as in effect on the date hereof, (ii) Borrowers shall not, directly or indirectly, (A) amend, modify, alter or change the terms of such indebtedness or any agreement, document or instrument related thereto as in effect on the date hereof, or (B) redeem, retire, defease, purchase or otherwise acquire such indebtedness, or set aside or otherwise deposit or invest any sums for such purpose (except as otherwise permitted in this Agreement), and (iii) Borrowers shall furnish to Lender all notices or demands in connection with such indebtedness either received by any Borrower or on its behalf, promptly after the receipt thereof, or sent by any Borrower or on its behalf, concurrently with the sending thereof, as the case may be;

(g) the Term Debt and guaranties thereof; provided that (i) Borrowers shall not, directly or indirectly, (A) amend, modify, alter or change the terms of such indebtedness or any agreement, document or instrument related thereto as in effect on the date hereof, or (B)

redeem, retire, defease, purchase or otherwise acquire Term Debt, or set aside or otherwise deposit or invest any sums for such purpose, and (ii) Borrowers

shall furnish to Agent all notices or demands in connection with Term Debt either received by any Borrower or on its behalf, promptly after the receipt thereof, or sent by any Borrower or on its behalf, concurrently with the sending thereof, as the case may be;

(h) unsecured Indebtedness of Borrowers arising after the date hereof to any third person (other than Indebtedness otherwise permitted under this Section 9.9), provided, that, each of the following conditions is satisfied as determined by Agent: (i) such Indebtedness shall be on terms and conditions acceptable to Agent and shall be subject and subordinate in right of payment to the right of Agent and Lenders to receive the prior indefeasible payment and satisfaction in full payment of all of the Obligations pursuant to the terms of an intercreditor agreement between Agent and such third party, in form and substance satisfactory to Agent, (ii) Agent shall have received not less than ten (10) days prior written notice of the intention of any Borrower to incur such Indebtedness, which notice shall set forth in reasonable detail satisfactory to Agent the amount of such Indebtedness, the person or persons to whom such Indebtedness will be owed, the interest rate, the schedule of repayments and maturity date with respect hereto and such other information as Agent may reasonably request with respect thereto, (iii) Agent shall have received true, correct and complete copies of all agreements, documents and instruments evidencing or otherwise related to such Indebtedness, (iv) on and before the date of incurring such Indebtedness and after giving effect thereto, no Default or Event of Default shall exist or have occurred, (v) Borrowers shall not, directly or indirectly, (A) amend, modify, alter or change the terms of such Indebtedness or any agreement, document or instrument related thereto, except, that, Borrowers may, after prior written notice to Agent, amend, modify, alter or change the terms thereof so as to extend the maturity thereof, or defer the timing of any payments in respect thereof, or to forgive or cancel any portion of such Indebtedness (other than pursuant to payments thereof), or to reduce the interest rate or any fees in connection therewith, or (B) redeem, retire, defease, purchase or otherwise acquire such Indebtedness (except pursuant to regularly scheduled payments permitted herein), or set aside or otherwise deposit or invest any sums for such purpose, and (vi) Borrowers shall furnish to Agent all notices or demands in connection with such Indebtedness either received by any Borrower or on its behalf promptly after the receipt thereof, or sent by any Borrower or on its behalf concurrently with the sending thereof, as the case may be;

(i) the reimbursement obligations of the Borrowers to the L/C Issuer under the Letter of Credit Facility, Reimbursement and Security Agreement as in effect on the date of this Agreement between the Parent and the L/C Issuer (as that term is defined under the Term Loan Agreement as in effect on the date hereof), (i) provided, that, Borrowers shall provide to Agent true, correct, and complete copies of such agreement and all other agreements, documents, and instruments entered into in connection therewith and (ii) Borrowers shall not, directly or indirectly, (A) amend, modify, alter or change the terms of such Indebtedness or any agreement, document or instrument related thereto as in effect on the date hereof except, that, Borrowers may, after prior written notice to Lender, amend, modify, alter or change the terms thereof so as to extend the maturity thereof, or defer the timing of any payments in respect thereof, or to forgive or cancel any portion of such Indebtedness (other than pursuant to payments thereof), or to reduce the interest rate or any fees in connection therewith, or (B) redeem, retire, defease, purchase or otherwise acquire such Indebtedness, or set aside or otherwise deposit or invest any sums for such purpose; and

(j) the Indebtedness set forth on Schedule 9.9 to the Information Certificates; provided, that, (i) Borrowers may only make regularly scheduled payments of principal and interest in respect of such Indebtedness in accordance with the terms of the agreement or instrument evidencing or giving rise to such Indebtedness as in effect on the date hereof, (ii) Borrowers shall not, directly or indirectly, (A) amend, modify, alter or change the terms of such Indebtedness or any agreement, document or instrument related thereto as in

effect on the date hereof except, that, Borrowers may, after prior written notice to Lender, amend, modify, alter or change the terms thereof so as to extend the maturity thereof, or defer the timing of any payments in respect thereof, or to forgive or cancel any portion of such Indebtedness (other than pursuant to payments thereof), or to reduce the interest rate or any fees in connection therewith, or (B) redeem, retire, defease, purchase or otherwise acquire such Indebtedness, or set aside or otherwise deposit or invest any sums for such purpose, and (iii) Borrowers shall furnish to Agent all notices or demands in connection with such Indebtedness either received by any Borrower or on its behalf, promptly after the receipt thereof, or sent by any Borrower or on its behalf, concurrently with the sending thereof, as the case may be.

9.10 Loans, Investments, Etc. Borrowers shall not, and shall not permit any Subsidiary to, directly or indirectly, make, or suffer or permit to exist, any loans or advance money or property to any person, or any investment in (by capital contribution, dividend or otherwise) or purchase or repurchase the Capital Stock or Indebtedness or all or a substantial part of the assets or property of any person, or form or acquire any Subsidiaries, or agree to do any of the foregoing, except:

(a) the endorsement of instruments for collection or deposit in the ordinary course of business;

(b) investments in cash or Cash Equivalents, provided, that, (i) no Revolving Loans are then outstanding and (ii) the terms and conditions of Section 5.2 hereof shall have been satisfied with respect to the deposit account or investment account in which such cash or Cash Equivalents are held;

(c) (A) the existing equity investments of Borrowers as of the date hereof in its Subsidiaries, provided, that, Borrowers shall have no obligation to make any other investment in, or loans to, or other payments in respect of, any such Subsidiaries, and (B) investments in the ordinary course of business by the Parent or any other Borrower in or to its respective wholly-owned Subsidiaries organized outside of the United States, or provided that the aggregate amount of all such capital contributions, investments and other amounts paid by any Borrower to any such Subsidiaries organized outside of the United States (exclusive of (A) investments made as part of the Acquisition or (B) incurred in connection with arranging financial assurances required under applicable Environmental Laws) shall not exceed $5,000,000 in the case of Subsidiaries organized under the laws of a Canadian province, $500,000 in the case of any other Subsidiary organized outside of the United States, in each case at any time outstanding;

(d) equity investments of Borrowers in any wholly-owned Subsidiary incorporated under the laws of any State of the United States of America formed or acquired after the date hereof, provided, that, (i) promptly upon such formation or acquisition, Borrowers shall cause any such Subsidiary to execute and deliver to Agent, in form and substance satisfactory to Agent, (A) an absolute and unconditional guarantee of payment of the

Obligations, (B) a security agreement granting to Agent a first security interest and lien (except as otherwise consented to in writing by Agent) upon all of the assets of such Subsidiary, and (C) such other agreements, documents and instruments as Agent may require, including, but not limited to, supplements and amendments hereto and other loan agreements or instruments evidencing Indebtedness of such new Subsidiary to Agent and Lenders, (ii) promptly upon Agent's request: (A) Borrowers shall execute and deliver to Agent, in form and substance satisfactory to Agent, a pledge and security agreement granting to Agent a first pledge of and lien on all of the issued and outstanding shares of Capital Stock of such Subsidiary, and (B) Borrowers shall deliver the original stock certificates evidencing such shares of Capital Stock (or such other evidence as may be issued in the case of a limited liability company or other entity) together with stock powers with respect thereto duly executed in blank (or the equivalent thereof in the case of a limited liability company), (iii) as

of the date of any payment in respect of such investment and after giving effect thereto, no Default or Event of Default shall exist or have occurred, and (iv) in no event shall the aggregate amount of all capital contributions, investments or other amounts paid by any Borrower to any Subsidiary formed or acquired after the date hereof or to any other person for or otherwise in connection with the formation or acquisition thereof exceed $1,000,000;

(e) stock or obligations issued to Borrowers by any Person (or the representative of such Person) in respect of Indebtedness of such Person owing to Borrowers in connection with the insolvency, bankruptcy, receivership or reorganization of such Person or a composition or readjustment of the debts of such Person; provided, that, the original of any such stock or instrument evidencing such obligations shall be promptly delivered to Agent, upon Agent's request, together with such stock power, assignment or endorsement by Borrowers as Agent may request;

(f) of account debtors to Borrowers arising from Accounts which are past due evidenced by a promissory note made by such account debtor payable to Borrowers; provided, that, promptly upon the receipt of the original of any such promissory note by Borrowers, such promissory note shall be endorsed to the order of Agent by Borrowers and promptly delivered to Agent as so endorsed; and

(g) the loans and advances set forth on Schedule 9.10 to the Information Certificates; provided, that, as to such loans and advances, (i) Borrowers shall not, directly or indirectly, amend, modify, alter or change the terms of such loans and advances or any agreement, document or instrument related thereto, and (ii) Borrowers shall furnish to Agent all notices or demands in connection with such loans and advances either received by any Borrower or on its behalf, promptly after the receipt thereof, or sent by any Borrower or on its behalf, concurrently with the sending thereof, as the case may be.

9.11 Dividends and Redemptions. Borrowers shall not, directly or indirectly, declare or pay any dividends on account of any shares of class of Capital Stock of any Borrower now or hereafter outstanding, or set aside or otherwise deposit or invest any sums for such purpose, or redeem, retire, defease, purchase or otherwise acquire any shares of any class of Capital Stock (or set aside or otherwise deposit or invest any sums for such purpose) for any consideration or apply or set apart any sum, or make any other distribution (by reduction of capital or otherwise) in respect of any such shares or agree to do any of the foregoing, except in any case in the form of shares of Capital Stock consisting of common stock; provided however, that (a) any Borrower

may pay dividends to the Parent, (b) any Subsidiary of any Borrower may pay dividends to such Borrower, and (c) the Parent may pay cash dividends at an annual rate of $4.00 per share on its 112,000 currently outstanding shares of Series B convertible preferred stock and any dividends required or permitted to be paid in cash on the shares of its Series C convertible preferred stock described in Section 4.1(o), provided that, in the case of dividends authorized by clauses (a), (b) and (c) above, no such payment shall be made if an Event of Default shall have occurred and be continuing or would result from the making of such payment, and in the case of (d) above, no such payment shall be made if, immediately before or after giving effect to any such payment, the Excess Availability shall be less than $30,000,000.

9.12 Transactions with Affiliates. Borrowers shall not, directly or indirectly, (a) purchase, acquire or lease any property from, or sell, transfer or lease any property to, any officer, director, agent or other person affiliated with any Borrower, except in the ordinary course of and pursuant to the reasonable requirements of any Borrower's business and upon fair and reasonable terms no less favorable to such Borrower than such Borrower would obtain in a comparable arm's length transaction with an unaffiliated person, or (b) make any payments of management, consulting or other fees for management or similar services, or of any Indebtedness owing to any officer, employee,

shareholder, director or other Affiliate of any Borrower except reasonable compensation to officers, employees and directors for services rendered to Borrowers in the ordinary course of business. 9.13 Compliance with ERISA.

(a) Borrowers shall and shall cause each of their ERISA Affiliates to: (i) maintain each Plan (other than a Multiemployer Plan) in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal and State law; (ii) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; (iii) not terminate any of such Plans so as to incur any liability to the Pension Benefit Guaranty Corporation; (iv) not allow or suffer to exist any prohibited transaction involving any of such Plans or any trust created thereunder which would subject Borrower or such ERISA Affiliate to a tax or penalty or other liability on prohibited transactions imposed under Section 4975 of the Code or ERISA; (v) make all required contributions to any Plan which it is obligated to pay under Section 302 of ERISA, Section 412 of the Code or the terms of such Plan; (vi) not allow or suffer to exist any accumulated funding deficiency, whether or not waived, with respect to any such Plan; or (vii) not allow or suffer to exist any occurrence of a reportable event or any other event or condition which presents a material risk of termination by the Pension Benefit Guaranty Corporation of any such Plan that is a single employer plan, which termination could result in any liability to the Pension Benefit Guaranty Corporation.

(b) Borrowers shall cause the Canadian Pension Plan to be administered in accordance with the requirements of the applicable pension plan texts, funding agreements, the Income Tax Act (Canada) and applicable provincial pension benefits legislation. Upon Agent's request, Borrowers shall use their best efforts to deliver to Agent an undertaking of the funding agent for the Canadian Pension Plan stating that the funding agent will notify Agent within seven (7) days of the failure of any Borrower to make any required contribution to the Canadian Pension Plan. Borrowers shall not accept payment of any amount from the Canadian Pension Plan (other than amounts on account of expenses reasonably incurred in connection with the operations of such Canadian Pension Plan) without the prior written consent of Agent. Without

the prior written consent of Agent, Borrowers shall not terminate, or cause to be terminated, the Canadian Pension Plan, if such plan would have a solvency deficiency on termination. Borrowers shall promptly provide Agent with any documentation relating to the Canadian Pension Plan as Agent may reasonably request. Borrowers shall notify Agent within thirty (30) days of (i) a material increase in the liabilities of the Canadian Pension Plan, (ii) the establishment of a new registered pension plan, (iii) commencing payment of contributions to the Canadian Pension Plan to which any Borrower had not previously been contributing.

9.14 End of Fiscal Years: Fiscal Quarters. Each Borrower shall, for financial reporting purposes, cause its, and each of its Subsidiaries' (a) fiscal years to end on December 31st of each year and (b) fiscal quarters to end on March 31st, June 30th, September 30th and December 31st of each year.

9.15 Change in Business. Borrowers shall not engage in any business other than the business of Borrowers on the date hereof and any business reasonably related, ancillary or complimentary to the business in which Borrowers are engaged on the date hereof.

9.16 Limitation of Restrictions Affecting Subsidiaries. Borrowers shall not, directly, or indirectly, create or otherwise cause or suffer to exist any encumbrance or restriction which prohibits or limits the ability of any Subsidiary of any Borrower to (a) pay dividends or make other distributions or pay any Indebtedness owed to Borrowers or any Subsidiary of any Borrower; (b) make loans or advances to any Borrower or any Subsidiary of Borrower; (c) transfer any of its properties or assets to any Borrower or any Subsidiary of any Borrower; or (d) create, incur, assume or suffer to exist any lien upon any of its property, assets or revenues, whether now owned or hereafter acquired,

other than encumbrances and restrictions arising under (i) applicable law, (ii) this Agreement, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of any Borrower or any of its Subsidiaries, (iv) customary restrictions on dispositions of real property interests found in reciprocal easement agreements of any Borrower or its Subsidiaries, (v) any agreement relating to permitted Indebtedness incurred by a Subsidiary of any Borrower prior to the date on which such Subsidiary was acquired by any Borrower and outstanding on such acquisition date, and (vi) the extension or continuation of contractual obligations in existence on the date hereof, provided, that, any such encumbrances or restrictions contained in such extension or continuation are no less favorable to Agent and Lenders than those encumbrances and restrictions under or pursuant to the contractual obligations so extended or continued.

9.17 Consolidated EBITDA. Borrowers shall not permit (i) for any fiscal quarter ending on or after June 30, 2003, Consolidated Annualized EBITDA of the Parent and its Subsidiaries and (ii) for each fiscal quarter ending thereafter, Consolidated EBITDA of the Parent and its Subsidiaries for the four fiscal quarters ending as of the end of the applicable fiscal quarter set forth below, to be less than the applicable amount set forth below:

Fiscal Quarter End	Consolidated EBITDA (annualized or trailing four quarters, as applicable)
December 31, 2002	$56,000,000

March 31, 2003	$ 63,700,000
June 30, 2003	$ 76,200,000
September 30, 2003	$ 82,100,000
December 31, 2003	$ 90,000,000
March 31, 2004	$ 99,100,000
June 30, 2004	$108,000,000
September 30, 2004	$116,000,000
December 31, 2004	$125,000,000
March 31, 2005	$129,300,000
June 30, 2005	$134,000,000
September 30, 2005	$140,000,000
December 31, 2005	$145,000,000
March 31, 2006	$145,000,000
June 30, 2006	$150,000,000
September 30, 2006	$155,000,000
December 31, 2006	$160,000,000
March 31, 2007	$162,000,000

June 30, 2007	$165,000,000
September 30, 2007	$167,000,000
December 31, 2007	$170,000,000

9.18 Fixed Charge Coverage Ratio. Borrowers shall not permit the Fixed Charge Coverage Ratio of the Parent and its Subsidiaries for each period of four (4) consecutive fiscal quarters, (or, in the case of each fiscal quarter ending on or prior to June 30, 2003, such lesser number of consecutive fiscal quarters as shall then have been completed since the fiscal quarter commencing on October 1, 2002) of the Parent and its Subsidiaries for which the last quarter ends on a date set forth below to be less than the amount set forth opposite such date:

Fiscal Quarter End	Ratio
December 31, 2002	0.65:1
March 31, 2003	0.75:1
June 30, 2003	0.85:1
September 30, 2003	0.90:1
December 31, 2003	1:1
March 31, 2004	1.1:1

June 30, 2004	1.2:1
September 30, 2004	1.4:1
December 31, 2004	1.45:1
For each fiscal quarter thereafter	1.5:1

9.19 License Agreements.

(a) Borrowers shall (i) promptly and faithfully observe and perform all of the material terms, covenants, conditions and provisions of the material License Agreements to be observed and performed by it, at the times set forth therein, if any, (ii) not do, permit, suffer or refrain from doing anything that could reasonably be expected to result in a default under or breach of any of the terms of any material License Agreement, (iii) not cancel, surrender, modify, amend, waive or release any material License Agreement in any material respect or any term, provision or right of the licensee thereunder in any material respect, or consent to or permit to occur any of the foregoing; except, that, subject to Section 9.19(b) below, Borrowers may cancel, surrender or release any material License Agreement in the ordinary course of the business of Borrower; provided, that, Borrowers shall give Agent not less than thirty (30) days prior written notice of their intention to so cancel, surrender and release any such material License Agreement, (iv) give Agent prompt written notice of any material License Agreement entered into by any Borrower after the date hereof, together with a true, correct and complete copy thereof and such other information with respect thereto as Agent may request, (v) give Agent prompt written notice of any material breach of any obligation, or any default, by any party under any material License Agreement, and deliver to Agent (promptly upon

the receipt thereof by Borrower in the case of a notice to any Borrower, and concurrently with the sending thereof in the case of a notice from any Borrower) a copy of each notice of default and every other notice and other communication received or delivered by any Borrower in connection with any material License Agreement which relates to the right of a Borrower to continue to use the property subject to such License Agreement, and (vi) furnish to Agent, promptly upon the request of Agent, such information and evidence as Agent may require from time to time concerning the observance, performance and compliance by any Borrower or the other party or parties thereto with the terms, covenants or provisions of any material License Agreement.

(b) Borrowers will either exercise any option to renew or extend the term of each material License Agreement in such manner as will cause the term of such material License Agreement to be effectively renewed or extended for the period provided by such option and give prompt written notice thereof to Agent or give Agent prior written notice that Borrowers do not intend to renew or extend the term of any such material License Agreement or that the term thereof shall otherwise be expiring, not less than sixty (60) days prior to the date of any such non-renewal or expiration. In the event of the failure of Borrowers to extend or renew any material License Agreement, Agent shall have, and is hereby granted, the irrevocable right and authority, at its option, to renew or extend the term of such material License Agreement, whether in its own name and behalf, or in the name and behalf of a designee or nominee of Agent or in the name and behalf of such Borrower, as Agent shall determine at any time that an Event of Default shall exist or have occurred and be continuing. Agent may, but shall not be required to,

perform any or all of such obligations of any Borrower under any of the License Agreements, including, but not limited to, the payment of any or all sums due from Borrower thereunder. Any sums so paid by Agent shall constitute part of the Obligations.

9.20 Inactive Subsidiaries. Borrowers shall not permit any Inactive Subsidiary to (a) become an active company having operations or conduct business, or (b) own any assets other than assets with a fair market value not in excess of $25,000 in the aggregate for all Inactive Subsidiaries.

9.21 Costs and Expenses. Borrowers shall pay to Agent on demand all costs, expenses, filing fees and taxes paid or payable in connection with the preparation, negotiation, execution, delivery, recording, administration, collection, liquidation, enforcement and defense of the Obligations, Agent's and Lender's rights in the Collateral, this Agreement, the other Financing Agreements and all other documents related hereto or thereto, including any amendments, supplements or consents which may hereafter be contemplated (whether or not executed) or entered into in respect hereof and thereof, including: (a) all costs and expenses of filing or recording (including Uniform Commercial Code financing statement filing taxes and fees, documentary taxes, intangibles taxes and mortgage recording taxes and fees, if applicable); (b) costs and expenses and fees for insurance premiums, environmental audits, surveys, assessments, engineering reports and inspections, appraisal fees and search fees, costs and expenses of remitting loan proceeds, collecting checks and other items of payment, and establishing and maintaining the Blocked Accounts, together with Agent's customary charges and fees with respect thereto; (c) charges, fees or expenses charged by any bank or issuer in connection with the Letter of Credit Accommodations; (d) costs and expenses of preserving and protecting the Collateral; (e) costs and expenses paid or incurred by Agent and Lenders in connection with obtaining payment of the Obligations, enforcing the security interests and liens of Agent, selling or otherwise realizing upon the Collateral, and otherwise enforcing the provisions of this Agreement and the other Financing Agreements or defending any claims made or threatened against Agent or any Lender arising out of the transactions contemplated hereby and thereby (including preparations for and consultations concerning any such matters); (f) all out-of-pocket expenses and costs heretofore and from time to time hereafter incurred by Agent during the course of periodic field

examinations of the Collateral and Borrowers' operations, plus a per diem charge at the rate of $750 per person per day for Agent's examiners in the field and office; and (g) the fees and disbursements of counsel (including legal assistants) to Agent and, if an Event of Default has occurred and is continuing, Lenders, in connection with any of the foregoing.

9.22 Further Assurances. At the request of Agent at any time and from time to time, Borrowers shall, at their expense, duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be necessary or proper to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Financing Agreements. Agent may at any time and from time to time request a certificate from an officer of Borrowers representing that all conditions precedent to the making of Loans and providing Letter of Credit Accommodations contained herein are satisfied. In the event of such request by Agent, Lenders may, at their option, cease to make any further Loans and Agent may, at its option, cease to provide any

further Letter of Credit Accommodations until Agent has received such certificate and, in addition, Agent has determined that such conditions are satisfied.

9.23 Applications under Insolvency Statutes. Each Borrower acknowledges that its business and financial relationships with Agent and Lenders are unique from its relationship with any other of its creditors, and agrees that it shall not file any plan of arrangement under the Companies' Creditors Arrangement Act (Canada) or make any proposal under the Bankruptcy and Insolvency Act (Canada) which provides for, or would permit directly or indirectly, Agent or any Lender to be classified with any other creditor for purposes of such plan or proposal or otherwise.

SECTION 10. EVENTS OF DEFAULT AND REMEDIES

10.1 Events of Default. The occurrence or existence of any one or more of the following events are referred to herein individually as an "Event of Default", and collectively as "Events of Default":

(a) (i) Any Borrower fails to pay when due any of the Obligations (other than third party fees and expenses provided under Section 9.21 of this Agreement), (ii) any Borrower fails to pay any third party fees or expenses of Agent or Lenders provided under Section 9.21 of this Agreement within five (5) Business Days of the due date, or (iii) any Borrower fails to perform any of the covenants contained in Sections 9.2, 9.3, 9.6, 9.15, 9.19 or 9.20 of this Agreement and such failure shall continue for ten (10) days; provided, that, such ten (10) day period shall not apply in the case of: (A) a failure to observe such covenant which is not capable of being cured at all or within such ten (10) day period or which has been the subject of a prior failure within a six (6) month period, or (B) an intentional breach of any Borrower of any such covenant, or (iv) any Borrower fails to perform any of the other terms, covenants, conditions or provisions contained in this Agreement or any of the other Financing Agreements;

(b) any representation, warranty or statement of fact made by any Borrower to Agent and/or Lenders in this Agreement, the other Financing Agreements or any other agreement, schedule, confirmatory assignment or otherwise shall when made or deemed made be false or misleading in any material respect;

(c) any Obligor revokes, terminates or fails to perform any of the terms, covenants, conditions or provisions of any guarantee, endorsement or other agreement of such party in favor of Agent and/or Lenders;

(d) any judgment for the payment of money is rendered against any

Borrower or any Obligor in excess of the US Dollar Equivalent of $500,000 in any one case or in the aggregate and shall remain undischarged or unvacated for a period in excess of thirty (30) days or execution shall at any time not be effectively stayed, or any judgment other than for the payment of money, or injunction, attachment, garnishment or execution is rendered against any Borrower or any Obligor or any of their assets;

(e) any Obligor (being a natural person or a general partner of an Obligor which is a partnership) dies or any Borrower or any Obligor, which is a partnership, limited liability company, limited liability partnership, corporation or business trust, dissolves or suspends or discontinues doing business;

(f) Any Borrower or any Obligor becomes insolvent (however defined or evidenced), makes an assignment for the benefit of creditors, makes or sends notice of a bulk transfer or calls a meeting of its creditors or principal creditors;

(g) a case or proceeding under the bankruptcy laws of the United States of America now or hereafter in effect, or a petition, case, application or proceeding under any bankruptcy or insolvency laws of Canada (including the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada)) or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed against any Borrower or any Obligor or all or any part of its properties and such petition or application is not dismissed within thirty (30) days after the date of its filing or any Borrower or any Obligor shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;

(h) a case or proceeding under the bankruptcy laws of the United States of America now or hereafter in effect, or a petition, case, application or proceeding under any bankruptcy or insolvency laws of Canada (including the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada)) or under any insolvency, reorganization, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at a law or equity) is filed by any Borrower or any Obligor or for all or any part of its property; or

(i) any default by any Borrower or any Obligor under any agreement, document or instrument relating to any Indebtedness for borrowed money owing to any person other than to Agent and Lenders hereunder or under the other Financing Agreements, or any capitalized lease obligations, contingent Indebtedness in connection with any guarantee, letter of credit, indemnity or similar type of instrument in favor of any person other than to Agent and Lenders hereunder or under the other Financing Agreements, in any case in an amount in excess of the US Dollar Equivalent of $250,000, which default continues for more than the applicable cure period, if any, with respect thereto, or any default by any Borrower or any Obligor under any Material Contract, which default continues for more than the applicable cure period, if any, with respect thereto;

(j) any bank at which any deposit account of any Borrower is maintained shall fail to comply with any of the terms of any Deposit Account Control Agreement to which such bank is a party or any securities intermediary, commodity intermediary or other financial institution at any time in custody, control or possession of any investment property of any Borrower shall fail to comply with any of the terms of any Investment Property Control Agreement to which such person is a party;

(k) any material provision hereof or of any of the other Financing Agreements shall for any reason cease to be valid, binding and enforceable with

respect to any party hereto or thereto (other than as to Agent or any Lender) in accordance with its terms, or any such party shall challenge the enforceability hereof or thereof, or shall assert in writing, or take any action or fail to take any action based on the assertion that any provision hereof or of any of the other Financing Agreements has ceased to be or is otherwise not valid, binding or enforceable in

accordance with its terms, or any security interest provided for herein or in any of the other Financing Agreements shall cease to be a valid and perfected first priority security interest in any of the Collateral purported to be subject thereto (except as otherwise permitted herein or therein);

(l) an ERISA Event shall occur which results in or could reasonably be expected to result in liability of any Borrower in an aggregate amount in excess of $250,000;

(m) any Change of Control;

(n) the indictment by any Governmental Authority, or as Agent may reasonably and in good faith determine, the threatened indictment by any Governmental Authority of any Borrower of which any Borrower or Agent or any Lender receives notice, in either case, as to which there is a reasonable possibility of an adverse determination, in the good faith determination of Agent, under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against any Borrower, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of (i) any of the Collateral having a value in excess of the US Dollar Equivalent of $250,000, or (ii) any other property of any Borrower which is necessary or material to the conduct of its business;

(o) any default or event of default shall exist or occur and be continuing under the Term Loan Agreement or any party to the Intercreditor Agreement (other than Agent) shall breach the terms thereof;

(p) there shall be a material adverse change in the business, assets or prospects of any Borrower or any Obligor after the date hereof;

(q) a requirement from the Minister of National Revenue for payment pursuant to Section 224 or any successor section of the Income Tax Act (Canada) or Section 317, or any successor section in respect of any Borrower of the Excise Tax Act (Canada) or any comparable provision of similar legislation shall have been received by Agent or any Lender or any other Person in respect of any Borrower or otherwise issued in respect of any Borrower; or

(r) there shall be an event of default under any of the other Financing Agreements.

10.2 Remedies.

(a) At any time an Event of Default exists or has occurred and is continuing, Agent shall have all rights and remedies provided in this Agreement, the other Financing Agreements, the UCC, PPSA and other applicable law, all of which rights and remedies may be exercised without notice to or consent by any Borrower or any Obligor, except as such notice or consent is expressly provided for hereunder or required by applicable law. All rights, remedies and powers granted to Lender hereunder, under any of the other Financing Agreements, the UCC, PPSA or other applicable law, are cumulative, not exclusive and enforceable, in Agent's discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include, without limitation, the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by any Borrower of this Agreement or any of the other Financing Agreements. Agent may, at any time or times, proceed directly against any Borrower or any Obligor to collect the Obligations without prior recourse to the Collateral.

(b) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, Agent may, in its discretion and shall, upon the request of the Majority Lenders, without limitation, (i) accelerate the payment of all Obligations and demand immediate payment thereof to Agent and Lenders (provided, that, upon the occurrence of any Event of Default described in Sections 10.1(g) and 10.1(h), all Obligations shall automatically become immediately due and payable), (ii) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral, (iii) require Borrowers, at Borrowers' expense, to assemble and make available to Agent (or Canadian Lender in the case of a Canadian Borrower) any part or all of the Collateral at any place and time designated by Agent (or Canadian Lender in the case of a Canadian Borrower), (iv) collect, foreclose, receive, appropriate, setoff (even though the Obligations may be unmatured and regardless of the adequacy of other Collateral) and realize upon any and all Collateral, (v) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose, (vi) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Agent (or Canadian Lender in the case of a Canadian Borrower) or elsewhere) at such prices or terms as Agent (or Canadian Lender in the case of a Canadian Borrower) may deem reasonable, for cash, upon credit or for future delivery, with the Agent (or Canadian Lender in the case of a Canadian Borrower) having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Borrowers, which right or equity of redemption is hereby expressly waived and released by each Borrower and/or (vii) terminate this Agreement. If any of the Collateral is sold or leased by Agent (or Canadian Lender in the case of a Canadian Borrower) upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Agent (or Canadian Lender in the case of a Canadian Borrower). If notice of disposition of Collateral is required by law, ten (10) days prior notice by Agent (or Canadian Lender in the case of a Canadian Borrower) to Borrowers designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and each Borrower waives any other notice. In the event Agent (or Canadian Lender in the case of a Canadian Borrower) institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, each Borrower waives the posting of any bond which might otherwise be required. At any time an Event of Default exists or has occurred and is continuing, upon Agent's request, Borrowers will either, as Agent shall specify, furnish cash collateral to the issuer to be used to secure and fund Agent's reimbursement obligations to the issuer in connection with any Letter of Credit Accommodations or furnish cash collateral to Agent for the Letter of Credit Accommodations. Such cash collateral shall be in the amount equal to one hundred ten (110%) percent of the amount of the Letter of Credit Accommodations plus the amount of any fees and expenses payable in connection therewith through the end of the expiration of such Letter of Credit Accommodations.

(c) Agent may (and shall, upon the request of the Majority Lenders), and Canadian Lender may (in the case of a Canadian Borrower) at any time or times that an Event of Default exists or has occurred and is continuing, enforce Borrowers' rights against any account debtor, secondary obligor or other obligor in respect of any of the Accounts or other Receivables. Without limiting the generality of the foregoing, Agent may at such time or times (i) notify any

or all account debtors, secondary obligors or other obligors in respect thereof that the Receivables have been assigned to Agent and that Agent has a security interest therein and Agent (or Canadian Lender in the case of a Canadian Borrower) may direct any or all accounts debtors, secondary obligors and other obligors to make payment of Receivables directly to Agent (or Canadian Lender in the case of a Canadian Borrower), (ii) extend the time of payment of, compromise, settle or adjust for cash, credit, return of merchandise or otherwise, and upon any terms or conditions, any and all Receivables or other obligations included in the Collateral and thereby discharge or release the account debtor or any secondary obligors or other obligors in respect thereof without affecting any of the Obligations, (iii) demand, collect or enforce payment of any Receivables or such other obligations, but without any duty to do so, and Agent and Lenders shall not be liable for the failure to collect or enforce the payment thereof nor for the negligence of its agents or attorneys with respect thereto, and (iv) take whatever other action Agent (or Canadian Lender in the case of a Canadian Borrower) may deem necessary or desirable for the protection of its interests. At any time that an Event of Default exists or has occurred and is continuing, at Agent's (or Canadian Lender in the case of a Canadian Borrower) request, all invoices and statements sent to any account debtor shall state that the Accounts and such other obligations have been assigned to Agent (or Canadian Lender in the case of a Canadian Borrower) and are payable directly and only to Agent, and Borrowers shall deliver to Agent such originals of documents evidencing the sale and delivery of goods or the performance of services giving rise to any Accounts as Agent (or Canadian Lender in the case of a Canadian Borrower) may require. In the event any account debtor returns Inventory when an Event of Default exists or has occurred and is continuing, Borrowers shall, upon Agent's (or Canadian Lender in the case of a Canadian Borrower) request, hold the returned Inventory in trust for Agent (or Canadian Lender in the case of a Canadian Borrower), segregate all returned Inventory from all of its other property, dispose of the returned Inventory solely according to Agent's instructions, and not issue any credits, discounts or allowances with respect thereto without Agent (or Canadian Lender in the case of a Canadian Borrower) prior written consent.

(d) To the extent that applicable law imposes duties on Agent and Lenders to exercise remedies in a commercially reasonable manner (which duties cannot be waived under such law), Borrowers acknowledge and agree that it is not commercially unreasonable for Agent and Lenders (i) to fail to incur expenses reasonably deemed significant by Agent or Lenders to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain consents of any Governmental Authority or other third party for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors, secondary obligors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as Borrowers, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of

assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure Agent and Lenders against risks of loss, collection or disposition of Collateral or to provide to Agent and Lenders a guaranteed return from the collection or

disposition of Collateral, or (xii) to the extent deemed appropriate by Agent and Lenders, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Lender in the collection or disposition of any of the Collateral. Borrowers acknowledge that the purpose of this Section is to provide non-exhaustive indications from Borrowers of what actions or omissions by Agent or Lenders would not be commercially unreasonable in Agent's and/or Lenders' exercise of remedies against the Collateral and that other actions or omissions by Agent and Lenders shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation of the foregoing, nothing contained in this Section shall be construed to grant any rights to Borrowers or to impose any duties on Agent or Lenders that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

(e) For the purpose of enabling Agent or Lenders to exercise the rights and remedies hereunder, each Borrower hereby grants to Agent and Lenders, to the extent assignable, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Borrowers) to use, assign, license or sublicense any of the trademarks, service-marks, trade names, business names, trade styles, designs, logos and other source of business identifiers and other Intellectual Property and general intangibles now owned or hereafter acquired by Borrowers, wherever the same maybe located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(f) For the purpose of enabling the Agent and Lenders to exercise their rights and remedies hereunder, Borrowers hereby grant to Agent an irrevocable right of access, easement and license (exercisable without payment of any fee or other compensation to Borrowers) to enter into any Real Property of Borrowers and to use and operate any Equipment or other goods thereon and to utilize any Inventory of the Borrower in connection with the fulfillment and completion of any contractual or other obligations of Borrowers to their account debtors and customers.

(g) Agent may apply the cash proceeds of Collateral actually received by Agent from any sale, lease, foreclosure or other disposition of the Collateral first to reimburse Agent for all costs and expenses of collection or enforcement including attorneys' fees and legal expenses and second to payment of the Obligations, in whole or in part and in such order as Agent may elect or the Majority Lenders may direct, whether or not then due. Borrowers shall remain liable to Agent for the payment of any deficiency with interest at the highest rate provided for herein and all costs and expenses of collection or enforcement, including attorneys' fees and legal expenses.

(h) Without limiting the foregoing, upon the occurrence of a Default or Event of Default, Agent may, at its option, and upon request of the Majority Lenders shall, without notice, (i) cease making Loans or arranging for Letter of Credit Accommodations or reduce the lending formulas or amounts of Revolving Loans and Letter of Credit Accommodations available to Borrowers (provided, that, upon the occurrence of any Event of Default described in Sections 10.1(g) or 10.1(h), the agreements of Agent and Lenders herein to make Loans and

arrange for Letter of Credit Accommodations shall automatically cease), and/or (ii) terminate any provision of this Agreement providing for any future Loans or Letter of Credit Accommodations to be made by Agent or Lenders to Borrowers.

(i) Regardless of the adequacy of any collateral, if any of the Obligations are due and payable and have not been paid or any Event of Default shall have occurred, any deposits or other sums credited by or due from any Agent or Lender to any Borrower or any Obligor and any securities or other property of any Borrower or any Obligor in the possession of Agent or such Lender may, at any time, without demand or notice (any such notice being expressly waived by Borrowers and Obligors), in whole or in part, be applied to

or set off by Agent and/or such Lender against the payment of Obligations and any and all other liabilities or obligations, direct, or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of Borrowers or Obligors to Agent and/or such Lender. Each of the Lenders agrees with each other Lender that (i) if an amount to be set off is to be applied to Obligations of Borrowers or Obligors to such Lender, such amount shall be applied ratably to all Obligations owed to such Lender, and (ii) if such Lender shall receive from Borrowers or Obligors or any other source, whether by voluntary payment, exercise of the right of setoff, counterclaim, cross action, or by enforcement of the claims evidenced by the Financing Agreements, by proceedings against the Borrowers or Obligors at law or in equity or by proof thereof in bankruptcy, reorganization, liquidation, receivership or similar proceedings, or otherwise, any amount in excess of its ratable portion of the payments received by all of the Lenders with respect to the Obligations, such Lender will make such disposition and arrangements with the Agent and other Lenders with respect to such excess, either by way of distribution, pro tanto assignment of claims, subrogation or otherwise as shall result in Agent and each Lender receiving in respect of the Obligations owed it, its proportionate payment as contemplated by this Agreement; provided that if all or any part of such excess payment is thereafter recovered from such Lender, such disposition and arrangements shall be rescinded and the amount restored to the extent of such recovery, but without interest. ANY AND ALL RIGHTS TO REQUIRE AGENT OR ANY LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF ANY BORROWER OR ANY OBLIGOR ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

(j) Agent may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or any employee or employees of Agent or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of any Collateral of any Canadian Borrower (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of the Canadian Borrower and not Agent, and Agent shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of the applicable Canadian Borrower and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the applicable Canadian

Borrower, enter upon, use and occupy all premises owned or occupied by the applicable Canadian Borrower wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on the applicable Canadian Borrower's business or as security for loans or advances to enable the Receiver to carry on applicable Canadian Borrower's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by Agent, all proceeds of Collateral received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to Agent (or upon Agent's direction to Canadian Lender). Every such Receiver may, in the discretion of the Agent be vested with all or any of the rights and powers of the Agent. Agent may, either directly or through its agents or nominees, exercise any or all powers and rights given to a Receiver by virtue of the foregoing provisions of this paragraph.

(k) On and after an Event of Default and for so long as the same is continuing, Borrowers shall pay all costs, charges and expenses incurred by Agent, any Lender or any Receiver or any nominee or agent of Agent, whether directly or for services rendered (including, without limitation, solicitor's

costs on a solicitor and his own client basis, auditor's costs, other legal expenses and Receiver remuneration) in enforcing this Agreement or any other Financing Agreement and in enforcing or collecting Obligations and all such expenses together with any money owing as a result of any borrowing permitted hereby shall be a charge on the proceeds of realization and shall be secured hereby.

SECTION 11. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW.

11.1 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements (except as otherwise expressly provided therein) and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of The Commonwealth of Massachusetts (without giving effect to principles of conflicts of law).

(b) Each Borrower, Agent, and each Lender irrevocably consent and submit to the non-exclusive jurisdiction of the Suffolk County Superior Court of The Commonwealth of Massachusetts and any court to which an appeal may be taken therefrom and the United States District Court for the District of Massachusetts, whichever Agent may elect, and in addition, Borrowers irrevocably consent and submit to the non-exclusive jurisdiction of the Ontario Superior Court of Justice, in each case, whichever Agent may elect and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Agreement or any of the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Agent and Lenders shall have the right to bring any action or proceeding against any Borrower or its property in the courts of any other jurisdiction which Agent deems

necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against any Borrower or its property).

(c) Each Borrower hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the US mails, or, at Agent's option, by service upon Borrowers in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Borrowers shall appear in answer to such process, failing which Borrowers shall be deemed in default and judgment may be entered by Lender against Borrowers for the amount of the claim and other relief requested.

(d) EACH BORROWER, AGENT, AND EACH LENDER EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. EACH BORROWER, AGENT, AND EACH LENDER EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT BORROWER OR ANY LENDER MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Neither Agent nor any Lender shall have any liability to any Borrower (whether in tort, contract, equity or otherwise) for losses suffered by any Borrower in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Agent or such Lender, that the losses were the result of acts or omissions constituting gross negligence or willful misconduct of Agent or such Lender. In any such litigation, Agent and each Lender shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement. Except as prohibited by law, each Borrower waives any right which it may have to claim or recover in any litigation with Agent and any Lender any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. Each Borrower: (i) certifies that neither Agent, any Lender nor any representative, agent or attorney acting for or on behalf of Agent or any Lender has represented, expressly or otherwise, that Agent or any Lender would not, in the event of litigation, seek to enforce any of the waivers provided for in this Agreement or any of the other Financing Agreements, and (ii) acknowledges that in entering into this Agreement and the other Financing Agreements, Agent and Lenders are relying upon, among other things, the waivers and certifications set forth in this Section 11.1 and elsewhere herein and therein.

11.2 Waiver of Notices. Each Borrower hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonor with respect to any and all instruments and chattel paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on any Borrower which Agent or any Lender may elect to give shall entitle any Borrower to any other or further notice or demand in the same, similar or other circumstances.

11.3 Amendments and Waivers. Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by authorized officers of Agent and Majority Lenders, and as to amendments, as also signed by an authorized officer of Borrowers; provided, that, no amendment, waiver or consent shall be effective, unless (i) in writing and signed by each Lender, to do any of the following:

(a) increase or decrease the Maximum Credit, the US Maximum Credit or Canadian Maximum Credit or any Lender's Revolving Loan Limit or Pro Rata Share;

(b) reduce the principal of, or interest on, any amount payable hereunder, other than those payable only to Congress in its capacity as Agent which may be reduced by Congress unilaterally;

(c) decrease any interest rate or fees payable hereunder to Lenders;

(d) postpone any date fixed for any payment of principal of, or interest on, any amounts payable hereunder, other than those payable only to Congress in its capacity as Agent, which may be postponed by Congress unilaterally;

(e) increase any advance percentage contained in the definition of the term US Borrowing Base or Canadian Borrowing Base;

(f) reduce the number of Lenders that shall be required for Lenders or any of them to take any action hereunder;

(g) release or discharge any Person liable for the performance of any

obligations of Borrowers hereunder or under any of the Financing Agreements;

(h) amend any provision of this Agreement that requires the consent of all Lenders to consent to or waive any breach thereof;

(i) amend the definition of the term "Majority Lenders";

(j) amend Section 2.1(d) or (e) or this Section 11.3;

(k) release any substantial portion of the Collateral, unless otherwise permitted pursuant to the terms of this Agreement; or

(i) in writing and signed by the Agent and financial institution issuing the Letter of Credit Accommodations, to amend any provision of this Agreement or any other Financing Agreement affecting Letter of Credit Accommodations; or

(ii) in writing and signed by Agent, in addition to the Lenders if required above, to affect the rights or duties of Agent under this Agreement, or any other Financing Agreement.

Agent and Lenders shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of their rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Agent and the requisite Lenders. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Agent and/or Lenders of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Agent and Lenders would otherwise have on any future occasion, whether similar in kind or otherwise.

11.4 Waiver of Counterclaims. Each Borrower waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other then compulsory counterclaims) in any action or proceeding with respect to this Agreement, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.

11.5 Indemnification. Each Borrower shall indemnify and hold Agent and each Lender, and their respective directors, agents, employees and counsel, harmless from and against any and all losses, claims, damages, liabilities, costs or expenses imposed on, incurred by or asserted against any of them in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Financing Agreements, or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and the fees and expenses of counsel. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section 11.5 may be unenforceable because it violates any law or public policy, each Borrower shall pay the maximum portion which it is permitted to pay under applicable law to Agent and Lenders in satisfaction of indemnified matters under this Section 11.5. The foregoing indemnity shall survive the payment of the Obligations and the termination or non-renewal of this Agreement.

11.6 Currency Indemnity. If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any of the other Financing Agreements, it becomes necessary to convert into the currency of such jurisdiction (the "Judgment Currency") any amount due under this Agreement or under any of the other Financing Agreements in any currency other than the Judgment Currency (the "Currency Due"), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, "rate of exchange" means the rate at which Agent is

able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by Agent of the amount due, Borrowers will, on the date of receipt by Agent, pay such additional amounts,

if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by Agent and Lenders on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by Agent is the amount then due under this Agreement or such other of the Financing Agreements in the Currency Due. If the amount of the Currency Due which Agent is able to purchase is less than the amount of the Currency Due originally due to it, Borrowers shall indemnify and save Agent and Lenders harmless from and against loss or damage arising as a result of such deficiency. The indemnity contained herein shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Financing Agreements, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by Agent from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any of the other Financing Agreements or under any judgment or order.

SECTION 12. TERM OF AGREEMENT; MISCELLANEOUS

12.1 Term.

(a) This Agreement and the other Financing Agreements shall become effective as of the date set forth on the first page hereof and shall continue in full force and effect for a term ending on the date three (3) years from the date hereof (the "Termination Date"); provided, that, this Agreement and all other Financing Agreements must be terminated simultaneously. In addition, Borrowers may terminate this Agreement at any time upon ten (10) days prior written notice to Agent (which notice shall be irrevocable) and Agent and Majority Lenders may terminate this Agreement at any time on or after an Event of Default. Upon the effective date of termination or non-renewal of this Agreement, Borrowers shall pay to Agent for the benefit of Lenders, in full, all outstanding and unpaid Obligations and shall furnish cash collateral to Agent (or at Agent's option, a letter of credit issued for the account of Borrowers and at Borrowers' expense, in form and substance satisfactory to Agent, by an issuer acceptable to Lender and payable to Lender as beneficiary) in such amounts as Agent determines are reasonably necessary to secure (or reimburse) Agent and Lenders from loss, cost, damage or expense, including attorneys' fees and legal expenses, in connection with any contingent Obligations, including issued and outstanding Letter of Credit Accommodations and checks or other payments provisionally credited to the Obligations and/or as to which Lender has not yet received final and indefeasible payment. Such payments in respect of the Obligations and cash collateral shall be remitted by wire transfer in Federal funds to such bank account of Agent, as Agent may, in its discretion, designate in writing to Borrowers for such purpose. Interest shall be due until and including the next business day, if the amounts so paid by Borrowers to the bank account designated by Agent are received in such bank account later than 12:00 noon, Boston, Massachusetts time.

(b) No termination of this Agreement or the other Financing Agreements shall relieve or discharge Borrowers of their respective duties, obligations and covenants under this Agreement or the other Financing Agreements until all Obligations have been fully and finally discharged and paid, and Agent's continuing security interest in the Collateral and the rights and remedies of Agent and Lenders hereunder, under the other Financing Agreements and applicable law, shall remain in effect until all such Obligations have been fully and finally discharged and paid. Accordingly, each Borrower waives any rights which it may have under the UCC or the

PPSA to demand the filing of termination statements with respect to the Collateral, and Agent shall not be required to send such termination statements to Borrowers, or to file them with any filing office, unless and until this Agreement is terminated in accordance with its terms and all of the Obligations are paid and satisfied in full in immediately available funds.

(c) If for any reason this Agreement is terminated prior to the end of the term of this Agreement, in view of the impracticality and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of Lenders' lost profits as a result thereof and the Lenders' agreement to defer the payment of fees that would otherwise be charged for a financing of this kind, Borrowers agree to pay to Agent for the ratable benefit of Lenders, upon the effective date of such termination, an early termination fee in the amount set forth below if such termination is effective in the period indicated:

	Amount	Period
(i)	two (2%) percent of the Maximum Credit	From the date hereof to and including the first anniversary of the date hereof;
(ii)	one (1%) percent of the Maximum Credit	From the day after the first anniversary of the date hereof to and including the second anniversary of the date hereof; and
(iii)	one half of one (.50%) percent of the Maximum Credit	From the day after the second anniversary of the date hereof to and including the third anniversary of the date of this Agreement.

Such early termination fee shall be presumed to be the amount of damages sustained by Lenders as a result of such early termination and Borrowers agree that it is reasonable under the circumstances currently existing. In addition, Lenders shall be entitled to such early termination fee upon the occurrence of any Event of Default described in Sections 10.1(g) and 10.1(h) hereof, even if Agent and Majority Lenders do not exercise the right to terminate this Agreement, but elect, at their sole option, to provide financing to Borrowers or permit the use of cash collateral under the United States Bankruptcy Code. The early termination fee provided for in this Section 12.1 shall be deemed included in the Obligations.

12.2 Interpretative Provisions.

(a) All terms used herein which are defined in Article 1 or Article 9 of the UCC shall have the meanings given therein unless otherwise defined in this Agreement.

(b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

(c) All references to Borrower and Lender pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns.

(d) The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not

any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

(e) The word "including" when used in this Agreement shall mean "including, without limitation".

(f) All references to the term "good faith" used herein when applicable to Agent or Lenders shall mean, notwithstanding anything to the contrary contained herein or in the UCC, honesty in fact in the conduct or transaction concerned. Borrower shall have the burden of proving any lack of good faith on the part of Agent or Lenders alleged by Borrower at any time.

(g) An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 11.3 or is cured in a manner satisfactory to Agent and Majority Lenders, if such Event of Default is capable of being cured as determined by Agent and Majority Lenders.

(h) Any accounting term used in this Agreement shall have, unless otherwise specifically provided herein, the meaning customarily given in accordance with GAAP, and all financial computations hereunder shall be computed unless otherwise specifically provided herein, in accordance with GAAP as consistently applied and using the same method for inventory valuation as used in the preparation of the financial statements of Borrower most recently received by Agent and Lenders prior to the date hereof.

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

(j) Unless otherwise expressly provided herein, (i) references herein to any agreement, document or instrument shall be deemed to include all subsequent amendments, modifications, supplements, extensions, renewals, restatements or replacements with respect thereto, but only to the extent the same are not prohibited by the terms hereof or of any other Financing Agreement, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, recodifying, supplementing or interpreting the statute or regulation.

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

(l) This Agreement and other Financing Agreements may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(m) This Agreement and the other Financing Agreements are the result of negotiations among and have been reviewed by counsel to Lender and the other parties, and are the products of all parties. Accordingly, this Agreement and the other Financing Agreements shall not be construed against Agent and Lenders merely because of Agent's involvement in their preparation.

(n) This Agreement and the other Financing Agreements are instruments entered into under seal.

12.3 Notices. All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission,

immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by certified mail, return receipt requested, five (5) days after mailing. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section 12.3):

If to Borrowers:	Clean Harbors, Inc. 1501 Washington Street Braintree, MA 02184 Attention: Chief Financial Officer Telephone No.: (617) 849-1800 Telecopy No.: (617) 848-1632
with a copy to:	Davis Malm & D'Agostine, P.C. One Boston Place Boston, MA 02108-4470 Attention: C. Michael Malm, Esq. Telephone No.: 617-367-2500 Telecopy No.: 617-523-6215
If to Agent and Lenders:	Congress Financial Corporation (New England) One Post Office Square, Suite 3600 Boston, MA 02109 Attention: John Husson, First Vice President Telephone No.: 617-338-1998 Telecopy No.: 617-338-1497
with a copy to:	Brown Rudnick Berlack Israels LLC One Financial Center Boston, MA 02111 Attention: Jeffery L. Keffer, Esq. Telephone No.: 617-856-8200 Telecopy No.: 17-856-8201

12.4 Partial Invalidity. If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

12.5 Successors. This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon and inure to the benefit of and be enforceable by Agent, Lenders, Borrowers, and their respective successors and assigns, except

that no Borrower may assign its rights under this Agreement, the other Financing Agreements and any other document referred to herein or therein without the prior written consent of Agent and Lenders

12.6 Assignment by Lenders. Except as provided herein, each Lender may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Pro Rata Share and the same portion of the Loans at the time owing to it and its participating interest in the risk relating to any Letters of Credit Accommodations); provided that (i) unless such assignment is to an Affiliate of a Lender or to a Person which is, at the time of such assignment, a Lender hereunder, so long as no Default or Event of Default shall have occurred and be continuing, the Agent shall have given its prior written consent to such assignment (with such consent not to be unreasonably withheld), (ii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Lender's rights and obligations under this Agreement, (iii) each

assignment shall be in an amount that is not less than $5,000,000 and if greater, in whole multiples of $1,000,000, and (iv) the parties to such assignment shall execute and deliver to the Agent, for recording in the Register (as hereinafter defined), an Assignment and Acceptance, substantially in the form of Exhibit D hereto (an "Assignment and Acceptance"), subject to such assignment. Upon such execution, delivery, acceptance and recording, from and after the effective date for such assignment specified in each Assignment and Acceptance, which effective date shall be at least five (5) Business Days after the execution thereof, (i) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder, and (ii) the assigning Lender shall, to the extent provided in such assignment and upon payment to the Agent of the registration fee, if any, referred to in Section 12.8, be released from its obligations under this Agreement.

12.7 Certain Representations and Warranties; Limitations; Covenants. By executing and delivering an Assignment and Acceptance, the parties to the assignment thereunder confirm to and agree with each other and the other parties hereto as follows:

(a) other than the representation and warranty that it is legally authorized to enter into the Assignment and Acceptance and the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, the assigning Lender makes no representation or warranty, express or implied, and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the other Financing Agreements or any other instrument or document furnished pursuant hereto or the attachment, perfection or priority of any security interest or mortgage;

(b) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers and their Subsidiaries or any Obligor, or the performance or observance by Borrowers and their Subsidiaries or any Obligor of any of their obligations under this Agreement or any of the other Financing Agreements or any other instrument or document furnished pursuant hereto or thereto;

(c) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in Section 9.6 and such

other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance;

(d) such assignee will, independently and without reliance upon the assigning Lender, the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement;

(e) such assignee represents and warrants that it is an Eligible Assignee;

(f) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Financing Agreements as are delegated to the Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto;

(g) such assignee agrees that it is bound by and will perform in accordance with their terms all of the obligations that by the terms of this Agreement and other Financing Agreements are required to be performed by it as a Lender;

(h) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance;

(i) such assignee acknowledges that it has made arrangements with the assigning Lender satisfactory to such assignee with respect to its share of interest, letter of credit fees and other fees payable to Lenders hereunder; and

(j) such assignee agrees that it is bound by the terms of the Intercreditor Agreement including, without limitation, the provisions thereof giving the Term Loan Agent the option to purchase its Revolving Loans and Pro Rata Share of other Obligations in accordance with the terms thereof.

12.8 Register. The Agent shall maintain a copy of each Assignment and Acceptance delivered to it and a register or similar list (the "Register") for the recordation of the names and addresses of the Lenders and the Pro Rata Share of, and principal amount of the Loans owing to and participations in Letter of Credit Accommodations purchased by, the Lenders from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and Borrowers, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrowers and the Lenders at any reasonable time and from time to time upon reasonable prior notice. Upon each such recordation, the assigning Lender agrees to pay to the Agent a registration fee in the sum of $3,500.

12.9 Participations. Each Lender may sell participations to one or more banks or other entities in all or a portion of such Lender's rights and obligations under this Agreement and the other Financing Agreements; provided that (i) each such participation shall be in an amount of not less than $2,500,000, (ii) any such sale or participation shall not affect the rights and duties of the selling Lender hereunder to the Borrowers, and (iii) the only rights granted to the participant pursuant to such participation arrangements with respect to waivers, amendments or modifications of the Financing Agreements shall be the rights to approve waivers, amendments

or modifications that would reduce the principal of or the interest rate on any Loans, extend the term or increase the amount of the Pro Rata Share of such Lender as it relates to such participant, reduce the amount of the fees payable under this Agreement to which such participant is entitled or extend any regularly scheduled payment date for principal or interest.

12.10 Assignee or Participant Affiliated with any Borrower. If any assignee Lender is an Affiliate of Borrower, then any such assignee Lender shall have no right to vote as a Lender hereunder or under any of the other Financing Agreements for purposes of granting consents or waivers or for purposes of agreeing to amendments or other modifications to any of the Financing Agreements or for purposes of making requests to the Agent pursuant to Section 10, and the determination of the Majority Lenders shall for all purposes of this Agreement and the other Financing Agreements be made without regard to such assignee Lender's interest in any of the Obligations. If any Lender sells a participating interest in any of the Obligations to a participant, and such participant is a Borrower or an Affiliate of a Borrower, then such transferor Lender shall promptly notify the Agent of the sale of such participation. Any such transferor Lender shall have no right to vote as a Lender hereunder or under any of the other Financing Agreements for purposes of granting consents or waivers or for purposes of agreeing to amendments or modifications to any of the Financing Agreements or for purposes of making requests to the Agent pursuant to Section 10 to the extent that such participation is beneficially owned by a Borrower or any Affiliate of a Borrower, and the determination of the Majority Lenders shall for all purposes of this Agreement and the other Financing Agreements be made without regard to the interest of such transferor Lender in the Loans to the extent of such participation.

12.11 Miscellaneous Assignment Provisions. Any assigning Lender shall

retain its rights to be indemnified pursuant to Sections 6.8, 9.4, 11.5 and 11.6 with respect to any claims or actions arising prior to the date of such assignment. If Congress transfers all of its interest, rights and obligations under this Agreement, the Agent shall, in consultation with the Borrowers and with the consent of the Majority Lenders, appoint another financial institution to act as a Reference Bank hereunder. Anything contained in this Section 12.11 to the contrary notwithstanding, any Lender may at any time pledge all or any portion of its interest and rights under this Agreement to any of the twelve Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. (S)341. No such pledge or the enforcement thereof shall release the pledgor Lender from its obligations hereunder or under any of the other Financing Agreements.

12.12 Confidentiality.

(a) Agent and Lenders shall use all reasonable efforts to keep confidential, in accordance with its customary procedures for handling confidential information and safe and sound lending practices, any non-public information supplied to it by Borrowers pursuant to this Agreement which is clearly and conspicuously marked as confidential at the time such information is furnished by Borrowers to Agent and Lenders, provided, that, nothing contained herein shall limit the disclosure of any such information: (i) to the extent required by statute, rule, regulation, subpoena or court order, (ii) to bank examiners and other regulators, auditors and/or accountants, (iii) in connection with any litigation to which Agent or any such Lender is a party, (iv) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) shall have first agreed in writing

to treat such information as confidential in accordance with this Section 12.12, or (v) to counsel for Agent or any Lender or any participant or assignee (or prospective participant or assignee).

(b) In no event shall this Section 12.12 or any other provision of this Agreement or applicable law be deemed: (i) to apply to or restrict disclosure of information that has been or is made public by any Borrower or any third party without breach of this Section 12.12 or otherwise become generally available to the public other than as a result of a disclosure in violation hereof, (ii) to apply to or restrict disclosure of information that was or becomes available to Agent or any Lender on a non-confidential basis from a person other than a Borrower, (iii) require Agent or any Lender to return any materials furnished by Borrowers to Agent or any Lenders, or (iv) prevent Agent and Lenders from responding to routine informational requests in accordance with the Code of Ethics for the Exchange of Credit Information promulgated by The Robert Morris Associates or other applicable industry standards relating to the exchange of credit information. The obligations of Agent and Lenders under this Section 12.12 shall supersede and replace the obligations of Agent and Lenders under any confidentiality letter signed prior to the date hereof

12.13 Entire Agreement. This Agreement, the other Financing Agreements, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written. In the event of any inconsistency between the terms of this Agreement and any schedule or exhibit hereto, the terms of this Agreement shall govern.

12.14 Counterparts, Etc. This Agreement or any of the other Financing Agreements may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement or any of the

other Financing Agreements by telefacsimile shall have the same force and effect as the delivery of an original executed counterpart of this Agreement or any of such other Financing Agreements. Any party delivering an executed counterpart of any such agreement by telefacsimile shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of such agreement.

12.15 Choice of Language. The parties hereto confirm that they have requested that this Agreement and all documents related hereto be drafted in English. Les parties aux presentes ont exige que cette convention ainsi que tout document connexe soient rediges en anglais.

SECTION 13. THE AGENT.

13.1 Authorization.

(a) The Agent is authorized to take such action on behalf of each of the Lenders and to exercise all such powers as are hereunder and under any of the other Financing Agreements and any related documents delegated to the Agent, together with such powers as are reasonably incident thereto, including the authority, without the necessity of any notice to or further consent of the Lenders, from time to time to take any action with respect to any Collateral

or the Financing Agreements which may be necessary to perfect, maintain perfected or insure the priority of the security interest in and liens upon the Collateral granted pursuant hereto or to the other Financing Agreements, and, provided that no duties or responsibilities not expressly assumed herein or therein shall be implied to have been assumed by the Agent.

(b) The relationship between the Agent and each of the Lenders is that of an independent contractor. The use of the term "Agent" is for convenience only and is used to describe, as a form of convention, the independent contractual relationship between the Agent and each of the Lenders. Nothing contained in this Agreement nor the other Financing Agreements shall be construed to create an agency, trust or other fiduciary relationship between the Agent and any of the Lenders.

(c) As an independent contractor empowered by the Lenders to exercise certain rights and perform certain duties and responsibilities hereunder and under the other Financing Agreements, the Agent is nevertheless a "representative" of the Lenders, as that term is defined in Article 1 of the Uniform Commercial Code, for purposes of actions for the benefit of the Lenders and the Agent with respect to all collateral security and guaranties contemplated by the Financing Agreements. Such actions include the designation of the Agent as "secured party", "mortgagee" or the like on all financing statements and other documents and instruments, whether recorded or otherwise, relating to the attachment, perfection, priority or enforcement of any security interests, mortgages or deeds of trust in collateral security intended to secure the payment or performance of any of the Obligations, all for the benefit of the Lenders and the Agent.

13.2 Employees and Agents. The Agent may exercise its powers and execute its duties by or through employees or agents and shall be entitled to take, and to rely on, advice of counsel concerning all matters pertaining to its rights and duties under this Agreement and the other Financing Agreements. The Agent may utilize the services of such Persons as the Agent in its sole discretion may determine, and all reasonable fees and expenses of any such Persons shall be paid by the Borrower.

13.3 No Liability. Neither the Agent nor any of its shareholders, directors, officers or employees nor any other Person assisting them in their duties nor any agent or employee thereof, shall be liable for any waiver, consent or approval given or any action taken, or omitted to be taken, in good faith by it or them hereunder or under any of the other Financing Agreements, or

in connection herewith or therewith, or be responsible for the consequences of any oversight or error of judgment whatsoever, unless it is determined by a final and non-appealable judgment or court order binding on Agent, that the acts or omissions of such Agent or such other Person constituted willful misconduct or gross negligence.

13.4 No Representations.

(a) The Agent shall not be responsible for the execution or validity or enforceability of this Agreement, the Letter of Credit Accommodations, any of the other Financing Agreements or any instrument at any time constituting, or intended to constitute, collateral security for any of the Financing Agreements, or for the value of any such collateral security or for the validity, enforceability, or collectability of any such amounts owing with respect to any of the Financing Agreements, or for any recitals or statements, warranties or representations made herein or in any of the other Financing Agreements or in any certificate or

instrument hereafter furnished to it by or on behalf of Borrowers or any of their Subsidiaries, or be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or in any instrument at any time constituting, or intended to constitute, collateral security for any of the Financing Agreements or to inspect any of the properties, books or records of Borrowers or any of their Subsidiaries. The Agent shall not be bound to ascertain whether any notice, consent, waiver or request delivered to it by Borrowers shall have been duly authorized or is true, accurate and complete. The Agent has not made nor does it now make any representations or warranties, express or implied, nor does it assume any liability to the Lenders, with respect to the credit worthiness or financial conditions of Borrowers or any of its Subsidiaries. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender, and based upon such information and documents as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement.

(b) For purposes of determining compliance with the conditions set forth in Section 4, each Lender that has executed this Agreement shall be deemed to have consented to, approved or accepted, or to be satisfied with, each document and matter either sent, or made available, by the Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be to be consent to or approved by or acceptable or satisfactory to such Lender, unless an officer of the Agent active upon the Borrower's account shall have received notice from such Lender not less than one (1) Business Day prior to the date of the closing hereunder specifying such Lender's objection thereto and such objection shall not have been withdrawn by notice to the Agent to such effect on or prior to such date.

13.5 Payments.

(a) A payment by Borrowers to the Agent hereunder or under any of the other Financing Agreements for the account of any Lender shall constitute a payment to such Lender. The Agent agrees promptly to distribute to each Lender such Lender's pro rata share of payments received by the Agent for the account of the Lenders except as otherwise expressly provided herein or in any of the other Financing Agreements.

(b) If in the opinion of the Agent the distribution of any amount received by it in such capacity hereunder or under any of the other Financing Agreements might involve it in liability, it may refrain from making distribution until its right to make distribution shall have been adjudicated by a court of competent jurisdiction. If a court of competent jurisdiction shall adjudge that any amount received and distributed by the Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to the Agent its proportionate share of the amount so adjudged to be

repaid or shall pay over the same in such manner and to such Persons as shall be determined by such court.

(c) Notwithstanding anything to the contrary contained in this Agreement or any of the other Financing Agreements, any Lender that fails (i) to make available to the Agent its pro rata share of any Loan or to purchase any participation in a Letter of Credit Accommodation, or (ii) to comply with the provisions of Section 10.2(i) with respect to making dispositions and arrangements with the other Lenders, where such Lender's share of any payment received, whether by setoff or otherwise, is in excess of its pro rata share of such payments due and payable to all of the Lenders, in each case as, when and to the full extent required by the

provisions of this Agreement, shall be deemed delinquent (a "Delinquent Lender") and shall be deemed a Delinquent Lender until such time as such delinquency is satisfied. A Delinquent Lender shall be deemed to have assigned any and all payments due to it from Borrowers and other Obligors, whether on account of outstanding Revolving Loans, Term Loans, interest, fees or otherwise, to the remaining non-delinquent Lenders for application to, and reduction of, their respective pro rata shares of all outstanding Revolving Loans and other Obligations. The Delinquent Lender hereby authorizes the Agent to distribute such payments to the non-delinquent Lenders in proportion to their respective pro rata shares of all outstanding Revolving Loans and other Obligations. A Delinquent Lender shall be deemed to have satisfied in full a delinquency when and if, as a result of application of the assigned payments to all outstanding Revolving Loans and other Obligations of the non-delinquent Lenders, the Lenders' respective pro rata shares of all outstanding Revolving Loans and other Obligations have returned to those in effect immediately prior to such delinquency and without giving effect to the nonpayment causing such delinquency.

(d) At the Borrowers' request, the Agent or an Eligible Assignee reasonably acceptable to the Agent shall have the right (but not the obligation) to purchase from any Delinquent Lender, and each Delinquent Lender shall, upon such request, sell and assign to the Agent or such Eligible Assignee, all of the Delinquent Lender's outstanding Revolving Loans and participations in Letter of Credit Accommodations hereunder. Such sale shall be consummated promptly after the Agent has arranged for a purchase by the Agent or an Eligible Assignee pursuant to an Assignment and Acceptance, and at a price equal to the outstanding principal balance of the Delinquent Lender's Revolving Loans plus accrued interest and fees, without premium or discount.

13.6 Holders of Letter of Credit Accommodation Participations. The Agent may deem and treat the purchaser of any participation in Letter of Credit Accommodations as the absolute owner or purchaser thereof for all purposes hereof until it shall have been furnished in writing with a different name by such payee or by a subsequent holder, assignee or transferee.

13.7 Indemnity. The Lenders ratably agree hereby to indemnify and hold harmless the Agent and the Reference Bank from and against any and all claims, actions and suits (whether groundless or otherwise), losses, damages, costs, expenses (including any expenses for which the Agent and/or the Reference Bank has not been reimbursed by the Borrowers as required by Section 11.5), and liabilities of every nature and character arising out of or related to this Agreement or any of the other Financing Agreements or the transactions contemplated or evidenced hereby or thereby, or the Agent's or the Reference Bank's actions taken hereunder or thereunder, unless it is determined by a court of competent jurisdiction by a final and non-appealable judgment or court order binding on Agent or Reference Bank, as the case may be, that such loss was the result of acts or omissions of the Agent or the Reference Bank, as the case may be, constituting willful misconduct or gross negligence.

13.8 Agent as Lender. In its individual capacity, Congress shall have the same obligations and the same rights, powers and privileges in respect to the

Loans made by it and as the purchaser of a participation in any Letter of Credit Accommodation, as it would have were it not also the Agent.

13.9 Resignation; Removal. The Agent may resign at any time by giving sixty (60) days prior written notice thereof to the Lenders and Borrowers. Upon any such resignation, the Majority Lenders shall have the right to appoint a successor Agent. Unless a Default or Event of Default shall have occurred and be continuing, such successor Agent shall be reasonably acceptable to the Borrowers. If no successor Agent shall have been so appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a financial institution having a rating of not less than A or its equivalent by Standard & Poor's Corporation. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation, the provisions of this Agreement and the other Financing Agreements shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

13.10 Notification of Defaults and Events of Default. Agent shall not be deemed to have notice of a Default or an Event of Default unless it is notified thereof by a Borrower or a Lender with reference to this Agreement. Each Lender hereby agrees that, upon learning of the existence of a Default or Event of Default, it shall promptly notify the Agent thereof. The Agent hereby agrees that upon receipt of any notice under this Section 13.10 it shall promptly notify the other Lenders of the existence of such Default or Event of Default.

13.11 Duties in the Case of Enforcement. Each Lender agrees that, except as set forth in Section 10.1(h), no Lender shall have the right individually (i) to realize upon the security created under this Agreement or the other Financing Agreements, (ii) to enforce any provision of this Agreement or the other Financing Agreements or to exercise any remedy hereunder or thereunder, or (iii) to make demand under this Agreement or any other Financing Agreement. In case one or more Events of Default have occurred and shall be continuing, and whether or not acceleration of the Obligations shall have occurred, the Agent shall, if (a) so requested by the Majority Lenders and (b) the Lenders have provided to the Agent such additional indemnities and assurances against expenses and liabilities as the Agent may reasonably request, proceed to enforce the provisions hereof, the Financing Agreements authorizing the sale or other disposition of all or any part of the Collateral, and exercise all or any such other legal and equitable and other rights or remedies as it may have in respect of such Collateral. The Majority Lenders may direct the Agent in writing as to the method and the extent of any such sale or other disposition, the Lenders hereby agreeing to indemnify and hold the Agent, harmless from all liabilities incurred in respect of all actions taken or omitted in accordance with such directions, provided that the Agent need not comply with any such direction to the extent that the Agent reasonably believes the Agent's compliance with such direction to be unlawful or commercially unreasonable in any applicable jurisdiction.

13.12 Agency for Perfection. Each Lender hereby appoints each other Lender as agent for the purpose of perfecting the Lenders' security interest in assets which, in accordance with Article 9 of the UCC can be perfected only by possession. Should any Lender (other than the Agent) obtain possession of any such Collateral, such Lender shall notify the Agent thereof, and, promptly upon the Agent's request therefore shall deliver such Collateral to the Agent or in accordance with the Agent's instructions.

13.13 Field Audit and Examination Reports; Disclaimer by Lenders. In the event that the Agent provides to Lenders copies of field audits or examination reports (each a "Report" and collectively, "Reports"), in Agent's discretion, each Lender:

(a) expressly agrees and acknowledges that the Agent (i) makes no representation or warranty as to the accuracy of any Report; or (ii) shall be liable for any information contained in any Report;

(b) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that the Agent or other party performing any audit or examination will inspect only specific information regarding the Borrowers and will rely significantly upon each Borrowers' books and records, as well as on representations of each Borrower's personnel;

(c) agrees to keep all Reports confidential and strictly for its internal use, and not to distribute except to its participants, or use any Report in any other manner; and

(d) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold the Agent and any such other Lender preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to any of the Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of any of the Borrowers; and (ii) to pay and protect, and indemnify, defend and hold the Agent and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses and other amounts (including attorney's fees and expenses) incurred by the Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

13.14 Agent as fonde de pouvoir. Without prejudice to the provisions of this Agreement, each Lender hereby designates and appoints the Agent as the person holding the power of attorney (fonde de pouvoir) of the Lenders as contemplated under Article 2692 of the Civil Code of Quebec, to enter into, to take and to hold on their behalf, and for their benefit, the Deed of Hypothec, and to exercise such powers and duties which are conferred upon the Agent under the Deed of Hypothec. Any Person who becomes a Lender shall be deemed to have consented to and confirmed the Agent as the person holding the power of attorney (fonde de pouvoir) as aforesaid and to have ratified, as of the date it becomes a Lender, all actions taken by the Agent in such capacity. As the person holding the power of attorney (fonde de pouvoir), the Agent shall be entitled to delegate from time to time any of its powers or duties under the Deed of Hypothec to any Person and on such terms and conditions as the Agent may determine from time to time.

Without prejudice to the designations and appointment of the Agent as the person holding the power of attorney (fonde de pouvoir) as aforesaid, each Lender hereby additionally designates and appoints the Agent as agent and custodian for and on behalf of each of them to hold and to be the sole registered holder of any bond issued under the Deed of Hypothec, notwithstanding Section 32 of An Act respecting the special powers of legal persons (Quebec) or any other requirement of law. In this respect, (i) the Agent, as agent and custodian of the

Lenders, shall keep a record indicating the names and addresses of, and the pro rata portion of the obligations and indebtedness secured by the Movable Hypothec, owing to the persons for and on behalf of whom the aforesaid bond is so held from time to time and (ii) each Lender will be entitled to the benefits of any Collateral subject to the Deed of Hypothec and will participate in the

proceeds of realization of any such collateral, the whole in accordance with the terms hereof. The Agent, in such capacity as agent and custodian shall, (x) have the sole and exclusive right and authority to exercise, except as may be otherwise specifically restricted by the terms hereof, all rights and remedies given to the Agent with respect to the Collateral under the Deed of Hypothec and Movable Hypothec, applicable law or otherwise, and (y) benefit from and be subject to all provisions hereof with respect to the Agent mutatis mutandis, including, without limitation, all such provisions with respect to the liability or responsibility to and indemnification by the Lenders. Any Person who becomes a Lender shall be deemed to have consented to and confirmed the Agent as the agent and custodian as aforesaid and to have ratified, as of the date it becomes a Lender, all actions taken by the Agent in such capacity. As agent and custodian, the Agent shall be entitled to delegate from time to time any of its powers or duties hereunder to any Person and on such terms and conditions as the Agent may determine from time to time.

SECTION 14. JOINT AND SEVERAL LIABILITY; GUARANTEES.

14.1 Joint and Several Liability. All Loans made and Letter of Credit Accommodations issued hereunder are made to or for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the agreement of the other Borrowers to accept joint and several liability for the Obligations. Each Borrower jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several and direct and primary liability for the full and indefeasible payment when due and performance of all Obligations and for the prompt and full payment and performance of all of the promises, covenants, representations, and warranties made or undertaken by each Borrower under the Financing Agreements and Borrowers agree that such liability is independent of the duties, obligations, and liabilities of each of the joint and several Borrowers. In furtherance of the foregoing, each Borrower jointly and severally, absolutely and unconditionally guarantees to Agent and Lenders the full and indefeasible payment and performance when due of all the Obligations.

14.2 Suretyship Waivers and Consents.

(a) Each Borrower acknowledges that the obligations of such Borrower undertaken herein might be construed to consist, at least in part, of the guarantee of obligations of persons other than such Borrower (including the other Borrowers) and, in full recognition of that fact and in full recognition of the joint and several and direct and primary liability of each Borrower hereunder, each Borrower consents and agrees that Agent and Lenders may, at any time and from time to time, without notice or demand (except as provided in and in accordance with the terms of this Agreement), whether before or after any actual or purported termination, repudiation or revocation of this Agreement by any Borrower, and without affecting the enforceability or continuing effectiveness hereof as to each Borrower: (i) increase, extend, or otherwise change the time for payment or the terms of the Obligations or any part thereof; (ii) supplement, restate, modify, amend, increase, decrease, or waive, or enter into or give any agreement, approval or consent with respect to, the Obligations or any part thereof, or any of the Financing Agreements or any additional security or guarantees, or any condition, covenant,

default, remedy, right, representation, or term thereof or thereunder; (iii) accept new or additional instruments, documents, or agreements in exchange for or relative to any of the Financing Agreements or the Obligations or any part thereof; (iv) accept partial payments on the Obligations; (v) receive and hold additional security or guarantees for the Obligations or any part thereof; (vi) release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer, or enforce any security or guarantees, and apply any security and direct the order or manner of sale thereof as Agent in its sole and absolute discretion may determine; (vii) release any person from any personal liability with respect to the Obligations or any part thereof; (viii) settle, release on terms satisfactory to Agent or by operation of applicable

laws or otherwise liquidate or enforce any Obligations and any security therefor or guaranty thereof in any manner, consent to the transfer of any security and bid and purchase at any sale; or (ix) consent to the merger, change, or any other restructuring or termination of the corporate or partnership existence of any Borrower, and correspondingly restructure the Obligations, and any such merger, change, restructuring, or termination shall not affect the liability of any Borrower or the continuing effectiveness hereof, or the enforceability hereof with respect to all or any part of the Obligations.

(b) Agent and Lenders may enforce this Agreement independently as to each Borrower and independently of any other remedy or security Agent and Lenders at any time may have or hold in connection with the Obligations, and it shall not be necessary for Agent and Lenders to marshal assets in favor of any Borrower or any Obligor or to proceed upon or against or exhaust any security or remedy before proceeding to enforce this Agreement. Each Borrower expressly waives any right to require Agent to marshal assets in favor of any Borrower or any guarantor of the Obligations or to proceed against any other Borrower, and agrees that Agent may proceed against Borrowers or any Collateral in such order as Agent shall determine in its sole and absolute discretion.

(c) Agent and Lenders may file a separate action or actions against any Borrower, whether such action is brought or prosecuted with respect to any security or against any guarantor of the Obligations, or whether any other person is joined in any such action or actions. Each Borrower agrees that Agent and Lenders and each Borrower and any affiliate of any Borrower may deal with each other in connection with the Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the continuing efficacy of this Agreement. Each Borrower, as a joint and several Borrower and guarantor hereunder, expressly waives the benefit of any statute of limitations affecting its joint and several liability and guarantee hereunder (but not its primary liability) or the enforcement of the Obligations or any rights of Agent and Lender created or granted herein.

(d) Agent's and Lender's rights hereunder shall be reinstated and revived, and the enforceability of this Agreement shall continue, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Agent and Lenders, all as though such amount had not been paid. The rights of Agent and Lenders created or granted herein and the enforceability of this Agreement at all times shall remain effective to cover the full amount of all the Obligations even though the Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against any Borrower and whether or not any Borrower shall have any personal liability with respect thereto.

(e) Each Borrower expressly waives any and all defenses now or hereafter arising or asserted by reason of (i) any disability or other defense of the other Borrowers with respect to the Obligations; (ii) the unenforceability or invalidity of any security or guaranty for the Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Obligations; (iii) the cessation for any cause whatsoever of the liability of any Borrower (other than by reason of the full payment and performance of all Obligations); (iv) any failure of Lender to marshal assets in favor of any Borrower; (v) any failure of Agent or Lenders to give notice to any Borrower of sale or other disposition of Collateral of another Borrower or any defect in any notice that may be given in connection with any such sale or disposition of Collateral of any Borrower securing the Obligations; (vi) any failure of Agent or Lenders to comply with applicable law in connection with the sale or other disposition of any Collateral or other security of any Borrower, for any Obligation, including any failure of Agent or Lenders to conduct a commercially reasonable sale or other disposition of any Collateral or other security of the other Borrowers for any Obligation; (vii) any act or omission of Agent or Lenders or others that directly or indirectly results in or aids the

discharge or release of the other Borrowers or the Obligations of the other Borrowers or any security or guaranty therefor by operation of law or otherwise; (viii) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation; (ix) any failure of Agent or Lenders to file or enforce a claim in any bankruptcy or other proceeding with respect to any Borrower; (x) the avoidance of any lien or security interest in assets of the other Borrowers in favor of Agent or Lenders for any reason; or (xi) any action taken by Agent or Lenders that is authorized by this section or any other provision of any Loan Document. Until such time, if any, as all of the Obligations have been indefeasibly paid and performed in full and no portion of any commitment of Agent or Lenders to Borrowers under any Financing Agreement remains in effect, Borrowers' rights of subrogation, contribution, reimbursement, or indemnity against the other shall be fully and completely subordinated to the indefeasible repayment in full of the Obligations, and each Borrower expressly waives any right to enforce any remedy that it now has or hereafter may have against any other Person and waives the benefit of, or any right to participate in, any Collateral now or hereafter held by Agent or Lenders.

(f) To the fullest extent permitted by applicable law, each Borrower expressly waives and agrees not to assert, any and all defenses in its favor based upon an election of remedies by Agent or Lenders which destroys, diminishes, or affects such Borrower's subrogation rights against the other Borrowers, or against any Obligor, and/or (except as explicitly provided for herein) any rights to proceed against each other Borrower, or any other party liable to Agent or Lenders, for reimbursement, contribution, indemnity, or otherwise.

(g) Borrowers and each of them warrant and agree that each of the waivers and consents set forth herein are made after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy, or otherwise adversely affect rights which Borrowers otherwise may have against each other, Agent or Lenders, or others, or against Collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or law. If any of the waivers or consents herein are determined to be contrary to any applicable law or public policy, such waivers and consents shall be effective to the maximum extent permitted by law.

(h) Notwithstanding any provision herein to the contrary, the joint and several liability and guarantees of the Canadian Borrowers shall be limited to the maximum amount permitted under any laws to which a Canadian Borrower is subject.

14.3 Contribution Agreement. As an inducement to Agent and Lenders to enter into the Financing Agreements and to make the loans and extend credit to the Borrowers, each Borrower and each Obligor agrees to indemnify and hold the other harmless from and each shall have a continuing right of contribution against the other Borrowers and any Obligors, if and to the extent that a Borrower makes or is caused to make disproportionate payments in excess of that Borrower's Proportionate Share of the Loans or contributions (from dispositions of its assets or otherwise) to the repayment and satisfaction of the Obligations. These indemnification and contribution obligations shall be unconditional and continuing obligations of the Borrowers and Obligors and shall not be waived, rescinded, modified, limited or terminated in any way whatsoever without the prior written consent of Agent, in its sole discretion. For purposes hereof, the "Proportionate Share" of a Borrower shall mean the Adjusted Net Worth of such Borrower divided by the Adjusted Net Worth of all the Borrowers in the aggregate on the date of this Agreement.

14.4 PREJUDGMENT REMEDIES. EACH BORROWER HEREBY WAIVES SUCH RIGHTS AS IT

MAY HAVE TO NOTICE AND/OR HEARING UNDER ANY APPLICABLE FEDERAL OR STATE LAWS INCLUDING, WITHOUT LIMITATION, CONNECTICUT GENERAL STATUTES SECTIONS 52-278A, ET-SEQ., AS AMENDED, PERTAINING TO THE EXERCISE BY AGENT OR LENDERS OF SUCH RIGHTS AS THE AGENT AND LENDERS MAY HAVE INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO SEEK PREJUDGMENT REMEDIES AND/OR DEPRIVE ANY BORROWER OF OR AFFECT THE USE OF OR POSSESSION OR ENJOYMENT OF A BORROWER'S PROPERTY PRIOR TO THE RENDITION OF A FINAL JUDGMENT AGAINST A BORROWER. EACH BORROWER FURTHER WAIVES ANY RIGHT IT MAY HAVE TO REQUIRE AGENT OR LENDERS TO PROVIDE A BOND OR OTHER SECURITY AS A PRECONDITION TO OR IN CONNECTION WITH ANY PREJUDGMENT REMEDY SOUGHT BY LENDER.

[Remainder of Page Intentionally Left Blank]

Signature Page to Loan and Security Agreement

IN WITNESS WHEREOF, Lender and Borrower have caused these presents to be duly executed as of the day and year first above written.

AGENT

CONGRESS FINANCIAL CORPORATION (NEW ENGLAND)

By: /s/ George J. Psomas

Title: Senior Vice President

US LENDER:

CONGRESS FINANCIAL CORPORATION
(NEW ENGLAND)

By: /s/ George J. Psomas

Title: Senior Vice President

Address:

One Post Office Square, Suite 3600
Boston, MA 02109

CANADIAN LENDER:

CONGRESS FINANCIAL CORPORATION (CANADA)

By: /s/ H. Rosenfeld

Title: Senior Vice President

Address: _____

141 Adelaide Street West, Suite 1500
Toronto, Ontario M5H 3L9

BORROWERS

CLEAN HARBORS, INC.
ALTAIR DISPOSAL SERVICES, LLC
BATON ROUGE DISPOSAL, LLC
BRIDGEPORT DISPOSAL, LLC
CLEAN HARBORS ANDOVER, LLC
CLEAN HARBORS ANTIOCH, LLC
CLEAN HARBORS ARAGONITE, LLC
CLEAN HARBORS ARIZONA, LLC
CLEAN HARBORS OF BALTIMORE, INC.
CLEAN HARBORS BATON ROUGE, LLC
CLEAN HARBORS BDT, LLC
CLEAN HARBORS BUTTONWILLOW, LLC
CLEAN HARBORS CHATTANOOGA, LLC
CHEMICAL SALES, LLC
CLEAN HARBORS COFFEYVILLE, LLC
CLEAN HARBORS COLFAX, LLC
CLEAN HARBORS DEER PARK, L.P.
CLEAN HARBORS DEER TRAIL, LLC
CLEAN HARBORS DISPOSAL SERVICES, INC.
CLEAN HARBORS FINANCIAL SERVICES COMPANY
CLEAN HARBORS FLORIDA, LLC
CLEAN HARBORS GRASSY MOUNTAIN, LLC
CLEAN HARBORS KANSAS, LLC
CLEAN HARBORS LAPORTE, L.P.
CLEAN HARBORS LAUREL, LLC
CLEAN HARBORS LONE MOUNTAIN, LLC
CLEAN HARBOR LOAN STAR CORP.
CLEAN HARBORS LOS ANGELES, LLC
CLEAN HARBORS OF TEXAS, LLC
CLEAN HARBORS PECATONICA, LLC
CLEAN HARBORS PLAQUEMINE, LLC
CLEAN HARBORS PPM, LLC
CLEAN HARBORS REIDSVILLE, LLC
CLEAN HARBORS SAN JOSE, LLC
CLEAN HARBORS TENNESSEE, LLC

CLEAN HARBORS WESTMORLAND, LLC
CLEAN HARBORS WHITE CASTLE, LLC
CROWLEY DISPOSAL, LLC
DISPOSAL PROPERTIES, LLC
GSX DISPOSAL, LLC
HARBOR MANAGEMENT CONSULTANTS, INC.
HARBOR INDUSTRIAL SERVICES TEXAS, L.P.
HILLIARD DISPOSAL, LLC
ROEBUCK DISPOSAL, LLC
SAWYER DISPOSAL SERVICES, LLC
TULSA DISPOSAL, LLC
CLEAN HARBORS ENVIRONMENTAL SERVICES, INC
CLEAN HARBORS OF BRAINTREE, INC.
CLEAN HARBORS OF NATICK, INC.
CLEAN HARBORS SERVICES, INC.
MURPHY'S WASTE OIL SERVICE INC.
CLEAN HARBORS KINGSTON FACILITY CORPORATION
CLEAN HARBORS OF CONNECTICUT,INC.
SPRING GROVE RESOURCE RECOVERY, INC.
CLEAN HARBORS CANADA, INC. (CURRENTLY SAFETY-KLEEN, LTD.)
CLEAN HARBORS QUEBEC, INC. (CURRENTLY SAFETY-KLEEN SERVICES (QUEBEC) LTD.)
CLEAN HARBORS MERCIER, INC. (CURRENTLY SAFETY-KLEEN SERVICES (MERCIER) LTD.)
510127 N.B. INC.

By: /s/ Stephen Moynihan

Title: Senior Vice President

Chief Executive Office:

1501 Washington Street
Braintree, MA 02184

EXHIBIT A

Information Certificates

EXHIBIT B

Compliance Certificate

[Letterhead of Borrower]

_____, 200_

Congress Financial Corporation (New England)
One Post Office Square, Suite 3600
Boston, MA 02109

The undersigned, the chief financial officer of Clean Harbors, Inc. and its Subsidiaries (the "Borrowers") certifies, represents, and warrants to Congress Financial Corporation (New England) (the "Agent") and to the other Lenders under the Loan Agreement (as hereinafter defined) in accordance with the requirements of Section 9.6(a) of that certain Loan and Security Agreement dated September 6, 2002, among the Agent, Lenders, and Borrowers (the "Loan Agreement"). Capitalized terms used in this Compliance Certificate, unless otherwise defined herein, shall have the meanings ascribed to them in the Loan Agreement.

1. The attached financial statements for Parent for the period(s) ending _____ are correct and fairly present the financial position and results of

the operations of Parent and its Subsidiaries as of the end of and through the specified period(s).

2. Based upon my review of the attached financial statements of Parent and its Subsidiaries for the [Fiscal Year] [monthly period] ending _____, 200_, I hereby certify that:

(a) Parent's EBITDA is _____ which [is not less than] [is less than] the minimum amount of $_____ required under Section 9.17 of the Loan Agreement

(b) Parent's Fixed Charge Coverage Ratio is ____ to 1:00 which [is not less than] [is less than] the minimum ratio of ___ to 1:00 required under 9.18 of the Loan Agreement.

3. No Default exists on the date hereof, other than: _____ [if none, so state]; and

4. No Event of Default exists on the date hereof, other than _____ [if none, so state].

Very truly yours,

CLEAN HARBORS, INC., as Borrower Representative

By: _____
Name: _____
Title: Chief Financial Officer

EXHIBIT C

Permitted Holders

Name	Type of Securities	No. of Shares	Percent of Total
Alan S. McKim	Common Stock	4,231,762	32.7%

EXHIBIT D

Form of Assignment and Acceptance

FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Loan and Security Agreement, dated as of September 6, 2002 (as amended, supplemented, waived or otherwise modified from time to time, the "Loan Agreement"), among Clean Harbors, Inc. and its Subsidiaries (collectively, "Borrowers"), Congress Financial Corporation (New England) ("Agent"), as agent for the financial institutions parties thereto as Lenders ("Lenders"). Unless otherwise defined herein, capitalized terms defined in the Loan Agreement are used herein as defined therein.

_____ (the "Assignor") and _____ (the "Assignee") agree as follows:

1. Subject to the conditions of this Assignment and Acceptance, the Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor except with respect to the representations of Assignor set forth herein, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, except with respect to the

representations of Assignor set forth herein, as of the Effective Date (as defined below), an interest (the "Assigned Interest") in and to the Assignor's rights, benefits, indemnities, and obligations of the Assignor under the Loan Agreement, the Financing Agreements, and the Collateral with respect to those credit facilities provided for in the Loan Agreement as are set forth on Schedule 1 (individually, an "Assigned Facility"; collectively, the "Assigned Facilities") in a principal amount for each Assigned Facility as set forth on Schedule 1 together with an Pro Rata Share and Revolving Loan Limit, as set forth in Schedule 1, in all unpaid interest and fees accrued from the Effective Date, subject to the terms of the Loan Agreement. The Assigned Interest is equal to Assignee's Pro Rata Share, as reflected on Schedule 1, of each of the credit facilities provided for in the Loan Agreement.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement, any other Financing Agreement or any other instrument or document furnished pursuant thereto, or the perfection or priority of any security interest purported to be created by any Financing Agreement, except that Assignor represents to Assignee as follows: (i) that it is legally authorized to enter into this Assignment and Acceptance, (ii) that it is the legal and beneficial owner of the Assigned Interests, (iii) that it has not created any lien or adverse claim upon the Assigned Interest, (iv) the Assigned Interest is free and clear of any such adverse claim and any other lien or encumbrance and (v) as of the Effective Date (but calculated prior to the assignment contemplated hereby), Assignor's records reflect that to the best of Assignor's knowledge the aggregate outstanding principal balance of each of the Loans and LC Participation in the Letter of Credit Accommodations held by Assignor is as set forth on Schedule 1 hereto; and (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers, and their Subsidiaries or any Obligor or the performance or observance by Borrowers of any of their

respective obligations under the Loan Agreement or any other Financing Agreement or any other instrument or document furnished pursuant hereto or thereto.

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance and that it is an Eligible Assignee; (b) confirms that it has received a copy of the Loan Agreement, together with copies of the financial statements delivered pursuant thereto and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it has and that it will, independently and without reliance upon the Assignor, the Agent or any other Lender and based on such documents and information as it has deemed and shall deem appropriate at the time, make and continue to make its own credit decisions in taking or not taking action under the Loan Agreement, the other Financing Agreements or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Agreement, the other Financing Agreements or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agent by the terms thereof, together with such powers as are incidental thereto; (e) agrees that it will be bound by the provisions of the Loan Agreement, and other Financing Agreements and will perform in accordance with its terms all the obligations which by the terms of the Loan Agreement and other Financing Agreements are required to be performed by it as a Lender; and (f) agrees that it is bound by the terms of the Intercreditor Agreement including, without limitation, the terms thereof giving the Term Loan Agent the option to purchase its Revolving Loans and Pro Rata Share of other Obligations in accordance with the terms thereof.

4. The effective date of this Assignment and Acceptance shall be _____ __, 200_ (the "Effective Date"). Following the execution of this Assignment and Acceptance, each party hereto shall deliver its duly executed counterpart hereof to the Agent for acceptance by Agent and recording in the

Register by the Agent. Upon each such recordation, the Assignor agrees to pay to the Agent a registration fee of $3,500.

5. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to the Effective Date or accrued subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Loan Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other Financing Agreements and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Agreement (provided, that any right of the Assignor to the payment of expenses and indemnities under the Loan Agreement in respect of the period preceding the Effective Date shall continue in full force and effect notwithstanding the provisions of this Assignment and Acceptance).

7. This Assignment and Acceptance is intended to take effect as an instrument under seal and shall be governed by, and construed and interpreted in accordance with, the laws of The Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

SCHEDULE 1 to the
Assignment and Acceptance

Re: Loan and Security Agreement, dated as of
September 6, 2002, as amended, among
CLEAN HARBORS, INC. AND ITS SUBSIDIARIES
(as "Borrowers")
the Lenders from time to time parties thereto and
CONGRESS FINANCIAL CORPORATION
(NEW ENGLAND), as Agent

Name of Assignor: _____

Name of Assignee: _____

Effective Date of Assignment: _____, 200_

1. Assignor's Interests (prior to given effect to assignment)

Type of Loan/Credit Facility	Principal Amount Assigned	Pro Rata Share	Revolving Loan Limit
Revolving Loans	$	%	
LC Participation	$	%	

2. Assigned Facilities

Type of Loan/Credit Facility	Principal Amount Assigned	Pro Rata Share	Revolving Loan Limit

Revolving Loans	$	%
LC Participation	$	%

ASSIGNOR: ASSIGNEE:

By: _____
Name: _____
Title:_____

By: _____
Name: _____
Title:_____
Address:_____
_____
Facsimile No.:

Wire Transfer Instructions

ABA No. _____
Account No. _____
Attention: _____

Consented to:

Congress Financial Corporation (New England), as Agent

By:_____

SCHEDULE 1

Lenders' Pro Rata Shares,

And Revolving Loan Limits

US Credit Facility	Pro Rata Share of US Credit Facility	Revolving Loan Limit
Congress Financial Corporation (New England)	100%	US Maximum Credit

Canadian Credit Facility	Pro Rata Share of Canadian Credit Facility	Revolving Loan Limit
Congress Financial Corporation (Canada)	100%	Canadian Maximum Credit

SCHEDULE 2

Inactive Subsidiaries

Mr. Frank, Inc.

SK D'Incineration Inc.

Northeast Casualty Real Property LLC

EXHIBIT 4.25

FINANCING AGREEMENT

Dated as of September 6, 2002

by and among

CLEAN HARBORS, INC.,

CERTAIN OF ITS SUBSIDIARIES SIGNATORY HERETO,
as Borrowers,

CERTAIN OF ITS SUBSIDIARIES SIGNATORY HERETO,
as Guarantors,

THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTY HERETO,
as Lenders

and

ABLECO FINANCE LLC,
as Agent

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SCHEDULE AND EXHIBITS

FINANCING AGREEMENT

Financing Agreement, dated as of September 6, 2002, by and among Clean Harbors, Inc., a Massachusetts corporation (the "Parent"), each subsidiary of the Parent listed as a "Borrower" on the signature pages hereto (together with the Parent, each a "Borrower" and collectively, the "Borrowers"), each subsidiary of the Parent listed as a "Guarantor" on the signature pages hereto (each a "Guarantor" and collectively, the "Guarantors"), the financial institutions from time to time party hereto (each a "Lender" and collectively, the "Lenders"), and Ableco Finance LLC, a Delaware limited liability company ("Ableco"), as agent for the Lenders (in such capacity, the "Agent").

RECITALS

The Borrowers have asked the Lenders to extend credit to the Borrowers consisting of (a) a term loan A in the aggregate principal amount of $100,000,000 and (b) a term loan B in the aggregate principal amount of $35,000,000, provided that the principal amount of each term loan may be increased in accordance with the terms hereof. The proceeds of the term loans shall be used (i) to facilitate the Acquisition (as hereinafter defined), (ii) to refinance existing indebtedness of the Borrowers and pay the prepayment and defeasance costs in connection therewith, (iii) to provide cash collateral for letters of credit issued for the account of the Borrowers and the Guarantors, (iv) for general working capital requirements and other general corporate purposes of the Borrowers and (v) to pay fees and expenses related to the Acquisition and this Agreement. The Lenders are severally, and not jointly,

willing to extend such credit to the Borrowers subject to the terms and conditions hereinafter set forth.

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

ARTICLE I

DEFINITIONS; CERTAIN TERMS

Section 1.01 Definitions. As used in this Agreement, the following terms shall have the respective meanings indicated below, such meanings to be applicable equally to both the singular and plural forms of such terms:

"Ableco" has the meaning specified therefor in the preamble hereto.

"Account Debtor" means each debtor, customer or obligor in any way obligated on or in connection with any Account Receivable.

"Account Receivable" means, with respect to any Person, any and all rights of such Person to payment for goods sold and/or services rendered, including accounts, general intangibles and any and all such rights evidenced by chattel paper, instruments or documents, whether due or to become due and whether or not earned by performance, and whether now or hereafter acquired or arising in the future, and any proceeds arising therefrom or relating thereto.

"Acquisition" means the purchase by the Parent and certain of the Borrowers of the Acquisition Assets and the assumption by the Parent and certain of the Borrowers of certain of the liabilities relating thereto, pursuant to the Acquisition Agreement.

"Acquisition Agreement" means the Acquisition Agreement, dated as of February 22, 2002, as amended as of March 8, April 30 and September 6, 2002, by and between Safety-Kleen Services, Inc. and the Parent, as in effect on the date hereof.

"Acquisition Assets" means all of the property and assets (tangible and intangible) sold, assigned or otherwise transferred to, or assumed or otherwise acquired by, the Parent and certain of the Borrowers pursuant to the Sale Order and the Acquisition Agreement.

"Acquisition Documents" means the Acquisition Agreement, each bill of sale, each assignment agreement, each assumption agreement and all other agreements, instruments and documents entered into or delivered in connection with the Acquisition.

"Action" has the meaning specified therefor in Section 12.12.

"Additional Lender" has the meaning specified therefor in Section 2.01(c)(i).

"Adjusted Excess Availability" means the difference between (a) the sum of (i) Excess Availability (as defined in the Revolving Credit Agreement as in effect on the date hereof) of the Loan Parties under the Revolving Credit Agreement after giving effect to the making of the Loans hereunder and (ii) the aggregate amount of all unrestricted Cash and Cash Equivalents (exclusive of the aggregate amount of all cash pledged to the L/C Issuer) and (b) the sum of (i) the aggregate amount of the fees, costs, charges and expenses incurred by the Loan Parties in connection with the Acquisition and the financing transactions contemplated hereunder that are set forth in the flow of funds agreement dated as of the date hereof among the Loan Parties, the Agent, the Lenders, the Revolving Agent and the Revolving Lenders and (ii) $41,500,000 in respect of the cash needed to collateralize the letters of credit to be issued by the L/C Issuer on or before February 28, 2003.

"Administrative Borrower" has the meaning specified therefor in Section

12.16.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (i) vote 10% or more of the Capital Stock having ordinary voting power for the election of directors of such Person or (ii) direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Notwithstanding anything herein to the contrary, in no event shall the Agent or any Lender be considered an "Affiliate" of any Loan Party.

"Agent" has the meaning specified therefor in the preamble hereto.

"Agent Advances" has the meaning specified therefor in Section 10.08(a).

"Agent's Account" means an account at a bank designated by the Agent from time to time as the account into which the Loan Parties shall make all payments to the Agent for the benefit of the Agent and the Lenders under this Agreement and the other Loan Documents.

"Agreement" means this Financing Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to the Agreement as the same may be in effect at the time such reference becomes operative.

"Assignment and Acceptance" means an assignment and acceptance entered into by an assigning Lender and an assignee, and accepted by the Agent, in accordance with Section 12.07 hereof and substantially in the form of Exhibit H hereto or such other form acceptable to the Agent.

"Authorized Officer" means, with respect to any Person, the chief executive officer, chief financial officer, president or executive vice president of such Person.

"Bank" means JPMorgan Chase Bank, its successors or any other bank designated by the Administrative Agent to the Administrative Borrower from time to time.

"Bankruptcy Code" means the United States Bankruptcy Code (11 U.S.C.ss. 101, et seq.), as amended, and any successor statute.

"Board" means the Board of Governors of the Federal Reserve System of the United States.

"Board of Directors" means, with respect to any Person, the board of directors (or comparable managers) of such Person or any committee thereof duly authorized to act on behalf of the board.

"Borrower" has the meaning specified therefor in the preamble hereto.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required to close, provided, that with respect to the borrowing, payment or continuation of, or determination of interest rate on LIBOR Loans, Business Day shall mean any Business Day on which dealings in Dollars may be carried on in the interbank eurodollar markets in New York City and London.

"Canadian Loan Party" means each of Clean Harbors Canada, Inc., Clean Harbors Mercier, Inc., Clean Harbors Quebec, Inc., 510127 N.B. Inc., and each other Subsidiary of the Parent organized in Canada that is a Loan Party.

"Canadian Mortgage" means each Mortgage made by a Loan Party with

respect to a Facility located in Canada.

"Canadian Security Agreements" means each of the agreements, documents and instruments set forth in Schedule 1.01(C).

"Canadian Security Documents" means each Canadian Security Agreement and each Canadian Mortgage.

"Capital Expenditures" means, with respect to any Person for any period, the sum of (i) the aggregate of all expenditures by such Person and its Subsidiaries during such period that in accordance with GAAP are or should be included in "property, plant and equipment" or in a similar fixed asset account on its balance sheet, whether such expenditures are paid in cash or financed and including all Capitalized Lease Obligations paid or payable during such period, and (ii) to the extent not covered by clause (i) above, the aggregate of all expenditures by such Person and its Subsidiaries during such period to acquire by purchase or otherwise the business or fixed assets of, or the Capital Stock of, any other Person.

"Capital Guideline" means any law, rule, regulation, policy, guideline or directive (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) of any central bank or Governmental Authority (i) regarding capital adequacy, capital ratios, capital requirements, the calculation of a bank's capital or similar matters, or (ii) affecting the amount of capital required to be obtained or maintained by any Lender or any Person controlling any Lender or the manner in which any Lender or any Person controlling any Lender allocates capital to any of its contingent liabilities (including letters of credit), advances, acceptances, commitments, assets or liabilities.

"Capital Stock" means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, and (ii) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person.

"Capitalized Lease" means, with respect to any Person, any lease of real or personal property by such Person as lessee which is (i) required under GAAP to be capitalized on the balance sheet of such Person or (ii) a transaction (other than an operating lease of Rolling Stock) of a type commonly known as a "synthetic lease" (i.e. a lease transaction that is treated as an operating lease for accounting purposes but with respect to which payments of rent are intended to be treated as payments of principal and interest on a loan for Federal income tax purposes).

"Capitalized Lease Obligations" means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Leases, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash and Cash Equivalents" means all cash and any presently existing or hereafter arising deposit account balances, certificates of deposit or other financial instruments properly classified as cash equivalents under GAAP.

"Cash Collateral Control Agreement" means the deposit account control agreement, in form and substance satisfactory to the Agent, by and between the Agent and the L/C Issuer and acknowledged by the Loan Parties.

"CH Facilities" has the meaning specified therefor in Section 6.01(r).

"CH Rolling Stock " has the meaning specified therefor in Section 5.01(d)(xxiv).

"Change of Control" means each occurrence of any of the following:

(a) the acquisition, directly or indirectly, by any person or group (within the meaning of Section 13(d)(3) of the Exchange Act), other than a Permitted Holder, of beneficial ownership of more than 33% of the aggregate outstanding voting power of the Capital Stock of the Parent;

(b) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Parent (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Parent was approved by a vote of at least a majority the directors of the Parent then still in office who were either directors at the beginning of such period, or whose

election or nomination for election was previously approved) cease for any reason (other than death or cessation of legal capacity) to constitute a majority of the Board of Directors of the Parent;

(c) any Loan Party shall cease to have beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of 100% of the aggregate voting power of the Capital Stock of each of its Subsidiaries (other than Inactive Subsidiaries) extant as of the Effective Date, free and clear of all Liens (other than any Liens granted hereunder and Permitted Liens) except pursuant to a transaction permitted under Section 7.02(c); or

(d) (i) any Loan Party consolidates with or merges into another entity or conveys, transfers or leases all or substantially all of its property and assets to another Person, or (ii) any entity consolidates with or merges into any Loan Party in a transaction pursuant to which the outstanding voting Capital Stock of such Loan Party is reclassified or changed into or exchanged for cash, securities or other property, other than any such transaction described in this clause (ii) in which either (A) in the case of any such transaction involving the Parent, no person or group (within the meaning of Section 13(d)(3) of the Exchange Act) [other than a Permitted Holder] has, directly or indirectly, acquired beneficial ownership of more than 33% of the aggregate outstanding voting Capital Stock of the Parent or (B) in the case of any such transaction involving a Loan Party other than the Parent, another Loan Party has beneficial ownership of 100% of the aggregate voting power of all Capital Stock of the resulting, surviving or transferee entity.

"Collateral" means all of the property and assets and all interests therein and proceeds thereof now owned or hereafter acquired by any Person upon which a Lien is granted or purported to be granted by such Person as security for all or any part of the Obligations.

"Commitment Increase" shall have the meaning specified therefor in Section 2.01(c).

"Commitments" means, with respect to each Lender, such Lender's Term Loan A Commitment and Term Loan B Commitment.

"Consolidated Annualized EBITDA" means, as of any date of determination, the product of (i) the aggregate amount of Consolidated EBITDA for those fiscal quarters commencing on or after October 1, 2002 and ending on or prior to such date of determination, multiplied by (ii) a fraction, the numerator of which shall be the number 12 and the denominator of which shall equal the total number of calendar months that have elapsed since October 1, 2002.

"Consolidated EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person and its Subsidiaries for such period, plus (i) without duplication, the sum of the following amounts of such Person and its Subsidiaries for such period, in each case to the extent deducted in determining Consolidated Net Income of such Person for such period: (A) Consolidated Net Interest Expense, (B) income tax expense determined on a

consolidated basis in accordance with GAAP, (C) depreciation expense determined on a consolidated basis in accordance with GAAP, and (D) amortization expense determined on a consolidated basis in accordance with GAAP.

"Consolidated Funded Indebtedness" means, with respect to any Person at any date, all Indebtedness of such Person, determined on a consolidated basis in accordance with GAAP, which is either an Obligation or by its terms matures more than one year after the date of calculation, and any such Indebtedness maturing within one year from such date which is renewable or extendable at the option of such Person to a date more than one year from such date, including, in any event, with respect to the Parent and its Subsidiaries, the Revolving Credit Indebtedness, but excluding, for the avoidance of doubt, all Contingent Obligations with respect to undrawn letters of credit, surety bonds and other performance bonds issued for the account of such Person to the extent such letters of credit, surety bonds and other performance bonds constitute Permitted Indebtedness.

"Consolidated Net Income" means, with respect to any Person for any period, the net, after tax income (loss) of such Person and its Subsidiaries for such period, determined on a consolidated basis and in accordance with GAAP, but excluding from the determination of Consolidated Net Income (without duplication) (a) any extraordinary or non recurring gains or losses or gains or losses from Dispositions, (b) restructuring charges, (c) effects of discontinued operations, (d) interest income and (e) extraordinary or non recurring costs otherwise included in the calculation of Consolidated Net Income that were incurred during 2002 in connection with the Acquisition and the related financing transactions.

"Consolidated Net Interest Expense" means, with respect to any Person for any period, gross interest expense of such Person and its Subsidiaries for such period determined on a consolidated basis and in accordance with GAAP (including, without limitation, interest expense paid to Affiliates of such Person), less (i) the sum of (A) interest income for such period, (B) gains for such period on Hedging Agreements (to the extent not included in interest income above and to the extent not deducted in the calculation of gross interest expense) and (C) amortization of extraordinary or non recurring costs otherwise included in gross interest expense that were incurred during 2002 in connection with the Acquisition and the related financing transactions (but only to the extent such costs would be deducted in the determination of Consolidated Net Income without regard to the exclusion set forth in clause (e) of the definition of "Consolidated Net Income"), plus (ii) the sum of (A) losses for such period on Hedging Agreements (to the extent not included in gross interest expense) and (B) the upfront costs or fees for such period associated with Hedging Agreements (to the extent not included in gross interest expense), in each case, determined on a consolidated basis and in accordance with GAAP.

"Contingent Obligation" means, with respect to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, (i) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (ii) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement, (iii) any obligation of such Person, whether or not contingent, (A) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (B) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (C) to purchase property, assets, securities or services primarily for the purpose of

assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (D) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term "Contingent Obligation" shall not include any product warranties extended in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation with respect to which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"Contribution Agreement" means the Contribution Agreement, dated as of the Effective Date, duly executed by each Loan Party, substantially in the form of Exhibit I.

"Control Agreement" means a control agreement, in form and substance reasonably satisfactory to the Agent, executed and delivered by the applicable Loan Party, the Agent, and the applicable securities intermediary with respect to a securities account or a bank with respect to a deposit account.

"Custodian Agreement" means the Custodian Agreement, dated as of the Effective Date, duly executed by each Loan Party, the Rolling Stock Collateral Custodian and the Collateral Agent, substantially in the form of Exhibit J.

"Default" means an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Deferred Facilities" has the meaning specified therefor in Section 5.01(d)(iii).

"Disposition" means any transaction, or series of related transactions, pursuant to which any Person or any of its Subsidiaries sells, assigns, transfers or otherwise disposes of any property or assets (whether now owned or hereafter acquired) to any other Person, in each case, whether or not the consideration therefor consists of cash, securities or other assets owned by the acquiring Person, excluding any sales of Inventory in the ordinary course of business on ordinary business terms.

"Dollar," "Dollars" and the symbol "$" each means lawful money of the United States of America.

"Early Termination Fee" means:

(a) with respect to the prepayment of the Term Loan A pursuant to Section 2.05(b)(i), a fee equal to (i) the aggregate principal amount of the Term Loan A then outstanding, multiplied by (ii) (A) 2.0%, if the Term Loan A is prepaid at any time from the Effective Date until and including the first anniversary of the Effective Date, (B) 1.0%, if the Term Loan A is prepaid at any time after the first anniversary of the Effective Date until and including the second anniversary of the Effective Date, and (C) 0.5%, if the Term Loan A is prepaid at any time after the second anniversary of the Effective Date; and

(b) with respect to the prepayment of the Term Loan B pursuant to Section 2.05(b)(ii), a fee equal to (i) the original aggregate principal amount of the Term Loan B, multiplied by (ii) (A) 3.0%, if the Term Loan B is prepaid at any time from the Effective Date until and including the third anniversary of the Effective Date, and (B) 1.5%, if the Term Loan B is prepaid at any time after the third anniversary of the Effective Date.

"Effective Date" means the date, on or before September 10, 2002, on which all of the conditions precedent set forth in Section 5.01 are satisfied or waived and the initial Loans are made.

"Employee Plan" means an employee benefit plan (other than a Multiemployer Plan) covered by Title IV of ERISA and maintained (or that was maintained at any time during the six (6) calendar years preceding the date of any borrowing hereunder) for employees of any Loan Party or any of its ERISA Affiliates.

"Environmental Claims" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, notice of violation, judicial or administrative proceeding, judgment, letter or other communication from any governmental agency, department, bureau, office or other authority, Person or any third party involving violations of Environmental Laws, Handling of Hazardous Materials or Releases of Hazardous Materials from or relating to (i) any assets, Facilities, properties or businesses of any Loan Party or any predecessor in interest; (ii) the Acquisition Assets; (iii) from or onto any facilities receiving or Handling Hazardous Materials Handled by any Loan Party, its Subsidiaries or any predecessor in interest; or (iv) from adjoining properties or businesses.

"Environmental Indemnity Agreement" means an Environmental Indemnity Agreement, in form and substance satisfactory to the Agent, made by a Loan Party and/or one of its Subsidiaries in favor of the Agent.

"Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. 9601 et seq., as amended; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. 6901 et seq., as amended; the Clean Air Act ("CAA"), 42 U.S.C. 7401 et seq., as amended; the Clean Water Act ("CWA"), 33 U.S.C. 1251 et seq., as amended; the Occupational Safety and Health Act ("OSHA"), 29 U.S.C. 655 et seq., as amended; Toxic Substances Control Act ("TOSCA"), 15 U.S.C. 2601 et seq., as amended; Hazardous Materials Transportation Act, 49 U.S.C. 5101 et seq., as amended; the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), 7 U.S.C. 136-136y et seq., as amended; the Emergency Planning and Community Right-to-Know Act of 1986 (Title III of SARA or "EPCRA"); 42 U.S.C. 11001, et seq., as amended, and any other foreign, federal, state, local or municipal laws, statutes, regulations, guidance documents, rules having the force of law or ordinances imposing liability or establishing standards of conduct for Handling of Hazardous Materials and the protection of the health, safety and the environment.

"Environmental Liabilities" means any monetary obligations, losses, liabilities (including strict liability), damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable out-of-pocket fees, disbursements and expenses of counsel, out-of-pocket expert and consulting fees and out-of-pocket costs for environmental site assessments, remedial investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any Environmental Claim filed by any Governmental Authority, Person or any third party which relate to the Acquisition Assets or any violations of

Environmental Laws, Handling of Hazardous Materials, Remedial Actions, Releases or threatened Releases of Hazardous Materials from or onto (i) any property presently or formerly owned by any Loan Party or any of its Subsidiaries or a predecessor in interest, or (ii) any facility that received Hazardous Materials that were generated or Handled by any Loan Party or any of its Subsidiaries or a predecessor in interest.

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities.

"Environmental Permits" means any permits, licenses, certificates,

exemptions, authorizations, registrations or approvals required by any Governmental Authority or under Environmental Laws.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case, as in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which would be deemed to be a "controlled group" within the meaning of Sections 414(b), (c), (m) and (o) of the Internal Revenue Code.

"Event of Default" means any of the events set forth in Section 9.01.

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

"Existing Credit Facility" means the Amended and Restated Loan Agreement dated as of April 12, 2001 by and among the Parent and certain of the Parent's Subsidiaries, as borrowers, and Congress Financial Corporation (New England), as lender, as amended, modified and supplemented prior to the Effective Date.

"Existing Lender" means the lender party to the Existing Credit Facility.

"Extraordinary Receipts" means any cash received by the Parent or any of its Subsidiaries not in the ordinary course of business (and not consisting of proceeds described in Section 2.05(c)(i) or (ii) hereof), including, without limitation, (i) foreign, United States, state or local tax refunds, (ii) pension plan reversions, (iii) proceeds of insurance, (iv) judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action, (v) condemnation awards (and payments in lieu thereof), and (vi) indemnity payments.

"Facility" means each parcel of real property listed on Schedule 1.01(B) hereto, including, without limitation, the land on which such facility is located, all buildings and other improvements thereon, all fixtures located at or used in connection with such facility, all whether now or hereafter existing.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal to, for each day during such period, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the

quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Statements" means (i) the audited consolidated balance sheets of the Parent and its Subsidiaries as of December 31, 2001, and the related consolidated statements of operations, cash flows and stockholders' equity for the two Fiscal Years then ended, (ii) the audited consolidated balance sheets of the Chemical Services Division of Safety-Kleen Corp. (which consists primarily of the Sellers and the Canadian Subsidiaries of Safety-Kleen Services, Inc.) as of August 31, 1999, 2000 and 2001; and (iii) the unaudited consolidated balance sheet of the Parent and its Subsidiaries as of June 30, 2002, and the related consolidated statements of operations, cash flows and stockholders' equity for the six months then ended.

"Fiscal Year" means the fiscal year of the Parent and its Subsidiaries

ending on December 31 of each year.

"Fixed Charge Coverage Ratio" means, with respect to any Person for any period, the ratio of (i) Consolidated EBITDA of such Person and its Subsidiaries for such period, to (ii) the sum of (A) all principal of Indebtedness of such Person and its Subsidiaries scheduled to be paid or prepaid (excluding any prepayment of the Loans) during such period (and in the case of Revolving Credit Indebtedness, to the extent there is an equivalent permanent reduction in the commitments thereunder), plus (B) Consolidated Net Interest Expense of such Person and its Subsidiaries for such period, plus (C) income taxes paid or payable by such Person and its Subsidiaries during such period, plus (D) cash dividends or distributions paid by such Person and its Subsidiaries (other than, in the case of any Loan Party, dividends or distributions paid by such Loan Party to any other Loan Party) during such period, plus (E) Capital Expenditures made by such Person and its Subsidiaries during such period. In determining the Fixed Charge Coverage Ratio for a particular period (w) pro forma effect will be given to: (1) the incurrence, repayment or retirement of any Indebtedness by such Person and its Subsidiaries since the first day of such period as if such Indebtedness was incurred, repaid or retired on the first day of such period and (2) the acquisition (whether by purchase, merger or otherwise) or disposition (whether by sale, merger or otherwise) of any property or assets acquired or disposed of by such Person and its Subsidiaries since the first day of such period, as if such acquisition or disposition occurred on the first day of such period; (x) interest on Indebtedness bearing a floating interest rate will be computed as if the rate at the time of computation had been the applicable rate for the entire period; (y) if such Indebtedness bears, at the option of such Person and its Subsidiaries, a fixed or floating rate of interest, interest thereon will be computed by applying, at the option of such Person, either the fixed or floating rate; and (z) the amount of Indebtedness under a revolving credit facility will be computed based upon the average daily balance of such Indebtedness during such period.

"Funding Fee" has the meaning specified therefor in Section 2.06(d).

"GAAP" means generally accepted accounting principles in effect from time to time in the United States, applied on a consistent basis, provided that for the purpose of Section 7.03 hereof and the definitions used therein, "GAAP" shall mean generally accepted accounting principles in effect on the date hereof and consistent with those used in the preparation of the Financial Statements, provided, further, that if there occurs after the date of this Agreement any change in GAAP that affects in any respect the calculation of any covenant contained in Section 7.03 hereof, the Agent and the Administrative Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such

covenant with the intent of having the respective positions of the Lenders and the Borrowers after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the covenants in Section 7.03 hereof shall be calculated as if no such change in GAAP has occurred.

"Governmental Authority" means any nation or government, any foreign, federal, state, city, town, municipality, county, local or other political subdivision thereof or thereto and any department, commission, board, bureau, instrumentality, agency or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranteed Obligations" has the meaning specified therefor in Section 11.01.

"Guarantor" means (i) each Subsidiary of the Parent listed as a "Guarantor" on the signature pages hereto, and (ii) each other Person which guarantees, pursuant to Section 7.01(b) or otherwise, all or any part of the

Obligations.

"Guaranty" means (i) the guaranty of each Guarantor party hereto contained in Article XI hereof, and (ii) each guaranty substantially in the form of Exhibit A, made by any other Guarantor in favor of the Agent for the benefit of the Lenders pursuant to Section 7.01(b) or otherwise.

"Handle" means any manner of generating, accumulating, storing, treating, disposing of, transporting, transferring, labeling, handling, manufacturing or using, as any of such terms may further be defined in any Environmental Law, of any Hazardous Materials.

"Hazardous Material" shall include, without regard to amount and/or concentration (i) any element, compound, or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substances, extremely hazardous substance or chemical under Environmental Laws; (ii) any wastes regulated, defined, listed or otherwise classified by Environmental Laws, including but not limited to hazardous waste, agricultural wastes, biological waste, medical waste, biohazardous or infectious waste, special waste, recyclable materials, sludge, used oils, construction and demolition debris and solid waste; (iii) petroleum, petroleum-based or petroleum-derived products; (iv) polychlorinated biphenyls; (v) any substance exhibiting a hazardous waste characteristic including but not limited to corrosivity, ignitibility, toxicity or reactivity as well as any radioactive or explosive materials; and (vi) any raw materials, building components, including but not limited to asbestos-containing materials and manufactured products containing Hazardous Materials.

"Hedging Agreement" means any interest rate, foreign currency, commodity or equity swap, collar, cap, floor or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including, without limitation, any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements), and any confirmation executed in connection with any such agreement or arrangement.

"Highest Lawful Rate" means, with respect to the Agent or any Lender, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Obligations under laws applicable to the Agent or such Lender which are currently in effect or, to the extent allowed by law, under

such applicable laws which may hereafter be in effect and which allow a higher maximum non-usurious interest rate than applicable laws now allow.

"Inactive Subsidiaries" means the Subsidiaries of the Parent listed on Schedule 1.01(D).

"Indebtedness" means, with respect to any Person, without duplication, (i) all indebtedness of such Person for borrowed money; (ii) all obligations of such Person for the deferred purchase price of property or services (other than trade payables or other accounts payable incurred in the ordinary course of such Person's business and not outstanding for more than 90 days after the date such payable was created); (iii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or upon which interest payments are customarily made; (iv) all reimbursement, payment or other obligations and liabilities of such Person created or arising under any conditional sales or other title retention agreement with respect to property used and/or acquired by such Person, even though the rights and remedies of the lessor, seller and/or lender thereunder may be limited to repossession or sale of such property; (v) all Capitalized Lease Obligations of such Person; (vi) all obligations and liabilities, contingent or otherwise, of such Person, in respect of letters of credit, acceptances and similar facilities; (vii) all obligations and liabilities, calculated on a basis satisfactory to the Agent and in accordance

with accepted practice, of such Person under Hedging Agreements; (viii) all Contingent Obligations; (ix) liabilities incurred under Title IV of ERISA with respect to any plan (other than a Multiemployer Plan) covered by Title IV of ERISA and maintained for employees of such Person or any of its ERISA Affiliates; (x) withdrawal liability incurred under ERISA by such Person or any of its ERISA Affiliates with respect to any Multiemployer Plan; and (xi) all obligations referred to in clauses (i) through (x) of this definition of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien upon property owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness. The Indebtedness of any Person shall include the Indebtedness of any partnership of or joint venture in which such Person is a general partner or a joint venturer.

"Indemnified Matters" has the meaning specified therefor in Section 12.15.

"Indemnitees" has the meaning specified therefor in Section 12.15.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, or extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

"Intellectual Property" means all foreign and domestic (i) trademarks, service marks, brand names, certification marks, collective marks, d/b/a's, Internet domain names, logos, symbols, trade dress, assumed names, fictitious names, trade names, and other indicia of origin, all applications and registrations for all of the foregoing, and all goodwill associated therewith and symbolized thereby, including without limitation all extensions, modifications and renewals of same; (ii) inventions, discoveries and ideas, whether patentable or not, and all patents, registrations, and applications therefor, including without limitation divisions, continuations, continuations-in-part and renewal applications, and including without limitation renewals, extensions and reissues; (iii) confidential and proprietary information, trade secrets and know-

how, including without limitation processes, schematics, databases, formulae, drawings, prototypes, models, designs and customer lists (collectively, "Trade Secrets"); (iv) published and unpublished works of authorship, whether copyrightable or not, copyrights therein and thereto, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; and (v) all other intellectual property or proprietary rights and claims or causes of action arising out of or related to any infringement, misappropriation or other violation of any of the foregoing, including without limitation rights to recover for past, present and future violations thereof.

"Intercompany Subordination Agreement" means an Intercompany Subordination Agreement made by a Loan Party in favor of the Agent for the benefit of the Lenders, substantially in the form of Exhibit K.

"Intercreditor Agreement" means the Intercreditor and Lien Subordination Agreement, substantially in the form of Exhibit E, by and between the Agent and the Revolving Credit Agent and acknowledged by the Loan Parties.

"Interest Period" means, with respect to any LIBOR Loan, the period commencing on the borrowing date or the date of any continuation of such LIBOR Loan, as the case may be, and ending three months thereafter, provided that (i) each Interest Period shall begin on the first day of a month and end on the last day of a month, provided that the initial Interest Period shall commence on the Effective Date and end on the last day of the third month immediately succeeding the Effective Date, (ii) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business

Day, unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (iii) no Interest Period for any LIBOR Loan shall end after the Term A Maturity Date, and (iv) no more than one (1) Interest Period for the Borrowers may exist at any one time.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended (or any successor statute thereto) and the regulations thereunder.

"Inventory" means, with respect to any Person, all goods and merchandise of such Person, including, without limitation, all raw materials, work-in-process, packaging, supplies, materials and finished goods of every nature used or usable in connection with the shipping, storing, advertising or sale of such goods and merchandise, whether now owned or hereafter acquired, and all such other property the sale or other disposition of which would give rise to an Account Receivable or cash.

"Joinder Agreement" shall have the meaning specified therefor in Section 2.01(c).

"Judgment Currency" has the meaning specified therefor in Section 11.06.

"L/C Issuer" means Fleet National Bank.

"Lease" means any lease of real property to which any Loan Party or any of its Subsidiaries is a party as lessor or lessee.

"Lender" has the meaning specified therefor in the preamble hereto.

"Liabilities" has the meaning specified therefor in Section 2.07.

"LIBOR" means, with respect to each day during each Interest Period pertaining to a LIBOR Loan, the rate of interest quoted by the British Bankers' Association as set forth on Bloomberg page BBAM (or such other display page on the Bloomberg system as may replace display page BBAM), two Business Days prior to such Interest Period as the "London Interbank Offered Rate" applicable to three months. In the event that the Bloomberg system is not operative or is otherwise not accessible by the Agent or the "London Interbank Offered Rate" is no longer quoted therein, LIBOR shall be the rate determined by the Agent to be the rate at which deposits in Dollars are offered by the Reference Bank to first class banks in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations in respect of its eurodollar loans are then being conducted at approximately 11:00 a.m. (New York City time), two Business Days prior to the beginning of such Interest Period, in an amount approximately equal to the principal amount of the LIBOR Loan to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"LIBOR Rate" means, for each Interest Period for each LIBOR Loan, the rate per annum determined by the Agent (rounded upwards if necessary, to the next 1/16%) by dividing (a) LIBOR for such Interest Period by (b) 100% minus the Reserve Percentage. The LIBOR Rate shall be adjusted on and as of the effective day of any change in the Reserve Percentage.

"LIBOR Loan" means a Term Loan A bearing interest based upon LIBOR.

"Lien" means any mortgage, deed of trust, pledge, lien (statutory or otherwise), security interest, charge or other encumbrance or security or preferential arrangement of any nature, including, without limitation, any conditional sale or title retention arrangement, any Capitalized Lease and any assignment, deposit arrangement or financing lease intended as, or having the effect of, security.

"Loan Account" means an account maintained hereunder by the Agent on

its books of account at the Payment Office and, with respect to the Borrowers, in which the Borrowers will be charged with all Loans made to, and all other Obligations incurred by, the Borrowers.

"Loan Document" means this Agreement, any Guaranty, any Security Agreement, any Pledge Agreement, any Control Agreement, any Mortgage, any Environmental Indemnity Agreement, the Canadian Security Documents, any UCC Filing Authorization Letter, the Contribution Agreement, the Intercompany Subordination Agreement, the Intercreditor Agreement, the Cash Collateral Control Agreement, the Custodian Agreement and any other agreement, instrument, and other document executed and delivered pursuant hereto or thereto or otherwise evidencing or securing any Loan or any other Obligation.

"Loan Party" means any Borrower and any Guarantor.

"Loans" means the Term Loan A and the Term Loan B made by the Lenders to the Borrowers pursuant to Article II hereof.

"Material Adverse Effect" means a material adverse effect on any of (i) the operations, business, assets, properties, condition (financial or otherwise) or prospects of any Loan Party or the Loan Parties taken as a whole, (ii) the ability of any Loan Party to perform any of its obligations under any Loan Document to which it is a party, (iii) the legality, validity or enforceability of this Agreement or any other Loan Document, (iv) the rights and remedies of the

Agent or any Lender under any Loan Document, or (v) the validity, perfection or priority of a Lien in favor of the Agent for the benefit of the Lenders on any of the Collateral.

"Material Contract" means, with respect to any Person, (i) each Acquisition Document, (ii) each contract or agreement to which such Person or any of its Subsidiaries is a party involving aggregate consideration payable to or by such Person or such Subsidiary of $2,000,000 or more (other than purchase orders in the ordinary course of the business of such Person or such Subsidiary and other than contracts that by their terms may be terminated by such Person or Subsidiary in the ordinary course of its business upon less than 60 days' notice without penalty or premium) and (iii) each other contract or agreement material to the business, operations, condition (financial or otherwise), performance, prospects or properties of such Person or such Subsidiary.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage" means a mortgage (including, without limitation, a leasehold mortgage), deed of trust or deed to secure debt, in recordable form and otherwise in form and substance satisfactory to the Agent, made by a Loan Party in favor of the Agent for the benefit of the Lenders, securing the Obligations and delivered to the Agent pursuant to Section 5.01(d), Section 7.01(b), Section 7.01(o) or otherwise.

"Motor Vehicle Laws" shall mean all Federal (including, the federal government of Canada), state, provincial and local laws, regulations, rules and judicial or agency determinations and orders applicable to the ownership and/or operation of vehicles (including, without limitation, the Rolling Stock), or the business of the transportation of goods by motor vehicle, including, without limitation, laws, regulations, rules and judicial or agency determinations and orders promulgated or administered by the Federal Highway Administration, the Federal Motor Carrier Safety Administration, the National Highway Traffic Safety Administration, the Surface Transportation Board and other state, provincial and local Governmental Authorities with respect to vehicle safety and registration and motor carrier insurance, financial assurance, credit extension, contract carriage, tariff and reporting requirements.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any Loan Party or any of its ERISA Affiliates has contributed to, or has been obligated to contribute, at any time during the preceding six (6) years.

"Net Book Value" means, with respect to any Rolling Stock, the value of such Rolling Stock (as reflected in the general ledger of such Person after customary depreciation and reserves established by such Person in good faith and in accordance with GAAP).

"Net Cash Proceeds" means (i) with respect to any Disposition by any Person or any of its Subsidiaries, the amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of such Person or such Subsidiary, in connection therewith after deducting therefrom only (A) the amount of any Indebtedness secured by any Lien permitted by Section 7.02(a) on any asset (other than Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such Disposition (other than Indebtedness under this Agreement), (B) reasonable expenses related thereto incurred by such Person or such Subsidiary in connection therewith and (C) transfer taxes paid to any taxing

authorities by such Person or such Subsidiary in connection therewith and (ii) with respect to the issuance or incurrence of any Indebtedness by any Person or any of its Subsidiaries, or the sale or issuance by any Person or any of its Subsidiaries of any shares of its Capital Stock, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of such Person or such Subsidiary in connection therewith, after deducting therefrom only (A) reasonable expenses related thereto incurred by such Person or such Subsidiary in connection therewith and (B) transfer taxes paid by such Person or such Subsidiary in connection therewith; in each case of clause (i) and (ii) to the extent, but only to the extent, that the amounts so deducted are (x) actually paid to a Person that, except in the case of reasonable out-of-pocket expenses, is not an Affiliate of such Person or any of its Subsidiaries and (y) properly attributable to such transaction or to the asset that is the subject thereof.

"Notice of Borrowing" has the meaning specified therefor in Section 2.02(a).

"Oak Hill" means Oak Hill Advisors, L.P., a Delaware limited partnership.

"Obligations" means all present and future indebtedness, obligations, and liabilities of each Loan Party to the Agent and the Lenders under the Loan Documents, whether or not the right of payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured, unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 9.01. Without limiting the generality of the foregoing, the Obligations of each Loan Party under the Loan Documents include (a) the obligation to pay principal, interest, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by such Person under the Loan Documents, and (b) the obligation of such Person to reimburse any amount in respect of any of the foregoing that the Agent or any Lender (in its sole discretion) may elect to pay or advance on behalf of such Person.

"Operating Lease Obligations" means all obligations for the payment of rent for any real or personal property under leases or agreements to lease, other than Capitalized Lease Obligations.

"Owned Intellectual Property" has the meaning specified therefor in Section 6.01(w).

"Parent" has the meaning specified therefor in the preamble hereto.

"Participant Register" has the meaning specified therefor in Section 12.07(b)(v).

"Payment Office" means the Agent's office located at 450 Park Avenue, 28/th/ Floor, New York, New York 10022, or at such other office or offices of the Agent as may be designated in writing from time to time by the Agent to the Administrative Borrower.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Permitted Holder" means (i) Alan S. McKim and his heirs, legal representatives and legatees, (ii) the trustees of a trust for the benefit of Mr. McKim, which trust is revocable solely by Mr. McKim, (iii) Mr. McKim's spouse or children, (iv) a trust created for the exclusive

benefit of Mr. McKim's spouse or children or for the exclusive benefit of Mr. McKim and such persons, (v) any charitable trust or foundation qualified under Section 501(c)(3) of the Internal Revenue Code established by Mr. McKim and for which he serves as a trustee or director, and (vi) Ableco, Oak Hill and their respective Affiliates.

"Permitted Indebtedness" means:

(a) any Indebtedness owing to the Agent and any Lender under this Agreement and the other Loan Documents;

(b) any other Indebtedness listed on Schedule 7.02(b), and the extension of maturity, refinancing or modification of the terms thereof; provided, however, that (i) such extension, refinancing or modification is pursuant to terms that are not less favorable to the Loan Parties and the Lenders than the terms of the Indebtedness being extended, refinanced or modified and (ii) after giving effect to such extension, refinancing or modification, the amount of such Indebtedness is not greater than the amount of Indebtedness outstanding immediately prior to such extension, refinancing or modification;

(c) Indebtedness evidenced by Capitalized Lease Obligations entered into in order to finance Capital Expenditures made by the Loan Parties in accordance with the provisions of Section 7.02(g), which Indebtedness, when aggregated with the principal amount of all Indebtedness incurred under this clause (c) and clause (d) of this definition, does not exceed $10,000,000 in the aggregate for all such Indebtedness incurred after the Effective Date;

(d) Indebtedness permitted by clause (e) of the definition of "Permitted Liens";

(e) Indebtedness permitted under Section 7.02(e);

(f) Subordinated Indebtedness;

(g) Revolving Credit Indebtedness in an aggregate principal amount not to exceed at any time outstanding the lower of (i) $100,000,000, and (ii) the aggregate amount available to the Loan Parties under each Borrowing Base (as defined in the Revolving Credit Agreements as in effect on the date hereof) and the lending sublimits set forth in Sections 2.1 and 2.2 of the Revolving Credit Agreement plus ten percent (10%) of such amount available under this clause (ii), provided that the Revolving Credit Agent and the Loan Parties shall have executed and delivered to the Agent the Intercreditor Agreement; and the extension of maturity, replacement, refinancing or modification of the terms thereof, provided that such extension, replacement, refinancing or modification

(x) is pursuant to terms that are not less favorable (as determined in the Agent's discretion) to the Loan Parties and the Lenders than the terms of the Revolving Credit Indebtedness being so extended, replaced, refinanced or modified, (y) is subject to the Intercreditor Agreement or a similar intercreditor agreement having substantially the same terms and conditions as the Intercreditor Agreement and (z) shall not provide for the incurrence of Indebtedness thereunder in excess of $100,000,000 at any time outstanding;

(h) Indebtedness of any Loan Party incurred in connection with the issuance of litigation, environmental, ERISA-related, surety, reclamation, or other performance bonds, in an aggregate principal amount at any one time outstanding for all the Loan Parties not to exceed $50,000,000; and

(i) Indebtedness of any Loan Party incurred in connection with the issuance of letters of credit on behalf of such Loan Party in the ordinary course of business (other than letters of credit issued under the Revolving Credit Agreement the obligations for which constitute Revolving Credit Indebtedness permitted under paragraph (g) above), provided that (i) the aggregate amount of such letters of credit shall not exceed $100,000,000 at any time, (ii) the obligations of the Loan Parties in respect of each letter of credit are fully secured by cash deposited with the issuer of such letter of credit (which cash shall constitute proceeds of the Term Loan A), (iii) the issuer of each letter of credit and the Agent have entered into a deposit account control agreement (including the Cash Collateral Control Agreement), in form and substance satisfactory to the Agent, pertaining to the Agent's Lien on the cash collateralizing such letter of credit, which Lien shall be subject only to the prior Lien of such issuer, and (iv) all interest, dividends and other earnings, income and distributions in respect of the cash collateralizing each such letter of credit shall, in the absence of a continuing Event of Default, be freely withdrawable by the applicable Loan Party.

"Permitted Investments" means (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case, maturing within six months from the date of acquisition thereof; (ii) commercial paper, maturing not more than 270 days after the date of issue rated P-1 by Moody's or A-1 by Standard & Poor's; (iii) certificates of deposit maturing not more than 270 days after the date of issue, issued by commercial banking institutions and money market or demand deposit accounts maintained at commercial banking institutions, each of which is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $500,000,000; (iv) repurchase agreements having maturities of not more than 90 days from the date of acquisition which are entered into with major money center banks included in the commercial banking institutions described in clause (iii) above and which are secured by readily marketable direct obligations of the United States Government or any agency thereof, (v) money market accounts maintained with mutual funds having assets in excess of $2,500,000,000; (vi) tax exempt securities rated A or better by Moody's or A+ or better by Standard & Poor's and (vii) other investments in an aggregate amount at any time outstanding not exceeding $2,000,000 so long as the Agent has a perfected, first priority Lien thereon.

"Permitted Liens" means:

(a) Liens securing the Obligations;

(b) Liens for taxes, assessments and governmental charges the payment of which is not required under Section 7.01(c);

(c) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's and other similar Liens arising (provided they are subordinate to the Agent's Liens on Collateral) in the ordinary course of business and securing obligations (other than Indebtedness for borrowed money) that are not overdue by more than 30 days or are being contested in good faith

and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(d) Liens described on Schedule 7.02(a), but not the extension of coverage thereof to other property or the extension of maturity, refinancing or other modification of the terms thereof or the increase of the Indebtedness secured thereby;

(e) (i) purchase money Liens on equipment acquired or held by any Loan Party or any of its Subsidiaries in the ordinary course of its business to secure the purchase price of such equipment or Indebtedness incurred solely for the purpose of financing the acquisition of such equipment or (ii) Liens existing on such equipment at the time of its acquisition; provided, however, that (A) no such Lien shall extend to or cover any other property of any Loan Party or any of its Subsidiaries, (B) the principal amount of the Indebtedness secured by any such Lien shall not exceed the lesser of 80% of the fair market value or the cost of the property so held or acquired and (C) the aggregate principal amount of Indebtedness incurred after the Effective Date that is secured by any or all such Liens shall not exceed $10,000,000;

(f) deposits and pledges of cash securing (i) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (ii) the performance of bids, tenders, leases, contracts (other than for the payment of money) and statutory obligations or (iii) obligations on surety or appeal bonds, but only to the extent such deposits or pledges are incurred or otherwise arise in the ordinary course of business and secure obligations not past due;

(g) easements, zoning restrictions and similar encumbrances on real property and minor irregularities in the title thereto that do not (i) secure obligations for the payment of money or (ii) materially impair the value of such property or its use by any Loan Party or any of its Subsidiaries in the normal conduct of such Person's business;

(h) Liens granted under the Revolving Credit Documents (as in effect on the date hereof) to secure the Revolving Credit Indebtedness permitted pursuant to subsection (g) of the definition of "Permitted Indebtedness", provided that the Revolving Credit Agent and the Loan Parties shall have executed and delivered to the Agent the Intercreditor Agreement; and

(i) Liens in favor of the issuers of the letters of credit permitted by subsection (i) of the definition of "Permitted Indebtedness" so long as (i) such Liens attach solely to the cash collateralizing such letters of credit and (ii) the issuer of each letter of credit and the Agent have entered into a deposit account control agreement (including the Cash Collateral Control Agreement), in form and substance satisfactory to the Agent, pertaining to the Agent's Lien on such cash, which Lien shall be subject only to the prior Lien of such issuer.

"Person" means an individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other enterprise or entity or Governmental Authority.

"Plan" means any Employee Plan or Multiemployer Plan.

"Pledge Agreement" means a Pledge and Security Agreement made by a Loan Party in favor of the Agent for the benefit of the Lenders, substantially in the form of Exhibit C, securing the Obligations and delivered to the Agent.

"Post-Default Rate" means a rate of interest per annum equal to the rate of interest otherwise in effect from time to time pursuant to the terms of this Agreement plus 3.25%, or, if a

rate of interest is not otherwise in effect, the greater of (i) the Reference Rate plus 7.75% and (ii) 12.50%.

"Pro Rata Share" means:

(a) with respect to a Lender's obligation to make the Term Loan A and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (i) such Lender's Term Loan A Commitment, by (ii) the Total Term Loan A Commitment,

(b) with respect to a Lender's obligation to make the Term Loan B and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (i) such Lender's Term Loan B Commitment, by (ii) the Total Term Loan B Commitment, and

(c) with respect to all other matters (including, without limitation, the indemnification obligations arising under Section 10.05), the percentage obtained by dividing (i) the unpaid principal amount of such Lender's portion of the Loans, by (ii) the aggregate unpaid principal amount of all Loans.

"Rating Agencies" has the meaning specified therefor in Section 2.07.

"Reference Bank" means JPMorgan Chase Bank, its successors or any other commercial bank designated by the Agent to the Administrative Borrower from time to time.

"Reference Rate" means the rate of interest publicly announced by the Reference Bank in New York, New York from time to time as its reference rate, base rate or prime rate. The reference rate, base rate or prime rate is determined from time to time by the Reference Bank as a means of pricing some loans to its borrowers and neither is tied to any external rate of interest or index nor necessarily reflects the lowest rate of interest actually charged by the Reference Bank to any particular class or category of customers. Each change in the Reference Rate shall be effective from and including the date such change is publicly announced as being effective.

"Reference Rate Loan" means a Term Loan A bearing interest based upon the Reference Rate.

"Register" has the meaning specified therefor in Section 12.07(b)(ii).

"Registered" means, with respect to any Intellectual Property, issued, registered, renewed or the subject of a pending application.

"Registered Loan" has the meaning specified therefore in Section 12.07(b)(ii).

"Regulation T", "Regulation U" and "Regulation X" mean, respectively, Regulations T, U and X of the Board or any successor, as the same may be amended or supplemented from time to time.

"Release" means any spilling, leaking, pumping, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping, or disposing of Hazardous Materials (including the abandonment or discarding of barrels, containers or other closed receptacles containing Hazardous Materials) into the environment.

"Related Fund" means, with respect to any Lender or Oak Hill, any Affiliate (other than individuals) of such Person, including, without

limitation, a fund or account managed by such Person or an Affiliate of such Person or its investment manager.

"Remedial Action" means all actions taken to (i) clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Hazardous Materials in the indoor or outdoor environment; (ii) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; or (iv) any other actions authorized by 42 U.S.C. 9601.

"Reportable Event" means an event described in Section 4043 of ERISA (other than an event not subject to the provision for 30-day notice to the PBGC under the regulations promulgated under such Section).

"Required Lenders" means Lenders whose Pro Rata Share of the Loans aggregate at least 51%.

"Reserve Percentage" means, on any day, for any Lender, the maximum percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor Governmental Authority) for determining the reserve requirements (including any basic, supplemental, marginal, or emergency reserves) that are in effect on such date with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities") of that Lender, but so long as such Lender is not required or directed under applicable regulations to maintain such reserves, the Reserve Percentage shall be zero.

"Revolving Credit Agent" means Congress Financial Corporation (New England).

"Revolving Credit Agreement" means the Loan and Security Agreement, dated as of September 6, 2002, by and among the Borrowers, the Guarantors, the Revolving Credit Lenders and the Revolving Credit Agent, as the same may be replaced, renewed or refinanced from time to time in accordance with Section 7.02(m) hereof.

"Revolving Credit Documents" means, collectively, (i) the Revolving Credit Agreement, and (ii) all other agreements, instruments, and other documents executed and delivered pursuant to the foregoing.

"Revolving Credit Indebtedness" means the Indebtedness of the Loan Parties owing to the Revolving Credit Agent and the Revolving Credit Lenders under the Revolving Credit Agreement.

"Revolving Loan Lenders" means the lenders party to the Revolving Credit Agreement.

"Rolling Stock" means all trucks, trailers, tractors, service vehicles, automobiles and other registered mobile equipment.

"Rolling Stock Collateral Custodian" has the meaning specified therefor in Section 8.04(a).

"Sale Order" means the order by the Bankruptcy Court entered into on June 18, 2002 authorizing the Sellers to sell the Acquisition Assets to the Parent and certain of the Borrowers free and clear of all Liens other than the "Permitted Exceptions" (as defined in the Acquisition Agreement).

"SEC" means the Securities and Exchange Commission or any other similar or successor agency of the Federal government administering the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the SEC thereunder,

all as the same shall be in effect from time to time.

"Securitization" has the meaning specified therefor in Section 2.07.

"Securitization Parties" has the meaning specified therefor in Section 2.07.

"Security Agreement" means a Security Agreement made by a Loan Party in favor of the Agent for the benefit of the Lenders, substantially in the form of Exhibit B, securing the Obligations and delivered to the Agent.

"Sellers" means Safety-Kleen Services, Inc., a Delaware corporation, and certain of its domestic Subsidiaries, each as a debtor-in-possession.

"SK Facilities" has the meaning specified therefor in Section 6.01(r).

"SK Rolling Stock " has the meaning specified therefor in Section 5.03(a).

"Solvent" means, with respect to any Person on a particular date, that on such date (i) the fair value of the property of such Person is not less than the total amount of the liabilities of such Person, (ii) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its existing debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (iv) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (v) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"Subordinated Indebtedness" means Indebtedness of any Loan Party the terms of which are satisfactory to the Agent and the Required Lenders and which has been expressly subordinated in right of payment to all Indebtedness of such Loan Party under the Loan Documents (i) by the execution and delivery of a subordination agreement, in form and substance satisfactory to the Agent and the Required Lenders, or (ii) otherwise on terms and conditions (including, without limitation, subordination provisions, payment terms, interest rates, covenants, remedies, defaults and other material terms) satisfactory to the Agent and the Required Lenders.

"Subsidiary" means, with respect to any Person at any date, any corporation, limited or general partnership, limited liability company, trust, estate, association, joint venture or other business entity (i) the accounts of which would be consolidated with those of such Person in such Person's consolidated financial statements if such financial statements were prepared in accordance with GAAP or (ii) of which more than 50% of (A) the outstanding Capital Stock having (in the absence of contingencies) ordinary voting power to elect a majority of the board of directors or other managing body of such Person, (B) in the case of a partnership or limited liability company, the interest in the capital or profits of such partnership or limited liability company or (C) in the case of a trust, estate, association, joint venture or other entity, the beneficial interest in such trust, estate, association or other entity business is, at the time of determination, owned or controlled directly or indirectly through one or more intermediaries, by such Person.

"Technology Systems" means the electronic data processing, business management, information, recordkeeping, communications and telecommunications systems (including all computer programs, software, databases, firmware,

hardware and related documentation) which are used by the Loan Parties in their respective businesses.

"Term A Maturity Date" means September 10, 2005, or such earlier date on which the Term Loan A shall become due and payable in accordance with the terms of this Agreement and the other Loan Documents.

"Term B Maturity Date" means September 10, 2007, or such earlier date on which the Term Loan B shall become due and payable in accordance with the terms of this Agreement and the other Loan Documents.

"Term Loan A" means, collectively, the loans made by the Lenders to the Borrowers on the Effective Date pursuant to Section 2.01(a)(i) and the loans (if any) made by the Additional Lenders to the Borrowers after the Effective Date pursuant to Section 2.01(c)(iii).

"Term Loan A Commitment" means, with respect to each Lender, the commitment of such Lender to make the Term Loan A to the Borrowers in the amount set forth in Schedule 1.01(A) hereto, as the same may be terminated, increased or reduced from time to time in accordance with the terms of this Agreement, including, without limitation, Section 2.01(c).

"Term Loan B" means, collectively, the loans made by the Lenders to the Borrowers on the Term Loan B Effective Date pursuant to Section 2.01(a)(ii) and the loans (if any) made by the Lenders to the Borrowers after the Effective Date pursuant to Section 2.01(c)(iv).

"Term Loan B Commitment" means, with respect to each Lender, the commitment of such Lender to make the Term Loan B to the Borrowers in the amount set forth in Schedule 1.01(A) hereto, as the same may be terminated, increased or reduced from time to time in accordance with the terms of this Agreement, including, without limitation, Section 2.01(c).

"Termination Date" means the date on which all Obligations shall become due and payable in accordance with the terms of this Agreement and the other Loan Documents.

"Termination Event" means (i) a Reportable Event with respect to any Employee Plan, (ii) any event that causes any Loan Party or any of its ERISA Affiliates to incur liability under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 4971 or 4975 of the Internal Revenue Code, (iii) the filing of a notice of intent to terminate an Employee Plan or the treatment of an Employee Plan amendment as a termination under Section 4041 of ERISA, (iv) the institution of proceedings by the PBGC to terminate an Employee Plan, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Employee Plan.

"Title Insurance Policy" means a mortgagee's loan policy of title insurance, on forms and otherwise in form and substance satisfactory to the Agent, together with all endorsements made from time to time thereto, issued by or on behalf of a title insurance company satisfactory to the Agent, insuring the Lien created by a Mortgage in an amount and subject only to such exceptions and otherwise on terms satisfactory to the Agent, delivered to the Agent.

"Total Commitment" means the sum of the Term Loan A Commitments and the Term Loan B Commitments.

"Total Term Loan A Commitment" means the sum of the Term Loan A Commitments.

"Total Term Loan B Commitment" means the sum of the Term Loan B Commitments.

"Transaction Documents" means the Loan Documents and the Acquisition Documents.

"UCC Filing Authorization Letter" means a letter duly executed by each Loan Party authorizing the Agent to file appropriate financing statements on Form UCC-1 without the signature of such Loan Party in such office or offices as may be necessary or, in the opinion of the Agent, desirable to perfect the security interests purported to be created by each Security Agreement, each Pledge Agreement and each Mortgage.

"Uniform Commercial Code" has the meaning specified therefor in Section 1.03.

"WARN" has the meaning specified therefor in Section 6.01(z).

Section 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder",

and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any right or interest in or to assets and properties of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible. References in this Agreement to "determination" by the Agent include good faith estimates by the Agent (in the case of quantitative determinations) and good faith beliefs by the Agent (in the case of qualitative determinations).

Section 1.03 Accounting and Other Terms. Unless otherwise expressly provided herein, each accounting term used herein shall have the meaning given it under GAAP applied on a basis consistent with those used in preparing the Financial Statements. All terms used in this Agreement which are defined in Article 8 or Article 9 of the Uniform Commercial Code as in effect from time to time in the State of New York (the "Uniform Commercial Code") and which are not otherwise defined herein shall have the same meanings herein as set forth therein, provided that terms used herein which are defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as the Agent may otherwise determine.

Section 1.04 Time References. Unless otherwise indicated herein, all references to time of day refer to Eastern Standard Time or Eastern daylight saving time, as in effect in New York City on such day. For purposes of the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to and including"; provided, however, that with respect to a computation of fees or interest payable to the Agent or any Lender, such period shall in any event consist of at least one full day.

ARTICLE II

THE LOANS

Section 2.01 Commitments. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth:

(i) each Lender with a Term Loan A Commitment severally agrees to make its portion of the Term Loan A to the Borrowers on the Effective Date, in the principal amount not to exceed the amount of such Lender's Term Loan A Commitment; and

(ii) each Lender with a Term Loan B Commitment severally agrees to make its portion of the Term Loan B to the Borrowers on the Effective Date, in the principal amount not to exceed the amount of such Lender's Term Loan B Commitment.

(b) Notwithstanding the foregoing, (i) the aggregate principal amount of the Term Loan A made on the Effective Date shall not exceed the Total Term Loan A Commitment and (ii) the aggregate principal amount of the Term Loan B made on the Effective Date shall not exceed the Total Term Loan B Commitment. Any principal amount of the Loans which is repaid or prepaid may not be reborrowed.

(c) (i) Notwithstanding anything to the contrary contained in this Agreement, the Borrowers may request that the Term Loan A be increased (the "Commitment Increase") by up to $25,000,000 in the aggregate. Such Commitment Increase shall be effected as follows: the Borrowers may arrange for one or more banks or financial institutions not a party hereto (an "Additional Lender") to become parties to and Lenders under this Agreement, provided that (A) the Agent shall have consented to such Additional Lender, such consent not to be unreasonably withheld, (B) if the aggregate amount of such Commitment Increase equals or is less than $20,000,000, the Borrowers shall, on the effective date of such Commitment Increase, repay no less than $5,000,000 of the outstanding principal amount of the Term Loan A held by Ableco, Oak Hill and their respective Related Funds (which repayment (x) shall be allocated among Ableco, Oak Hill and their respective Related Funds in accordance with their Pro Rata Shares of the Term Loan A and (y) may be effected by applying the proceeds of the additional Term Loan B referenced in Section 2.01(c)(iv)) and (C) if the aggregate amount of such Commitment Increase exceeds $20,000,000, then immediately prior to the effective date of such Commitment Increase, the aggregate outstanding principal amount of the Term Loan A owing to Ableco, Oak Hill and their respective Related Funds shall not exceed $50,000,000. Notwithstanding anything contained in this Agreement to the contrary, no Lender shall have any obligation whatsoever to increase the amount of its Term Loan A Commitment.

(ii) Any Additional Lender that is willing to become a party hereto and a Lender hereunder and that has been approved by the Agent shall enter into a joinder agreement with the Loan Parties and the Agent, substantially in the form of Exhibit G hereto (a "Joinder Agreement"), which agreement shall specify, among other things, the Term Loan A Commitment of such Additional Lender hereunder. When such Additional Lender becomes a Lender hereunder as set forth in the Joinder Agreement, Schedule 1.01(A) shall, without further action, be deemed to have been amended as appropriate to reflect the Term Loan A Commitment of such Additional Lender. Upon the execution by the Agent, the Loan Parties and such Additional Lender of such Joinder Agreement, such Additional Lender shall become and be deemed a Lender for all purposes of this Agreement and the other Loan Documents and shall enjoy all rights and assume all obligations of the Lenders set forth in this Agreement and the other Loan Documents, and its Term Loan A Commitment shall be the amount specified in its Joinder Agreement.

(iii) In no event shall the Term Loan A Commitment of an Additional Lender become effective until the Agent shall have received such agreements, instruments, approvals, legal opinions and other documents as the Agent shall reasonably request. On the effective date set forth in the

Joinder Agreement, the Additional Lender will, subject to the terms of this Agreement, make a Term Loan A to the Borrowers in the principal amount of its Term Loan A Commitment and such Term Loan A shall constitute a Loan for all purposes of this Agreement and the other Loan Documents.

(iv) In connection with any Commitment Increase, each of Ableco, Oak Hill and their respective Affiliates (including any funds or accounts managed by the same investment advisor as Ableco or Oak Hill, as applicable) shall have the option to increase the principal amount of the Term Loan B by up to $5,000,000 in the aggregate. On the effective date of the Commitment Increase, if Ableco, Oak Hill or any of their respective Affiliates (including any funds or accounts managed by the same investment advisor as Ableco or Oak Hill, as applicable) elect to make an additional Term Loan B to the Borrowers in accordance with the immediately preceding sentence, (A) Schedule 1.01(A) shall, without further action, be

deemed to have been amended as appropriate to reflect the increase of such Lender's Term Loan B Commitment and (B) such Lender will, subject to the terms of this Agreement, make an additional Term Loan B to the Borrowers in the principal amount equal to the increase in its Term Loan B Commitment and such additional Term Loan B shall constitute a Loan for all purposes of this Agreement and the other Loan Documents.

Section 2.02 Making the Loans. (a) The Administrative Borrower shall give the Agent prior telephonic notice (immediately confirmed in writing, in substantially the form of Exhibit D hereto (a "Notice of Borrowing")), not later than 12:00 noon (New York City time) on the date which is five (5) Business Days prior to the date of the proposed Loan (or such shorter period as the Agent is willing to accommodate from time to time, but in no event later than 12:00 noon (New York City time) on the borrowing date of the proposed Loan). Such Notice of Borrowing shall be irrevocable and shall specify (i) the principal amount of the proposed Loan, (ii) the use of the proceeds of such proposed Loan, and (iii) the proposed borrowing date, which must be a Business Day, and, with respect to the Loans (other than the Loans made pursuant to Section 2.01(c)), must be the Effective Date. The Agent and the Lenders may act without liability upon the basis of written, telecopied or telephonic notice believed by the Agent in good faith to be from the Administrative Borrower (or from any Authorized Officer thereof designated in writing purportedly from the Administrative Borrower to the Agent). Each Borrower hereby waives the right to dispute the Agent's record of the terms of any such telephonic Notice of Borrowing. The Agent and each Lender shall be entitled to rely conclusively on any Authorized Officer's authority to request a Loan on behalf of the Borrowers until the Agent receives written notice to the contrary. The Agent and the Lenders shall have no duty to verify the authenticity of the signature appearing on any written Notice of Borrowing.

(b) Each Notice of Borrowing pursuant to this Section 2.02 shall be irrevocable and the Borrowers shall be bound to make a borrowing in accordance therewith.

(c) Subject to Section 2.01(c), all Loans under this Agreement shall be made by the Lenders simultaneously and proportionately to their Pro Rata Shares of the Total Term Loan A Commitment and the Total Term Loan B Commitment, as the case may be, it being understood that no Lender shall be responsible for any default by any other Lender in that other Lender's obligations to make a Loan requested hereunder, nor shall the Commitment of any Lender be increased or decreased as a result of the default by any other Lender in that other Lender's obligation to make a Loan requested hereunder, and each Lender shall be obligated to make the Loans required to be made by it by the terms of this Agreement regardless of the failure by any other Lender.

Section 2.03 Repayment of Loans; Evidence of Debt. (a) The

outstanding principal of the Term Loan A shall be due and payable on the Term A Maturity Date. The outstanding principal of the Term Loan B shall be due and payable on the Term B Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the

amount of any sum received by the Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrowers shall execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in a form furnished by the Agent and reasonably acceptable to the Administrative Borrower. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 12.07) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.04 Interest. (a) Term Loan A. The Term Loan A shall be a LIBOR Loan, except as otherwise provided in Section 2.09. The portion of the Term Loan A that is a LIBOR Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the Term Loan A until such principal amount becomes due, at a rate per annum equal to the LIBOR Rate for the Interest Period in effect for such portion of the Term Loan A plus 7.25%. The portion of the Term Loan A that is a Reference Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the Term Loan A until such principal amount becomes due, at a rate per annum equal to the Reference Rate plus 4.50%.

(b) Term Loan B. The Term Loan B shall bear interest on the principal amount thereof from time to time outstanding, from the date of the Term Loan B until such principal amount becomes due, at a rate per annum equal to 22%; provided, however, that, so long as no Event of Default has occurred and is continuing, interest on the outstanding principal amount of the Term Loan B at a per annum rate equal to 11% shall, in the absence of an election by the Administrative Borrower to pay such interest in cash, be paid by capitalizing such interest and adding such capitalized interest to the then outstanding principal amount of the Term Loan B. Any interest to be capitalized shall be capitalized on the date such interest is to be paid pursuant to Section 2.04(d) and added to the then outstanding principal amount of the Term Loan B and thereafter shall bear interest as provided hereunder as if it had originally been part of the outstanding principal of the Term Loan B.

(c) Default Interest. To the extent permitted by law, upon the occurrence and during the continuance of an Event of Default, the principal of, and all accrued and unpaid interest on, all Loans, fees, indemnities, any

other Obligations of the Loan Parties under this Agreement and the other Loan Documents, shall bear interest, from the date such Event of Default occurred until the date such Event of Default is cured or waived in writing in accordance herewith, at a rate per annum equal at all times to the Post-Default Rate.

(d) Interest Payment. Interest on each Loan (other than capitalized interest) shall accrue and be payable (in the manner described in Section 4.02) monthly, in

arrears, on the first day of each month, commencing on the first day of the month following the month in which such Loan is made and at maturity (whether upon demand, by acceleration or otherwise). Interest at the Post-Default Rate shall be payable on demand. Each Borrower hereby authorizes the Agent to, and the Agent may, from time to time, charge the Loan Account pursuant to Section 4.02 with the amount of any interest payment due hereunder.

(e) General. All interest shall be computed on the basis of a year of 360 days for the actual number of days, including the first day but excluding the last day, elapsed.

Section 2.05 Term Loan Commitments; Prepayment of Loans.

(a) Commitment Increase. The amount of the Total Term Loan A Commitment and the Total Term Loan B Commitment shall increase solely in accordance with the terms of Section 2.01(c).

(b) Optional Prepayment.

(i) Term Loan A. The Borrowers may, upon at least five (5) Business Days' prior written notice to the Agent, prepay the principal of the Term Loan A, in whole but not in part. Any prepayment made pursuant to this clause (b)(i) shall be accompanied by the payment of accrued interest to the date of such payment on the amount prepaid together with the payment of the applicable Early Termination Fee.

(ii) Term Loan B. The Borrowers may, upon at least five (5) Business Days' prior written notice to the Agent, prepay the principal of the Term Loan B, in whole but not in part. Any prepayment made pursuant to this clause (b)(ii) shall be accompanied by the payment of accrued interest to the date of such payment on the amount prepaid together with the payment of the applicable Early Termination Fee.

(c) Mandatory Prepayment.

(i) Immediately upon any Disposition by any Loan Party or its Subsidiaries pursuant to Section 7.02(c)(ii), the Borrowers shall prepay the outstanding principal amount of the Term Loan A (or, if the Term Loan A has been paid in full, the Term Loan B) in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with such Disposition to the extent that the aggregate amount of Net Cash Proceeds received by all Loan Parties and their Subsidiaries (and not paid to the Agent as a prepayment of the Loans) shall exceed, for all such Dispositions since the Effective Date, $500,000. Nothing contained in this subsection (ii) shall permit any Loan Party or any of its Subsidiaries to make a Disposition of any property other than in accordance with Section 7.02(c)(ii).

(ii) Upon the issuance or incurrence by any Loan Party or any of its Subsidiaries of any Indebtedness referred to in clause (f) of the definition of "Permitted Indebtedness", or the sale or issuance by any Loan Party or any of its Subsidiaries of any shares of its Capital Stock (other than the issuance or sale of such shares permitted under Section 7.02(l)), the Borrowers shall prepay the outstanding amount of the Term Loan A (or if the Term Loan A has been paid in full, the Term Loan B) in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection therewith. The

provisions of this subsection (iii)

shall not be deemed to be implied consent to any such issuance, incurrence or sale otherwise prohibited by the terms and conditions of this Agreement.

(iii) Upon the receipt by any Loan Party or any of its Subsidiaries of any Extraordinary Receipts (other than Extraordinary Receipts comprising insurance proceeds) in an aggregate amount greater than $100,000 or Extraordinary Receipts comprising insurance proceeds, in each case since the Effective Date, the Borrowers shall prepay the outstanding principal of the Term Loan A (or, if the Term Loan A has been repaid in full, the Term Loan B) in an amount equal to 100% of such Extraordinary Receipts, net of any reasonable expenses incurred in collecting such Extraordinary Receipts, provided that:

(A) in the case of Extraordinary Receipts comprising proceeds of business interruption insurance or foreign, United States, state or local tax refunds, such Extraordinary Receipts shall be applied to prepay the Loans in accordance with this Section 2.05(c)(iii) only in the event a Default or Event of Default has occurred and is continuing on the date such Extraordinary Receipts are received by such Loan Party; and

(B) except during the continuance of a Default or Event of Default, Extraordinary Receipts comprising insurance proceeds that are not otherwise subject to clause (A) above shall not be required to be so prepaid on the date such proceeds are received by such Loan Party to the extent (I) such proceeds are used to replace or restore the properties or assets used in such Person's business in respect of which such proceeds were paid if the Administrative Borrower delivers a certificate to the Agent within 30 days of such event stating that such proceeds shall be used to replace or restore any such properties or assets to be used in such Person's business within a period specified in such certificate not to exceed 180 days after the receipt of such proceeds (which certificate shall set forth estimates of the proceeds to be so expended) and (II) such proceeds are deposited in a deposit account subject to a Control Agreement. If all or any portion of such proceeds not so applied to the prepayment of the Term Loans are not so used within the period specified in the relevant certificate furnished pursuant hereto (not to exceed 180 days), such remaining portion shall prepay the outstanding principal of the Loans on the last day of such specified period. In addition, upon the occurrence and during the continuance of an Event of Default, the Agent may apply such proceeds to the prepayment of the Loans.

(iv) Upon the occurrence of a Change of Control under paragraph (a) of the definition of the term "Change of Control", the Borrowers shall, upon demand from the Agent, prepay the outstanding principal of the Term Loan A and the Term Loan B. Any prepayment made pursuant to this clause (c)(iv) shall be accompanied by the payment of accrued interest to the date of such payment on the amount prepaid together with the payment of a prepayment fee equal to 1% of the principal amount of the Term Loan B so prepaid, and each Lender holding a Term Loan B shall be entitled to receive its ratable portion of such prepayment fee pursuant to Section 4.02.

(d) Application of Payments. Each prepayment pursuant to subsections (c)(i), (c)(ii) and (c)(iii) above shall be applied, first, to the Term Loan A, and second, to the Term Loan B.

(e) Interest and Fees. Any prepayment made pursuant to this Section 2.05 shall be accompanied by accrued interest on the principal amount being prepaid to the date of prepayment, and if such prepayment would reduce the amount of the outstanding Loans to zero, such prepayment shall be accompanied by the payment of all fees accrued to such date pursuant to Section 2.06.

(f) Cumulative Prepayments. Except as otherwise expressly provided in this Section 2.05, payments with respect to any subsection of this Section 2.05 are in addition to payments made or required to be made under any other subsection of this Section 2.05.

Section 2.06 Fees.

(a) Funding Fee. The Borrowers shall pay to the Agent for the account of the Lenders, in accordance with their Pro Rata Shares of any additional Term Loan B made after the Effective Date in accordance with Section 2.01(c)(iv), a non-refundable funding fee (the "Funding Fee") equal to 2% of the aggregate original principal amount of such additional Term Loan B, which shall be deemed fully earned when paid and shall be payable on the date of the making of such additional Term Loan B.

Section 2.07 Securitization. The Loan Parties hereby acknowledge that the Lenders and their Affiliates may sell or securitize the Loans (a "Securitization") through the pledge of the Loans as collateral security for loans to the Lenders or their Affiliates or through the sale of the Loans or the issuance of direct or indirect interests in the Loans, which loans to the Lenders or their Affiliates or direct or indirect interests will be rated by Moody's, Standard & Poor's or one or more other rating agencies (the "Rating Agencies"). The Loan Parties shall cooperate with the Lenders and their Affiliates to effect the Securitization including, without limitation, by (a) amending this Agreement and the other Loan Documents, and executing such additional documents, as reasonably requested by the Lenders in connection with the Securitization, provided that (i) any such amendment or additional documentation does not impose material additional costs on the Loan Parties and (ii) any such amendment or additional documentation does not materially adversely affect the rights, or materially increase the obligations, of the Loan Parties under the Loan Documents or change or affect in a manner adverse to the Loan Parties the financial terms of the Loans, (b) providing such information as may be reasonably requested by the Lenders in connection with the rating of the Loans or the Securitization, and (c) providing in connection with any rating of the Loans a certificate (i) agreeing to indemnify the Lenders and their Affiliates, any of the Rating Agencies, or any party providing credit support or otherwise participating in the Securitization (collectively, the "Securitization Parties") for any losses, claims, damages or liabilities (the "Liabilities") to which the Lenders, their Affiliates or such Securitization Parties may become subject insofar as the Liabilities arise out of or are based upon any untrue statement of any material fact contained in any Loan Document or in any writing delivered by or on behalf of any Loan Party to the Lenders in connection with any Loan Document or arise out of or are based upon the omission to state therein a material fact required to be stated therein, or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and such indemnity shall survive any transfer by the Lenders or their successors or assigns of the Loans and (ii) agreeing to reimburse the Lenders and their Affiliates for any legal or other expenses reasonably incurred by such Persons in connection with defending the Liabilities.

Section 2.08 Taxes. (a) All payments made by any Loan Party hereunder or under any other Loan Document shall be made without set-off, counterclaim, deduction or other

defense. All such payments shall be made free and clear of and without deduction for any present or future income, franchise, sales, use, excise, stamp or other taxes, levies, imposts, deductions, charges, fees, withholdings, restrictions or

conditions of any nature now or hereafter imposed, levied, collected, withheld or assessed by any jurisdiction (whether pursuant to Federal, state, local or foreign law) or by any political subdivision or taxing authority thereof or therein, and all interest, penalties or additional amounts, excluding taxes on the net income of any Lender or the Agent imposed by the jurisdiction in which such Lender or the Agent is organized or any political subdivision thereof or taxing authority thereof or any jurisdiction in which such Person's principal office is located or any political subdivision thereof or taxing authority thereof (such nonexcluded taxes, levies, imposts, deductions, charges, fees, withholdings, restrictions, conditions, interest, penalties and additional amounts being hereinafter collectively referred to as "Taxes"). If any Loan Party shall be required to deduct or to withhold any Taxes from or in respect of any amount payable hereunder or under any other Loan Document,

(i) the amount so payable shall be increased so that after making all required deductions and withholdings (including Taxes on amounts payable pursuant to this sentence) the Lenders or the Agent, as the case may be, receive an amount equal to the sum they would have received had no such deduction or withholding been made,

(ii) such Loan Party shall make such deduction or withholding,

(iii) such Loan Party shall pay the full amount deducted or withheld to the relevant taxation authority in accordance with applicable law, and

(iv) as promptly as possible thereafter, such Loan Party shall send the Lenders and the Agent an official receipt (or, if an official receipt is not available, such other documentation as shall be satisfactory to the Lenders or the Agent, as the case may be) evidencing payment of the amount or amounts so deducted or withheld. In addition, each Loan Party agrees to pay any present or future taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery, performance, recordation or filing of, or otherwise with respect to, this Agreement or any other Loan Document other than the foregoing excluded taxes (hereinafter referred to as "Other Taxes").

(b) The Loan Parties hereby jointly and severally indemnify and agree to hold the Lenders and the Agent harmless from and against Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.08) paid by any Lender or the Agent and any liability (including penalties, interest and expenses for nonpayment, late payment or otherwise) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Such indemnification shall be paid within 10 days from the date on which any such Lender or the Agent makes written demand therefor, which demand shall identify in reasonable detail the nature and amount of such Taxes or Other Taxes.

(c) Each Lender that is organized in a jurisdiction outside the United States hereby agrees that it shall, no later than the Effective Date or, in the case of a Lender which becomes a party hereto pursuant to Section 12.07 hereof after the Effective Date, the date upon which such Lender becomes a party hereto (and from time to time thereafter upon the reasonable request of the Administrative Borrower or the Agent, but only if such Lender is legally able to do so), deliver to the Administrative Borrower and the Agent either (i) two accurate, complete and signed copies of either (x) U.S. Internal Revenue Service Form W-8ECI

or successor form, or (y) U.S. Internal Revenue Service Form W-8BEN or successor form, in each case, indicating that such Lender is on the date of delivery thereof entitled to receive payments of interest hereunder free from, or subject to a reduced rate of, withholding of United States Federal income tax or (ii) in

the case of such a Lender that is entitled to claim exemption from withholding of United States Federal income tax under Section 871(h) or Section 881(c) of the Internal Revenue Code, (x) a certificate to the effect that such Lender is (A) not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (B) not a "10 percent shareholder" of the Parent within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code and (C) not a controller foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Internal Revenue Code and (y) two accurate, complete and signed copies of U.S. Internal Revenue Service Form W-8BEN or successor form.

(d) If any Loan Party fails to perform any of its obligations under this Section 2.08, the Loan Parties shall indemnify the Lenders and the Agent for any taxes, interest or penalties that may become payable as a result of any such failure. The obligations of the Loan Parties under this Section 2.08 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.09 LIBOR Not Determinable; Illegality or Impropriety. (a) In the event, and on each occasion, that on or before the day on which LIBOR is to be determined in connection with the continuation of a LIBOR Loan as such or a conversion of a Reference Rate Loan into a LIBOR Loan pursuant to Section 2.11 hereof, the Agent has determined in good faith that, or has been advised by the Required Lenders that, (i) LIBOR cannot be reasonably determined for any reason, (ii) LIBOR will not adequately and fairly reflect the cost of maintaining LIBOR Loans or (iii) Dollar deposits in the principal amount of the applicable LIBOR Loans are not available in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations in respect of the Lenders' LIBOR Loans are then being conducted, the Agent shall, as soon as practicable thereafter, give written notice of such determination to the Administrative Borrower and the other Lenders. In the event of any such determination, any request by the Administrative Borrower to continue a LIBOR Loan or to convert a Reference Rate Loan into a LIBOR Loan pursuant to Section 2.11 shall, until, (i) in the case of such a determination by the Required Lenders, the Agent has been advised by the Required Lenders and the Agent has so advised the Administrative Borrower that, or (ii) in the case of a determination by the Agent, the Agent has advised the Administrative Borrower and the other Lenders that, the circumstances giving rise to such notice no longer exist, be deemed to be a request for a Reference Rate Loan. Each determination by the Agent and/or the Required Lenders hereunder shall be conclusive and binding absent manifest error.

(b) In the event that it shall be unlawful or improper for any Lender to make, maintain or fund any LIBOR Loan as contemplated by this Agreement, then such Lender shall forthwith give notice thereof to the Agent and the Administrative Borrower describing such illegality or impropriety in reasonable detail. Effective immediately upon the giving of such notice, the obligation of such Lender to continue to make LIBOR Loans shall be suspended for the duration of such illegality or impropriety and, if and when such illegality or impropriety ceases to exist, such suspension shall cease, and such Lender shall notify the Agent and the Administrative Borrower. If any such change shall make it unlawful or improper for any Lender to maintain any outstanding LIBOR Loan as a LIBOR Loan, such Lender shall, upon the happening of such event, notify the Agent and the Administrative Borrower, and the Administrative Borrower shall immediately, or if permitted by applicable law, rule, regulation,

order, decree, interpretation, request or directive, at the end of the then current Interest Period for such LIBOR Loan, convert each such LIBOR Loan into a Reference Rate Loan.

Section 2.10 Indemnity. (a) The Borrowers hereby jointly and severally indemnify each Lender against any loss or expense that such Lender actually sustains or incurs (including, without limitation, any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds

acquired by such Lender to fund or maintain any LIBOR Loan, and including loss of anticipated profits) as a consequence of (i) any failure by the Borrowers to fulfill on the date of any borrowing hereunder the applicable conditions set forth in Article V or in any Joinder Agreement, (ii) any failure by the Borrowers to borrow any LIBOR Loan hereunder, to convert any Reference Rate Loan into a LIBOR Loan or to continue a LIBOR Loan as such after notice of such borrowing, conversion or continuation has been given pursuant to Section 2.02 or 2.11 hereof, (iii) any payment, prepayment (mandatory or optional) or conversion of a LIBOR Loan required by any provision of this Agreement or otherwise made on a date other than the last day of the Interest Period applicable thereto, (iv) any default in payment or prepayment of the principal amount of any LIBOR Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, by notice of prepayment or otherwise), or (v) the occurrence of any Event of Default, including, in each such case, any loss (including, without limitation, loss of anticipated profits) or reasonable expense sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a LIBOR Loan. Such loss or reasonable expense shall include but not be limited to an amount equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid or prepaid or converted or continued or not borrowed or converted or continued (based on LIBOR applicable thereto) for the period from the date of such payment, prepayment, conversion, continuation or failure to borrow, convert or continue on the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the last day of the Interest Period for such Loan that would have commenced on the date of such failure to borrow, convert or continue) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in re-employing the funds so paid, prepaid, converted or continued or not borrowed, converted or continued for such Interest Period. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.10 and the basis for the determination of such amount or amounts shall be delivered to the Borrower and shall be conclusive and binding absent manifest error.

(b) Notwithstanding paragraph (a) of this Section 2.10, the Agent will use reasonable efforts to minimize or reduce any such loss or expense resulting from the mandatory prepayments required by Section 2.05 of this Agreement by applying all payments and prepayments to Reference Rate Loans prior to any application of payments to LIBOR Loans.

Section 2.11 Continuation and Conversion of Loans. Subject to Section 2.09 hereof, the Administrative Borrower shall have the right, at any time, on three (3) Business Days' prior irrevocable written or telecopy notice to the Agent, to continue any LIBOR Loan, or any portion thereof, into a subsequent Interest Period or to convert any Reference Rate Loan or portion thereof into a LIBOR Loan, subject to the following:

(a) no LIBOR Loan may be continued as such and no Reference Rate Loan may be converted into a LIBOR Loan, when any Event of Default or Default shall have occurred and be continuing at such time,

(b) in the case of a continuation of a LIBOR Loan as such or a conversion of a Reference Rate Loan into a LIBOR Loan, the aggregate principal amount of such LIBOR Loan shall not be less than $1,000,000 and in multiples of $500,000 if in excess thereof;

(c) any portion of a Loan maturing or required to be repaid in less than one month may not be converted into or continued as a LIBOR Loan; and

(d) if any conversion of a LIBOR Loan shall be effected on a day other than the last day of an Interest Period, the Borrowers shall reimburse each Lender on demand for any loss incurred or to be incurred or to be

incurred by it in the reemployment of the funds released by such conversion as provided in Section 2.10 hereof.

In the event that the Administrative Borrower shall not give notice to continue any LIBOR Loan into a subsequent Interest Period, such Loan shall automatically become a Reference Rate Loan at the expiration of the then current Interest Period.

ARTICLE III

[RESERVED]

ARTICLE IV

FEES, PAYMENTS AND OTHER COMPENSATION

Section 4.01 Audit and Collateral Monitoring Fees. The Borrowers acknowledge that pursuant to Section 7.01(f), representatives of the Agent may visit any or all of the Loan Parties and/or conduct audits, inspections, valuations and/or field examinations of any or all of the Loan Parties at any time and from time to time in a manner so as to not unduly disrupt the business of the Loan Parties. The Borrower agrees to pay (i) $1,500 per day per examiner plus the examiner's out-of-pocket costs and reasonable expenses incurred in connection with all such visits, audits, inspections, valuations and field examinations and (ii) the cost of all visits, audits, inspections, valuations and field examinations conducted by a third party on behalf of the Agent.

Section 4.02 Payments; Computations and Statements. (a) The Borrowers will make each payment under this Agreement not later than 12:00 noon (New York City time) on the day when due, in lawful money of the United States of America and in immediately available funds, to the Agent's Account. All payments received by the Agent after 12:00 noon (New York City time) on any Business Day will be credited to the Loan Account on the next succeeding Business Day. All payments shall be made by the Borrowers without set-off, counterclaim, deduction or other defense to the Agents and the Lenders. Except as provided in Section 2.02, after receipt, the Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal ratably to the Lenders in accordance with their Pro Rata Shares and like funds relating to the payment of any other amount payable to any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement, provided that the Agent will cause to be distributed all interest and fees received from or for the account of the Borrowers not less than once each month and in any event promptly after receipt thereof. The Lenders and the Borrowers hereby authorize the Agent to, and the Agent may, from time to time, charge the Loan Account of the Borrowers with any amount due and payable by the Borrowers under any Loan

Document. Each of the Lenders and the Borrowers agrees that the Agent shall have the right to make such charges whether or not any Default or Event of Default shall have occurred and be continuing. Any amount charged to the Loan Account of the Borrowers shall be deemed a Loan hereunder made by the Lenders to the Borrowers, funded by the Agent on behalf of the Lenders and shall be added to the then outstanding principal amount of the Loans and thereafter shall bear interest as provided hereunder as if it had originally been part of the outstanding principal of the Term Loan B. Whenever any payment to be made under any such Loan Document shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of interest or fees, as the case may be. All computations of fees shall be made by the Agent on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such fees are payable. Each determination by the Agent of an interest rate or fees hereunder shall be conclusive and binding for all purposes in the absence of manifest error.

(b) The Agent shall provide the Administrative Borrower, promptly after the end of each calendar month, a summary statement (in the form from time to time used by the Agent) of the opening and closing daily balances in the Loan Account of the Borrowers during such month, the amounts and dates of all Loans made to the Borrowers, the amounts and dates of all payments on account of the Loans during such month and the Loans to which such payments were applied, the amount of interest accrued on the Loans during such month, specifying the face amount thereof, and the amount and nature of any charges to the Loan Account made during such month on account of fees, commissions, expenses and other Obligations. All entries on any such statement shall be presumed to be correct and, thirty (30) days after the same is sent, shall be final and conclusive absent manifest error.

Section 4.03 Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any Obligation in excess of its ratable share of payments on account of similar obligations obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in such similar obligations held by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender of any interest or other amount paid by the purchasing Lender in respect of the total amount so recovered). The Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Section 4.03 may, to the fullest extent permitted by law, exercise all of its rights (including the Lender's right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of such participation.

Section 4.04 Apportionment of Payments. Subject to Section 2.02 hereof:

(a) all payments of principal and interest in respect of outstanding Loans, all payments of fees (other than the fees set forth in Section 2.06 hereof and the audit and collateral monitoring fee provided for in Section 4.01) and all other payments in respect of any other Obligations, shall be allocated by the Agent among such of the Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein or, in

respect of payments not made on account of Loans, as designated by the Person making payment when the payment is made.

(b) After the occurrence and during the continuance of an Event of Default, the Agent shall apply all payments in respect of any Obligations and all proceeds of the Collateral, subject to the provisions of this Agreement, (i) first, ratably to pay the Obligations in respect of any fees, expense reimbursements, indemnities and other amounts then due to the Agent until paid in full; (ii) second, ratably to pay the Obligations in respect of any fees and indemnities then due to the Lenders until paid in full; (iii) third, ratably to pay interest due in respect of the Term Loan A until paid in full; (iv) fourth, ratably to pay principal of the Term Loan A until paid in full; (v) fifth, ratably to pay interest due in respect of the Term Loan B until paid in full; (vi) sixth, ratably to pay principal of the Term Loan B until paid in full, and (vii) seventh, to the ratable payment of all other Obligations then due and payable.

(c) In each instance, so long as no Event of Default has

occurred and is continuing, Section 4.04(b) shall not be deemed to apply to any payment by the Borrowers specified by the Administrative Borrower to the Agent to be for the payment of Obligations then due and payable under any provision of this Agreement or the prepayment of all or part of the principal of any Loan in accordance with the terms and conditions of Section 2.05.

(d) For purposes of Section 4.04(b), "paid in full" with respect to interest shall include interest accrued after the commencement of any Insolvency Proceeding irrespective of whether a claim for such interest is allowable in such Insolvency Proceeding.

(e) In the event of a direct conflict between the priority provisions of this Section 4.04 and other provisions contained in any other Loan Document, it is the intention of the parties hereto that both such priority provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 4.04 shall control and govern.

Section 4.05 Increased Costs and Reduced Return. (a) If any Lender or the Agent shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty or regulation, or any policy, guideline or directive of, or any change in, the interpretation or administration thereof by, any court, central bank or other administrative or Governmental Authority, or compliance by any Lender or the Agent or any Person controlling any such Lender or the Agent with any directive of, or guideline from, any central bank or other Governmental Authority or the introduction of, or change in, any accounting principles applicable to any Lender or the Agent or any Person controlling any such Lender or the Agent (in each case, whether or not having the force of law), shall (i) subject any Lender or the Agent, or any Person controlling any such Lender or the Agent to any tax, duty or other charge with respect to this Agreement or any Loan made by such Lender or the Agent, or change the basis of taxation of payments to any Lender or the Agent or any Person controlling any such Lender or the Agent of any amounts payable hereunder (except for taxes on the overall net income of any Lender or the Agent or any Person controlling any such Lender or the Agent), (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against any Loan or against assets of or held by, or deposits with or for the account of, or credit extended by, any Lender or the Agent or any Person controlling any such Lender or the Agent or (iii) impose on any Lender or the Agent or any Person controlling any such Lender or the Agent any other condition regarding this Agreement or any Loan, and the result of any event referred to in

clauses (i), (ii) or (iii) above shall be to increase the cost to any Lender or the Agent of making any Loan, or agreeing to make any Loan, or to reduce any amount received or receivable by any Lender or the Agent hereunder, then, upon demand by any such Lender or the Agent, the Borrowers shall pay to such Lender or the Agent such additional amounts as will compensate such Lender or the Agent for such increased costs or reductions in amount.

(b) If any Lender or the Agent shall have determined that any Capital Guideline or the adoption or implementation of, or any change in, any Capital Guideline by the Governmental Authority charged with the interpretation or administration thereof, or compliance by any Lender or the Agent or any Person controlling such Lender or the Agent with any Capital Guideline or with any request or directive of any such Governmental Authority with respect to any Capital Guideline, or the implementation of, or any change in, any applicable accounting principles (in each case, whether or not having the force of law), either (i) affects or would affect the amount of capital required or expected to be maintained by any Lender or the Agent or any Person controlling such Lender or the Agent, and any Lender or the Agent determines that the amount of such capital is increased as a direct or indirect consequence of any Loans made or maintained or any Lender's or the Agent's or any such other controlling Person's other obligations hereunder, or (ii) has or would have the effect of reducing

the rate of return on any Lender's or the Agent's any such other controlling Person's capital to a level below that which such Lender or the Agent or such controlling Person could have achieved but for such circumstances as a consequence of any Loans made or maintained, or any agreement to make Loans, or such Lender's, the Agent's or such other controlling Person's other obligations hereunder (in each case, taking into consideration, such Lender's, the Agent's or such other controlling Person's policies with respect to capital adequacy), then, upon demand by any Lender or the Agent, the Borrowers shall pay to such Lender or the Agent from time to time such additional amounts as will compensate such Lender or the Agent for such cost of maintaining such increased capital or such reduction in the rate of return on such Lender's or the Agent's or such other controlling Person's capital.

(c) All amounts payable under this Section 4.05 shall bear interest from the date that is ten (10) days after the date of demand by any Lender or the Agent until payment in full to such Lender or the Agent at the Reference Rate. A certificate of such Lender or the Agent claiming compensation under this Section 4.05, specifying the event herein above described and the nature of such event shall be submitted by such Lender or the Agent to the Administrative Borrower, setting forth the additional amount due and an explanation of the calculation thereof, and such Lender's or the Agent's reasons for invoking the provisions of this Section 4.05, and shall be final and conclusive absent manifest error.

Section 4.06 Joint and Several Liability of the Borrowers. (a) Notwithstanding anything in this Agreement or any other Loan Document to the contrary, each of the Borrowers hereby accepts joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Agent and the Lenders under this Agreement and the other Loan Documents, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of the other Borrowers to accept joint and several liability for the Obligations. Each of the Borrowers, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including, without limitation, any Obligations arising under this Section 4.06), it being the intention of the parties hereto that all of the Obligations

shall be the joint and several obligations of each of the Borrowers without preferences or distinction among them. If and to the extent that any of the Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other Borrowers will make such payment with respect to, or perform, such Obligation. Subject to the terms and conditions hereof, the Obligations of each of the Borrowers under the provisions of this Section 4.06 constitute the absolute and unconditional, full recourse Obligations of each of the Borrowers, enforceable against each such Person to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement, the other Loan Documents or any other circumstances whatsoever.

(b) The provisions of this Section 4.06 are made for the benefit of the Agent, the Lenders and their successors and assigns, and may be enforced by them from time to time against any or all of the Borrowers as often as occasion therefor may arise and without requirement on the part of the Agent, the Lenders or such successors or assigns first to marshal any of its or their claims or to exercise any of its or their rights against any of the other Borrowers or to exhaust any remedies available to it or them against any of the other Borrowers or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 4.06 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied.

(c) Each of the Borrowers hereby agrees that it will not enforce any of its rights of contribution or subrogation against the other Borrowers with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to the Agent or the Lenders with respect to any of the Obligations or any Collateral, until such time as all of the Obligations have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Agent or the Lenders hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations.

ARTICLE V

CONDITIONS TO LOANS

Section 5.01 Conditions Precedent to Effectiveness. This Agreement shall become effective as of the Business Day (the "Effective Date") when each of the following conditions precedent shall have been satisfied in a manner satisfactory to the Agent:

(a) Payment of Fees, Etc. The Borrowers shall have paid on or before the date of this Agreement all fees, costs, expenses and taxes then payable pursuant to Sections 2.06 and 12.04.

(b) Representations and Warranties; No Event of Default. The following statements shall be true and correct: (i) the representations and warranties contained in Article VI and in each other Loan Document, certificate or other writing delivered to the Agent or any Lender pursuant hereto or thereto on or prior to the Effective Date are true and correct on and as of the Effective Date as though made on and as of such date and (ii) no Default or Event of Default shall have occurred and be continuing on the Effective Date or would result from this

Agreement or the other Loan Documents becoming effective in accordance with its or their respective terms.

(c) Legality. The making of the initial Loans shall not contravene any law, rule or regulation applicable to the Agent or any Lender.

(d) Delivery of Documents. The Agent shall have received on or before the Effective Date the following, each in form and substance satisfactory to the Agent and, unless indicated otherwise, dated the Effective Date:

(i) a Security Agreement, duly executed by each Loan Party;

(ii) a Pledge Agreement, duly executed by each Loan Party, together with the original stock certificates representing all of the common stock of such Loan Party's Subsidiaries and all intercompany promissory notes of such Loan Parties, accompanied by undated stock powers executed in blank and other proper instruments of transfer;

(iii) a Mortgage, duly executed by the applicable Loan Party, with respect to each Facility, except for the Facilities identified in Schedule 5.03(b) (the "Deferred Facilities");

(iv) evidence satisfactory to the Agent and the title insurance company issuing the relevant Title Insurance Policy of the suitability for recording of each Mortgage (other than Mortgages for the Deferred Facilities) in such office or offices as may be necessary or, in the opinion of the Agent, desirable to perfect the Lien purported to be created thereby or to otherwise protect the rights of the Agent and the Lenders thereunder;

(v) a Title Insurance Policy (or marked commitments to issue the same) or, if acceptable to the Agent in its sole discretion, a bring-down of the existing Title Insurance Policy, with respect to each Mortgage (other than Mortgages for the Deferred Facilities), dated as of the Effective Date;

(vi) an ALTA survey of each Facility (other than those Facilities indicated on Schedule 1.01(B) as either not requiring an ALTA survey or as being Deferred Facilities), in form and substance satisfactory to the Agent, and certified to the Agent and to the issuer of the Title Insurance Policy covering such Facility using a form of certification satisfactory to such parties;

(vii) a copy of each letter issued by the applicable State Governmental Authority, or other evidence satisfactory to the Agent, evidencing compliance by each Facility (other than those Facilities indicated on Schedule 1.01(B) as either not requiring such evidence or as being Deferred Facilities) with all applicable building codes, fire codes, other health and safety rules and regulations, parking, density and height requirements and other building, subdivision and zoning laws, orders, rules, regulations and requirements of all governmental or quasi-governmental authorities having jurisdiction (including, without limitation, copies of all applicable certificates of occupancy);

(viii) the Canadian Security Documents, duly executed by the Canadian Loan Parties;

(ix) a UCC Filing Authorization Letter, duly executed by each Loan Party, together with appropriate financing statements on Form UCC-1 duly filed in such office or offices as may be necessary or, in the opinion of the Agent, desirable to perfect the security interests purported to be created by each Security Agreement, each Pledge Agreement and each Mortgage and appropriate PPSA financing statements duly filed in such office or offices as may be necessary or, in the opinion of the Agent, desirable to perfect the security interest purported to be created by each Canadian Mortgage and each Canadian Security Agreement;

(x) certified copies of request for copies of information on Form UCC-11, listing all effective financing statements which name as debtor any Loan Party and which are filed in the offices referred to in paragraph (ix) above, together with copies of such financing statements, none of which, except as otherwise agreed in writing by the Agent, shall cover any of the Collateral and the results of searches for any tax Lien and judgment Lien filed against such Person or its property, which results, except as otherwise agreed to in writing by the Agent, shall not show any such Liens, and certified copies of PPSA search results from the applicable Canadian jurisdiction listing all security interests against any Loan Party and which are filed in the applicable personal property security office of such Canadian jurisdiction and which do not disclose, except as otherwise agreed in writing by the Agent, security interests affecting any of the Collateral;

(xi) a copy of the resolutions of each Loan Party, certified as of the Effective Date by an Authorized Officer thereof, authorizing (A) the borrowings hereunder and the transactions contemplated by the Loan Documents to which such Loan Party is or will be a party, (B) the execution, delivery and performance by such Loan Party of each Loan Document to which such Loan Party is or will be a party and the execution and delivery of the other documents to be delivered by such Person in connection herewith and therewith and (C) the execution, delivery and performance by such Loan Party (to the extent applicable) of each Acquisition Document to which such Loan Party is or will be a party and the execution and delivery of the other documents to be delivered by such Loan Party in connection therewith;

(xii) a certificate of an Authorized Officer of each Loan

Party, certifying the names and true signatures of the representatives of such Loan Party authorized to sign each Loan Document to which such Loan Party is or will be a party and the other documents to be executed and delivered by such Loan Party in connection herewith and therewith, together with evidence of the incumbency of such authorized officers;

(xiii) a certificate of the appropriate official(s) of the state of organization and each state of foreign qualification of each Loan Party certifying as to the subsistence in good standing of, and (to the extent available in the applicable jurisdiction) the payment of taxes by, such Loan Party in such states, which certificates shall be certified as of a recent date not more than 30 days prior to the Effective Date;

(xiv) a certificate as of a recent date not more than 30 days prior to the Effective Date by an appropriate official of the state of organization of such Loan Party which shall set forth the same complete name of such Loan Party as is set forth herein and the organizational number of such Loan Party, if an organized number is issued in such jurisdiction, and a list of the charter, certificate of formation, certificate of limited partnership or other publicly filed organizational documents of such Loan Party, together with a copy of each such

document certified (but not necessarily within 30 days prior to the Effective Date) by such official;

(xv) a copy of the charter and by-laws, limited liability company agreement, operating agreement, agreement of limited partnership or other organizational document of each Loan Party, together with all amendments thereto, certified as of the Effective Date by an Authorized Officer of such Loan Party;

(xvi) (A) an opinion of Davis Malm & D'Agostine, P.C., Massachusetts counsel to the Loan Parties, substantially in the form of Exhibit F-1 and as to such other matters as the Agent may reasonably request, and (B) an opinion of McCarthy Tetrault LLP, Canadian counsel to the Loan Parties, substantially in the form of Exhibit F-2 and as to such other matters as the Agent may reasonably request, and (C) a copy of the opinion of Blaney McMurty LLP, Canadian counsel to the Sellers' Canadian Subsidiaries subject to the Acquisition, delivered to the Loan Parties pursuant to the Acquisition Documents, which shall expressly provide that the Agent and the Lenders may rely thereon;

(xvii) a certificate of an Authorized Officer of each Loan Party, certifying as to the matters set forth in subsection (b) of this Section 5.01;

(xviii) a copy of the Financial Statements and the financial projections described in Section 6.01(g)(ii) hereof, certified (in the case of those Financial Statements and financial projections of the Parent and its Subsidiaries) as of the Effective Date as true and correct by an Authorized Officer of the Parent;

(xix) a certificate of the chief financial officer of the Parent, setting forth in reasonable detail the calculations required to establish compliance, on a pro forma basis after giving effect to the Loans, with each of the financial covenants contained in Section 7.03;

(xx) a certificate of the chief financial officer of each Loan Party, certifying as to the solvency of such Loan Party, which certificate shall be satisfactory in form and substance to the Agent;

(xxi) evidence of the insurance coverage required by Section 7.01 and the terms of each Security Agreement and each Mortgage and such other insurance coverage with respect to the business and operations of the Loan

Parties as the Agent may reasonably request, in each case, where requested by the Agent, with such endorsements as to the named insureds or loss payees thereunder as the Agent may request and providing that such policy may be terminated or canceled (by the insurer or the insured thereunder) only upon 30 days' prior written notice to the Agent and each such named insured or loss payee, together with evidence of the payment of all premiums due in respect thereof for such period as the Agent may request;

(xxii) a certificate of an Authorized Officer of the Administrative Borrower, certifying the names and true signatures of the persons that are authorized to provide Notices of Borrowing and all other notices under this Agreement and the other Loan Documents;

(xxiii) a landlord waiver, in form and substance satisfactory to the Agent and which may be included as a provision contained in the relevant Lease, executed by

each landlord with respect to the Parent's headquarters located in Braintree, Massachusetts and the property located in Columbia, South Carolina where the financial books and records relating to the Acquired Assets are located;

(xxiv) all documents or other instruments duly executed by the applicable Loan Party, in form and substance satisfactory to the Agent, that is necessary to enable the Agent to perfect its security interest in the Rolling Stock described in Schedule 5.01(d)(xxiv) (the "CH Rolling Stock"), which Schedule shall include for each piece of CH Rolling Stock information with respect to the manufacturer, the year made, the model, the vehicle identification number, the state in which it is licensed, the license number, the owner, state in which it is titled and the certificate of title or ownership identification number;

(xxv) copies of the Acquisition Documents, the Revolving Credit Documents and the other Material Contracts as in effect on the Effective Date (exclusive of any financing documents which are being prepaid or defeased as of the Effective Date), certified as true and correct copies thereof by an Authorized Officer of the Administrative Borrower, together with a certificate of an Authorized Officer of the Administrative Borrower stating that such agreements remain in full force and effect and that none of the Loan Parties has breached or defaulted in any of its obligations under such agreements;

(xxvi) (A) a termination and release agreement with respect to the Existing Credit Facility and all related documents, duly executed by the Loan Parties and the Existing Lender, together with a satisfaction of mortgage for each mortgage filed by the Existing Lender on the Existing Credit Facility, satisfactory arrangements with respect to the release of Lien by the Existing Lender on each certificate of title with respect to the CH Rolling Stock and UCC-3 termination statements for all UCC-1 financing statements filed by the Existing Lender and covering any portion of the Collateral, and (B) similar instruments of release, discharge and satisfaction, in form and substance satisfactory to the Agent, with respect to (I) the Liens of Toronto-Dominion Bank on any personal property constituting a portion of the Acquisition Assets and (II) each other financing or similar arrangement encumbering any Facility;

(xxvii) a satisfactory ASTM 1527-00 Phase I Environmental Site Assessment ("Phase I ESA") and Limited Compliance Assessment, provided by the Loan Parties to the Agent, and, if requested by the Agent based upon the results of such Phase I ESA, a Phase II Environmental Site Assessment of each Facility, in form and substance and by an independent firm satisfactory to the Agent;

(xxviii) the Contribution Agreement, duly executed by each Loan Party;

(xxix) the Intercompany Subordination Agreement, duly executed by each Loan Party;

(xxx) the Intercreditor Agreement, duly executed by the Agent, the Revolving Credit Agent and the Loan Parties;

(xxxi) the Cash Collateral Control Agreement, duly executed by the Agent, the L/C Issuer and the Loan Parties;

(xxxii) the Custodian Agreement, duly executed by the Loan Parties and the Rolling Stock Collateral Custodian; and

(xxxiii) such other agreements, instruments, approvals, opinions and other documents, each satisfactory to the Agent in form and substance, as the Agent may reasonably request.

(e) The Sale Order. The Sale Order shall have been signed and entered by the Bankruptcy Court and the Agent shall have received a certified copy of the same and such order shall be in full force and effect and shall not have been reversed, stayed, modified or amended absent the consent of the Agent and the Required Lenders. The Sale Order shall provide that, upon payment to the Sellers of the consideration specified in the Acquisition Agreement, good and marketable title to the Acquisition Assets shall be transferred to the Loan Parties free and clear of all Liens, except the Liens constituting "Permitted Exceptions" (as defined in the Acquisition Agreement), and shall otherwise be in form and substance satisfactory to the Agent and the Required Lenders. The Sale Order shall have been entered by the Bankruptcy Court and (x) no appeals shall have been filed within the time period specified by Rule 8002(a) of the Federal Rules of Bankruptcy Procedure, (y) in the event a timely appeal has been filed, the effectiveness of such order has not been stayed in accordance with Rule 8005 of the Federal Rules of Bankruptcy Procedure or (z) in the event such order was stayed pending appeal, such stay has been terminated by a subsequent court order.

(f) The Acquisition. On or prior to the Effective Date, the Agent and the Lenders shall have received true and correct copies of all Acquisition Documents as in effect on the Effective Date, and the Acquisition Documents as in effect on the Effective Date shall be in form and substance satisfactory to the Agent and the Required Lenders and shall not have been amended or otherwise modified without the prior written consent of the Agent and the Required Lenders. The Acquisition, including all of the terms and conditions thereof, shall have been duly authorized and all Acquisition Documents shall have been duly executed and delivered by all parties thereto and shall be in full force and effect. The Acquisition shall have been consummated in accordance with all applicable law (including, without limitation, the Bankruptcy Code), the Acquisition Documents and the Sale Order. At the time of consummation thereof, all consents and approvals of, and filings and registrations with, and all other actions in respect of, any Governmental Authorities and any other Person required in order to consummate the Acquisition shall have been obtained and shall be in full force and effect.

(g) Convertible Preferred Stock. The Parent shall have received no less than $25,000,000 of cash proceeds from the sale of its Series C convertible preferred stock to certain investors affiliated with Ableco and Oak Hill. The terms and conditions of such equity shall be satisfactory to the Agent and the Required Lenders in their sole discretion. On or prior to the Effective Date, there shall have been delivered to the Agent true and correct copies of all documents evidencing the equity described above, as in effect on the Effective Date, and all terms and provisions of such documents as in effect on the Effective Date shall be in form and substance satisfactory to the Agent and the Required Lenders and shall not have been amended, modified or otherwise changed without the prior written consent of the Agent and the Required Lenders.

(h) Revolving Credit Documents; Adjusted Excess Availability. On or prior to the Effective Date, there shall have been delivered to the Agent true and correct copies of all Revolving Credit Documents as in effect on the Effective Date, and all terms and provisions

of the Revolving Credit Documents as in effect on the Effective Date shall be in form and substance satisfactory to the Agent and the Required Lenders and shall not have been amended, modified or otherwise changed without the prior written consent of the Agent and the Required Lenders. After giving effect to all Loans to be made on the Effective Date and after giving effect to the Acquisition, (i) the Adjusted Excess Availability of the Loan Parties shall not be less than $25,000,000 and (ii) all liabilities of the Loan Parties (other than intercompany liabilities) shall not be past due unless such liabilities are the subject of a bona fide dispute for which adequate reserves have been set aside for the payment thereof in accordance with GAAP. The Parent shall deliver to the Agent a certificate of the chief financial officer of the Parent certifying as to the matters set forth in clauses (i) and (ii) above and containing the calculation of Adjusted Excess Availability.

(i) Material Adverse Effect. The Agent shall have determined, in its sole judgment, that no event or development shall have occurred since June 30, 2002 which could have a Material Adverse Effect.

(j) Approvals. All consents, authorizations and approvals of, and filings and registrations with, and all other actions in respect of, any Governmental Authority or other Person required in connection with the making of the Loans or the conduct of the Loan Parties' business shall have been obtained and shall be in full force and effect.

(k) Proceedings; Receipt of Documents. All proceedings in connection with the making of the initial Loans and the other transactions contemplated by this Agreement and the other Loan Documents, and all documents incidental hereto and thereto, shall be satisfactory to the Agent and its counsel, and the Agent and such counsel shall have received all such information and such counterpart originals or certified or other copies of such documents as the Agent or such counsel may reasonably request.

(l) Ratings. The Agent shall have received a letter from each Rating Agency setting forth such Rating Agency's rating of the Term Loan A.

(m) Rolling Stock Collateral Custodian. The Agent shall be satisfied with the Rolling Stock Collateral Custodian's application filings of the certificates of title or ownership of the CH Rolling Stock of the Loan Parties to note the Lien of the Agent thereon and administration, management, processing and custodianship of the certificates of title or ownership of such Rolling Stock on and after the Effective Date.

Section 5.02 Conditions Precedent to All Loans. The obligation of the Agent or any Lender to make any Loan in accordance with Section 2.01(c) is subject to the fulfillment, in a manner satisfactory to the Agent, of each of the following conditions precedent:

(a) Payment of Fees, Etc. The Borrowers shall have paid all fees, costs, expenses and taxes then payable by the Borrowers pursuant to this Agreement and the other Loan Documents, including, without limitation, Sections 2.06 and 12.04 hereof.

(b) Representations and Warranties; No Event of Default. The following statements shall be true and correct, and the submission by the Administrative Borrower to the Agent of a Notice of Borrowing with respect to each such Loan, and the Borrowers' acceptance of the proceeds of such Loan, shall each be deemed to be a representation and warranty by each Loan Party on the date of such Loan that: (i) the representations and

warranties contained in Article VI and in each other Loan Document, certificate or other writing delivered the Agent or any Lender pursuant hereto or thereto on or prior to the date of such Loan are true and correct on and as of such date as though made on and as of such date, (ii) at the time of and after giving effect to the making of such Loan and the application of the proceeds thereof, no Default or Event of Default has occurred and is continuing or would result from the making of the Loan to be made on such date and (iii) the conditions set forth in this Section 5.02 have been satisfied as of the date of such request.

(c) Legality. The making of such Loan shall not contravene any law, rule or regulation applicable to the Agent or any Lender.

(d) Notices. The Agent shall have received a Notice of Borrowing pursuant to Section 2.02 hereof.

(e) Delivery of Documents. The Agent shall have received a Joinder Agreement, duly executed by the applicable Additional Lender, and such other agreements, instruments, approvals, opinions and other documents, each in form and substance satisfactory to the Agent, as the Agent may reasonably request.

(f) Proceedings; Receipt of Documents. All proceedings in connection with the making of such Loan and the other transactions contemplated by this Agreement and the other Loan Documents, and all documents incidental hereto and thereto, shall be satisfactory to the Agent and its counsel, and the Agent and such counsel shall have received all such information and such counterpart originals or certified or other copies of such documents, in form and substance satisfactory to the Agent, as the Agent or such counsel may reasonably request.

Section 5.03 Conditions Subsequent to All Loans. The obligation of the Agent or any Lender to make additional Loans or continue to maintain the Loans after the Effective Date is subject to the fulfillment, on or before the date applicable thereto, of each of the conditions subsequent set forth below (the failure by Borrowers to so perform or cause to be performed constituting an Event of Default):

(a) Within 60 days of the Effective Date, deliver to the Agent (or, at the direction of the Agent, to the Rolling Stock Collateral Agent) all documents or other instruments duly executed by the applicable Loan Party, in form and substance satisfactory to the Agent, that are necessary to enable the Agent to perfect its security interest in the Rolling Stock described in Schedule 5.03(a) (the "SK Rolling Stock"), which Schedule shall include for each piece of SK Rolling Stock information with respect to the manufacturer, the year made, the model, the vehicle identification number, the state in which it is licensed, the license number, the owner, state in which it is titled and the certificate of title or ownership identification number; provided that the Loan Parties shall not be deemed to be in default under this Section 5.03(a) if they are unable, despite their reasonable best efforts, to deliver to the Agent (or the Rolling Stock Collateral Agent, as the case may be) such documents in respect of all of the SK Rolling Stock so long as (i) the documents so delivered represent no less than eighty percent (80%) of all of the SK Rolling Stock and (ii) the orderly liquidation value of the SK Rolling Stock for which such documents are so delivered, determined by a third party appraiser reasonably acceptable to the Agent, shall equal or exceed ninety percent (90%) of the orderly liquidation value of all of the SK Rolling Stock;

(b) On or before each deadline set forth in Schedule 5.03(b) pertaining to certain real estate matters not completed by the Effective Date, satisfy the post-closing obligation corresponding to such deadline as set forth

in such Schedule, in each case to the reasonable satisfaction of the Agent;

(c) Within 14 days of the Effective Date, deliver evidence to the Agent of the transfer by the applicable Governmental Authorities to the applicable Loan Parties of all of the material Environmental Permits set forth on Schedule 6.01(r)(ii);

(d) Within 30 days of the Effective Date, deliver evidence to the Agent of the filing with the United States Patent and Trademark Office, United States Copyright Office and other official offices, of all documentation necessary to confirm each Loan Party's ownership of the Owned Intellectual Property;

(e) Within 30 days of the Effective Date, deliver to the Agent (i) waivers or discharges from those certain creditors as set forth in Schedule 5.03(e), as to the Liens registered against one or more of the Canadian Loan Parties as set forth in Schedule 5.03(e), or (ii) other evidence satisfactory to the Agent that such Liens do not attach to any assets of the Canadian Loan Parties except to the extent such Liens are Permitted Liens, in each case in form and substance satisfactory to the Agent; and

(f) Within 5 days of the Effective Date, deliver to the Agent (i) a fully executed copy of the defeasance escrow agreement among the City of Kimball, Nebraska, the Parent, Clean Harbors Environmental Services, Inc. and State Street Bank and Trust Company, as trustee (the "Trustee") for those certain Economic Development Revenue Bonds (Clean Harbors, Inc.) Series 1996 (the "Bonds") in the original principal amount of $10,000,000 issued pursuant to the Indenture of Trust dated as of September 1, 1996 (as amended to date, the "Indenture"), certified as true and correct by the Parent, (ii) the Verification Report of The Arbitrage Group, Inc. with respect to the governmental securities purchased by the Parent and deposited with the Trustee to effect the defeasance of the Bonds in accordance with the Indenture, (iii) the opinion of Davis Malm & D'Agostine, P.C. with respect to the defeasance of the Bonds and (iv) a letter from Standard & Poor's rating the Bonds, as defeased pursuant to the defeasance escrow agreement, no less than AAA.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Section 6.01 Representations and Warranties. Each Loan Party hereby represents and warrants to the Agent and the Lenders as follows:

(a) Organization, Good Standing, Etc. Each Loan Party (i) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, (ii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated (both before and after giving effect to the Acquisition) and, in the case of the Borrowers, to make the borrowings hereunder, and to execute and deliver each Transaction Document to which it is a party, and to consummate the transactions contemplated thereby, and (iii) before and after giving effect to the Acquisition, is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it

or in which the transaction of its business makes such qualification necessary, except where the failure to be so qualified and in good standing could not reasonably be expected to have a Material Adverse Effect.

(b) Authorization, Etc. The execution, delivery and performance by each Loan Party of each Transaction Document to which it is or will be a party (including, without limitation, the notation of the Lien in favor of the Agent on the certificates of title or ownership of the Rolling Stock of the Parent and its Subsidiaries), (i) have been duly authorized by all

necessary action, (ii) do not and will not contravene its charter or by-laws, its limited liability company or operating agreement or its certificate of partnership or partnership agreement, as applicable, or any applicable law or any Transaction Document, any Material Contract or any other contractual restriction binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties.

(c) Governmental Approvals. Before and after giving effect to the Acquisition, no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by any Loan Party of any Loan Document or any other Transaction Document to which it is or will be a party, except for authorizations or approvals which have been obtained and notices and filings which have been made on or before the Effective Date.

(d) Enforceability of Loan Documents. This Agreement is, and each other Loan Document and Transaction Document to which any Loan Party is or will be a party, when delivered hereunder, will be, a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws.

(e) Subsidiaries. (i) Schedule 6.01(e) is a complete and correct description of the name, jurisdiction of incorporation and ownership of the outstanding Capital Stock of the Subsidiaries of the Parent in existence on the date hereof after giving effect to the Acquisition. After giving effect to the Acquisition, all of the issued and outstanding shares of Capital Stock of such Subsidiaries have been validly issued and are fully paid and nonassessable, and the holders thereof are not entitled to any preemptive, first refusal or other similar rights. Except as indicated on such Schedule, all such Capital Stock is owned by the Parent or one or more of its wholly-owned Subsidiaries, free and clear of all Liens. There are no (A) outstanding debt or equity securities of the Parent or any of its Subsidiaries, (B) outstanding obligations of the Parent or any of its Subsidiaries convertible into or exchangeable for, or warrants, options or other rights for the purchase or acquisition from the Parent or any of its Subsidiaries, or (C) other obligations of any Subsidiary which, in the case of items described in clauses (A), (B) or (C), result in any obligation to issue, directly or indirectly, any shares of Capital Stock of any Subsidiary of the Parent.

(ii) The Inactive Subsidiaries (A) have no business operations and conduct no business and (B) own no assets except for assets with a fair market value of less than $25,000 in the aggregate.

(f) Litigation; Commercial Tort Claims. Except as set forth in Schedule 6.01(f), (i) there is no pending or, to the best knowledge of any Loan Party, threatened action, suit or proceeding affecting any Loan Party before any court or other Governmental Authority or any arbitrator that (A) if adversely determined, could have a Material Adverse Effect or (B) relates to this Agreement or any other Loan Document or any transaction contemplated hereby or thereby and (ii) as of the Effective Date, none of the Loan Parties holds any commercial tort claims in respect of which a claim has been filed in a court of law or a written notice by an attorney has been given to a potential defendant.

(g) Financial Condition.

(i) The Financial Statements, copies of which have been delivered to the Agent and each Lender, fairly present the consolidated financial condition of the Parent and its Subsidiaries or the Chemical Services Division of Safety-Kleen Corp. (which consists primarily of the Sellers and the

Canadian Subsidiaries of Safety-Kleen Services, Inc.), as the case may be, as at the respective dates thereof and the consolidated results of operations of the Parent and its Subsidiaries for the fiscal periods ended on such respective dates, all in accordance with GAAP, and since June 30, 2002, no event or development has occurred that has had or could have a Material Adverse Effect.

(ii) The Parent has heretofore furnished to the Agent and each Lender (A) projected quarterly balance sheets and statements of operations and cash flows of the Parent and its Subsidiaries for the period from October 1, 2002, through December 31, 2004, and (B) projected annual balance sheets, statements of operations and cash flows of the Parent and its Subsidiaries for the Fiscal Years ending in 2002 through 2007, which projected financial statements shall be updated from time to time pursuant to Section 7.01(a)(vii). Such projections, as so updated, shall be believed by the Parent at the time furnished to be reasonable, shall have been prepared on a reasonable basis and in good faith by the Parent, and shall have been based on assumptions believed by the Parent to be reasonable at the time made and upon the best information then reasonably available to the Parent, and the Parent shall not be aware of any facts or information that would lead it to believe that such projections, as so updated, are incorrect or misleading in any material respect.

(h) Compliance with Law, Etc. No Loan Party is in violation of its organizational documents, any law, rule, regulation, judgment or order of any Governmental Authority (including, without limitation, any Motor Vehicle Law) applicable to it or any of its property or assets, or any material term of any agreement or instrument (including, without limitation, any Revolving Credit Document, any Acquisition Document or any other Material Contract) binding on or otherwise affecting it or any of its properties, and no Default or Event of Default has occurred and is continuing.

(i) ERISA. Except as set forth on Schedule 6.01(i), (i) each Employee Plan is in substantial compliance with ERISA and the Internal Revenue Code, (ii) no Termination Event has occurred nor is reasonably expected to occur with respect to any Employee Plan, (iii) the most recent annual report (Form 5500 Series) with respect to each Employee Plan, including any required Schedule B (Actuarial Information) thereto, copies of which have been filed with the Internal Revenue Service and delivered to the Agent, is complete and correct and fairly presents the funding status of such Employee Plan, and since the date of such report there has been no material adverse change in such funding status, (iv) copies of each agreement entered into with the PBGC, the U.S. Department of Labor or the Internal Revenue

Service with respect to any Employee Plan have been delivered to the Agent, (v) no Employee Plan had an accumulated or waived funding deficiency or permitted decrease which would create a deficiency in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Internal Revenue Code at any time during the previous 60 months, and (vi) no Lien imposed under the Internal Revenue Code or ERISA exists or is likely to arise on account of any Employee Plan within the meaning of Section 412 of the Internal Revenue Code. Except as set forth on Schedule 6.01(i), no Loan Party or any of its ERISA Affiliates has incurred any withdrawal liability under ERISA with respect to any Multiemployer Plan, or is aware of any facts indicating that it or any of its ERISA Affiliates may in the future incur any such withdrawal liability. No Loan Party or any of its ERISA Affiliates nor any fiduciary of any Employee Plan has (i) engaged in a nonexempt prohibited transaction described in Sections 406 of ERISA or 4975 of the Internal Revenue Code, (ii) failed to pay any required installment or other payment required under Section 412 of the Internal Revenue Code on or before the due date for such required installment or payment, (iii) engaged in a transaction within the meaning of Section 4069 of ERISA or (iv) incurred any liability to the PBGC which remains outstanding other than the payment of premiums, and there are no premium payments which have become due which are unpaid. There are no pending or, to the best knowledge of any Loan Party, threatened claims, actions, proceedings or lawsuits (other than claims for

benefits in the normal course) asserted or instituted against (i) any Employee Plan or its assets, (ii) any fiduciary with respect to any Employee Plan, or (iii) any Loan Party or any of its ERISA Affiliates with respect to any Employee Plan. Except as required by Section 4980B of the Internal Revenue Code, no Loan Party or any of its ERISA Affiliates maintains an employee welfare benefit plan (as defined in Section 3(1) of ERISA) which provides health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employee of any Loan Party or any of its ERISA Affiliates or coverage after a participant's termination of employment.

(j) Taxes, Etc. All Federal, state and local tax returns and other reports required by applicable law to be filed by any Loan Party have been filed, or extensions have been obtained, and all taxes, assessments and other governmental charges imposed upon any Loan Party or any property of any Loan Party and which have become due and payable on or prior to the date hereof have been paid, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof on the Financial Statements of the Parent and its Subsidiaries in accordance with GAAP.

(k) Regulations T, U and X. Before and after giving effect to the Acquisition, no Loan Party is or will be engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation T, U or X), and no proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(l) Nature of Business. After giving effect to the Acquisition, no Loan Party is engaged in any business other than the ownership, leasing, management and/or operation of waste facilities, and the provision of environmental, industrial maintenance and related services.

(m) Adverse Agreements, Etc. After giving effect to the Acquisition, no Loan Party is a party to any agreement or instrument, or subject to any charter, limited liability company agreement, partnership agreement or other corporate, partnership or limited

liability company restriction or any judgment, order, regulation, ruling or other requirement of a court or other Governmental Authority, which has, or in the future could have, a Material Adverse Effect.

(n) Permits, Etc. Before and after giving effect to the Acquisition, each Loan Party has, and is in compliance with, all permits, licenses, authorizations, approvals, entitlements and accreditations required for such Person lawfully to own, lease, manage or operate, or to acquire, each business currently owned, leased, managed or operated, or to be acquired, by such Person, except for certain Environmental Permits relating to the SK Facilities for which applications have been filed on or prior the Effective Date but which are not yet effective as described in Section 6.01(r). Before and after giving effect to the Acquisition, except as set forth in Schedule 6.01(r), no condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such existing permit, license, authorization, approval, entitlement or accreditation, and there is no claim that any thereof is not in full force and effect.

(o) Properties. (i) After giving effect to the Acquisition, each Loan Party has good and marketable title to, valid leasehold interests in, or valid licenses to use, all property and assets material to its business, free and clear of all Liens, except, with respect to all Facilities subject to a Mortgage, those exceptions set forth in the applicable Title Insurance Policy and, with respect to all other property and assets, any Permitted Lien. All such properties and assets are in good working order and condition, ordinary wear and

tear excepted.

(ii) Schedule 6.01(o) sets forth a complete and accurate list, as of the Effective Date (after giving effect to the Acquisition), of the location, by state and street address, of all real property owned, leased or licensed by each Loan Party (other than an Inactive Subsidiary) and identifies the interest (fee, leasehold or license) of such Loan Party therein. No Person has any right of first refusal, option or other preferential right to purchase any such owned real property. As of the Effective Date, each Loan Party has valid leasehold interests in the Leases described on Schedule 6.01(o) to which it is a party. True, complete and correct copies of each such Lease have been delivered to the Agent prior to the date hereof. Schedule 6.01(o) sets forth with respect to each such Lease, the commencement date, termination date, renewal options (if any) and annual base rents. Each such Lease is valid and enforceable in accordance with its terms in all material respects and is in full force and effect. No consent or approval of any landlord or other third party in connection with any such Lease is necessary for any Loan Party to enter into and execute the Loan Documents or the Acquisition Documents to which it is a party, except as set forth on Schedule 6.01(o). To the best knowledge of any Loan Party, no other party to any such Lease is in default of its obligations thereunder, and no Loan Party (or any other party to any such Lease) has at any time delivered or received any notice of default which remains uncured under any such Lease and, as of the Effective Date (after giving effect to the Acquisition), no event has occurred which, with the giving of notice or the passage of time or both, would constitute a default under any such Lease.

(iii) All Rolling Stock of the Loan Parties which, under applicable law (including, without limitation, any Motor Vehicle Law), is required to be registered is (in the case of the CH Rolling Stock) or will within 60 days following the Effective Date (in the case of the SK Rolling Stock described in Section 5.03(a)) be properly registered in the name of a Loan Party, and all Rolling Stock of the Loan Parties, the ownership of which, under applicable law (including, without limitation, any Motor Vehicle Law), is evidenced by a

certificate of title or ownership, is (or will be, as appropriate) properly titled in the name of a Loan Party. The Rolling Stock listed on Schedule 5.01(d)(xxiv) and Schedule 5.03(a) constitute all of the Rolling Stock owned by the Loan Parties on the Effective Date and the Rolling Stock not subject to a certificate of title or ownership under applicable law (including, without limitation, any Motor Vehicle Law) is noted therein.

(p) Full Disclosure. Each Loan Party has disclosed to the Agent all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters known to it, that, individually or in the aggregate, could result in a Material Adverse Effect. None of the other reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to the Agent in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which it was made, not misleading; provided that, with respect to projected financial information, each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. There is no contingent liability or fact that may have a Material Adverse Effect which has not been set forth in a footnote included in the Financial Statements or a Schedule hereto.

(q) [Intentionally Omitted].

(r) Environmental Matters; Permits. Except as set forth on Schedule 6.01(r)(i):

(i) the Loan Parties' businesses, Facilities (including

both the Facilities operated prior to the Effective Date by Subsidiaries of the Parent (the "CH Facilities") and those Facilities which are included in the Acquisition Assets (the "SK Facilities")), operations, properties and assets are in material compliance with Environmental Laws;

(ii) the Loan Parties have obtained and are in material compliance with all material Environmental Permits necessary to operate, use or occupy all of the Loan Parties' businesses, Facilities, operations, properties and assets, except for Environmental Permits relating to the SK Facilities which are not yet effective but for which requisite applications have been filed. Schedule 6.01(r)(ii) sets forth those SK Facilities where the Loan Parties have filed all requisite applications for transfer of such material Environmental Permits with the appropriate Governmental Authorities, but as of the Effective Date the Governmental Authorities have not transferred such material Environmental Permits, and all of the material Environmental Permits set forth on Schedule 6.01(r)(ii) will be transferred by the Governmental Authorities within fourteen (14) days of the Effective Date;

(iii) the Loan Parties have obtained and are in full compliance with all financial assurance requirements under RCRA and any similar Environmental Law, as specifically set forth but not limited to 40 C.F.R. 264 and 265, necessary to operate, use or occupy all of the Loan Parties' businesses, Facilities, operations, properties and assets, except that in the case of the SK Facilities, the Loan Parties have made the appropriate arrangements to obtain and be in full compliance with all such financial assurance requirements within seven (7) days following the Effective Date through application of a portion of the proceeds of the Term Loan A as security for letters of credit required in connection with obtaining such financial assurance;

(iv) the Loan Parties are in material compliance with all applicable writs, orders, consent decrees, judgments, and injunctions by any Governmental Authority, decrees, informational requests or demands issued pursuant to, or arising under, any Environmental Laws;

(v) the Loan Parties reasonably anticipate that they will not be required to spend more than $1,000,000 for any Facility or $5,000,000 in the aggregate for all Facilities to comply with any Environmental Laws that have been promulgated and enacted by a Governmental Authority, but will not be effective until some time after the Effective Date, except to the extent those expenditures are already specifically included within the aggregate amounts described in clause (x) or (xi) below or in the Capital Expenditures set forth in Section 7.02(g);

(vi) except for Releases for which the related Environmental Liabilities are specifically included within the aggregate amounts described in clauses (x) through (xii) below, there has been no Release relating to any of the Acquisition Assets or any of the facilities, assets or properties owned or operated by any Loan Party, its Subsidiaries or, to the best knowledge of the Loan Parties, a predecessor in interest, which could reasonably be expected to result in any Environmental Liabilities in excess of $1,000,000 for any Facility or $5,000,000 in the aggregate for all Facilities;

(vii) [intentionally omitted]

(viii) except for Environmental Claims specifically included within the aggregate amount described in clauses (x) through (xii) below, to the best knowledge of the Loan Parties, no Environmental Claims have been asserted against any treatment, storage or disposal facility that received or Handled Hazardous Materials Handled by any Loan Party, its Subsidiaries or any predecessor in interest which could reasonably be expected to result in any Environmental Liabilities in excess of $1,000,000 individually or $5,000,000 in the aggregate;

(ix) except for Environmental Claims specifically included within the aggregate amounts described in clauses (x) through (xii) below, no Environmental Claims have been asserted against any Loan Party, its Subsidiaries or, to the best knowledge of the Loan Parties, any predecessor in interest nor does any Loan Party have knowledge or notice of any threatened or pending Environmental Claims against any Loan Party, its Subsidiaries or any predecessor in interest which could reasonably be expected to result in any Environmental Liabilities in excess of $1,000,000 individually or $5,000,000 in the aggregate;

(x) the Loan Parties will not assume any Environmental Liabilities related to the Acquisition that are more than ten (10%) percent above $265,000,000, calculated in accordance with GAAP;

(xi) excluding any Environmental Liabilities related to the Acquisition Assets, the Loan Parties will not spend more than ten percent (10%) above $29,250,000 for closure, post closure and post closure care of the CH Facilities, as those terms are used in RCRA and any similar Environmental Law, as specifically set forth but not limited to 40 C.F.R. 264 and 265;

(xii) excluding any Environmental Liabilities related to the Acquisition Assets, to the best knowledge of the Loan Parties, there are no Remedial Actions that will cost, in the aggregate, more than $1,000,000 per calendar year for the foreseeable future;

(xiii) all representations, including without limitation applications, warranty statements and accompanying materials provided in support of such representations, provided by the Loan Parties to obtain insurance, are truthful and complete in all respects, and the Loan Parties have done nothing to prejudice their rights to obtain the benefits of their insurance by failing to comply with any of the provisions, conditions or requirements of its policies of insurance;

(xiv) there are no Environmental Liens associated or, to the best knowledge of the Loan Parties, threatened to be associated with any of the Acquisition Assets or Loan Parties' businesses, Facilities, operations, properties and assets; and

(xv) except for work, repairs, contributions and Capital Expenditures specifically included in the aggregate amounts set forth in clauses (x) through (xii) above or Section 7.02(g), to the best knowledge of the Loan Parties, (A) no work, repairs, construction or Capital Expenditures are required to be made as a condition of continued compliance of the Facilities or the Loan Parties' business with any Environmental Laws, or any license, Environmental Permit or approval issued pursuant thereto or (B) no license, Environmental Permit or approval referred to above is about to be reviewed, made, subject to limitations or conditions, revoked, withdrawn or terminated.

Schedule 6.01(r)(ii) sets forth each material license, permit and regulatory approval required under any Environmental Law in connection with the operation of each waste disposal, waste treatment or waste transfer facility operated by each Loan Party, the expiration date of such license, permit or approval, and the dollar amount of any financial assurance bond or other similar surety instrument issued on behalf of such Loan Party in connection with its operation of any such Facility.

(s) Insurance. Each Loan Party keeps its property adequately insured and maintains (i) insurance to such extent and against such risks, including fire, as is customary with companies in the same or similar businesses, (ii) workmen's compensation insurance in the amount required by applicable law, (iii) public liability insurance, which shall include product liability insurance, in the amount customary with companies in the same or similar business against claims for personal injury or death on properties owned, occupied or controlled by it, (iv) insurance with respect to liability

for bodily injury and property damage resulting from the operation of the Rolling Stock by each Loan Party in amounts customary with companies in the same or similar business and in accordance with applicable law and (v) such other insurance as may be required by law or as may be reasonably required by the Agent (including, without limitation, against larceny, embezzlement or other criminal misappropriation). Schedule 6.01(s) sets forth a list of all insurance maintained by each Loan Party on the Effective Date (after giving effect to the Acquisition).

(t) Use of Proceeds. The proceeds of the Loans shall be used to (i) to facilitate the Acquisition, (ii) refinance existing indebtedness of the Borrowers and pay the prepayment and defeasance cost in connection therewith, (iii) provide cash collateral for letters of credit issued for the account of the Loan Parties the reimbursement obligations for which constitute Permitted Indebtedness, (iv) pay fees and expenses in connection with the Acquisition and the transactions contemplated hereby and (v) fund working capital of the Borrowers.

(u) Solvency. After giving effect to the transactions contemplated by this Agreement, the Revolving Credit Agreements, the Sale Order and the Acquisition Documents

and before and after giving effect to each Loan, each Loan Party is, and the Loan Parties on a consolidated basis are, Solvent.

(v) Location of Bank Accounts. Schedule 6.01(v) sets forth a complete and accurate list as of the Effective Date (after giving effect to the Acquisition) of all deposit, checking and other bank accounts, all securities and other accounts maintained with any broker dealer and all other similar accounts maintained by each Loan Party, together with a description thereof (i.e., the bank or broker dealer at which such deposit or other account is maintained and the account number and the purpose thereof).

(w) Intellectual Property. Except as set forth on Schedule 6.01(w) and after giving effect to the Acquisition, each Loan Party owns or licenses or otherwise has the valid right to use all Intellectual Property and Technology Systems that are necessary for the operation of its business as currently conducted or contemplated, without infringement upon or conflict with the rights of any other Person with respect thereto. Set forth on Schedule 6.01(w) is a complete and accurate list as of the Effective Date (after giving effect to the Acquisition) of all material or Registered Intellectual Property (other than confidential and proprietary information, Trade Secrets and know-how) that is owned by a Loan Party (the "Owned Intellectual Property") and all Material Contracts relating to Intellectual Property licensed from third parties, including with respect to Technology Systems (the "Licensed Intellectual Property"). Except as set forth on Schedule 6.01(w), no licensed Intellectual Property is required in order to conduct the business of each Loan Party as currently conducted or contemplated as of the Effective Date (after giving effect to the Acquisition) other than the Licensed Intellectual Property. No party to any Material Contract relating to Licensed Intellectual Property has given any Loan Party notice of its intention to cancel, terminate or fail to renew any such Material Contract. After giving effect to the Acquisition, neither the business of each Loan Party as currently conducted or contemplated, nor any slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Loan Party, infringes upon or conflicts with any rights owned by any other Person, none of the Loan Parties has received notice of any claim or litigation regarding any of the foregoing, nor is any such claim or litigation pending or threatened. All Owned Intellectual Property is valid, subsisting and enforceable, and no material Registered Owned Intellectual Property has been abandoned, canceled or adjudicated invalid (excepting any expirations in the ordinary course), or is subject to any outstanding order, judgment or decree restricting its use or adversely affecting or reflecting a Loan Party's rights thereto, or is the subject of any suit, action, reissue, reexamination, public

protest, interference, arbitration, mediation, opposition, cancellation or other proceeding. The Loan Parties have timely made all filings and payments with the appropriate foreign and domestic agencies required to maintain in subsistence all Registered Owned Intellectual Property. Except as indicated on Schedule 6.01(w), no due dates for filings or payments concerning the material Owned Intellectual Property (including without limitation office action responses, affidavits of use, affidavits of continuing use, renewals, requests for extension of time, maintenance fees, application fees and foreign convention priority filings) fall due within ninety (90) days of the Effective Date, whether or not such due dates are extendable. All documentation necessary to confirm and effect each Loan Party's ownership of Owned Intellectual Property, if acquired from other Persons, has been recorded in the United States Patent and Trademark Office, the United States Copyright Office and other official offices, except for those recordations referenced in Section 5.03(d). Each Loan Party has taken all reasonable measures to protect the secrecy, confidentiality and value of all Trade Secrets used in its business (collectively, "Business Trade Secrets") (including without limitation entering into

appropriate confidentiality agreements with all officers, directors, employees, and other Persons with access to the Business Trade Secrets). To each Loan Party's knowledge, the Business Trade Secrets have not been disclosed to any Persons other than such Loan Party's employees or contractors who had a need to know and use such Business Trade Secrets in the ordinary course of employment or contract performance and who executed appropriate confidentiality agreements.

(x) Material Contracts. Set forth on Schedule 6.01(x) is a complete and accurate list as of the Effective Date (after giving effect to the Acquisition) of all Material Contracts (other than the Loan Documents) of each Loan Party, showing the parties and subject matter thereof and amendments and modifications thereto. Each such Material Contract (i) is in full force and effect and is binding upon and enforceable against each Loan Party that is a party thereto and, to the best knowledge of such Loan Party, all other parties thereto in accordance with its terms, (ii) has not been otherwise amended or modified, and (iii) is not in default due to the action of any Loan Party or, to the best knowledge of any Loan Party, any other party thereto.

(y) Holding Company and Investment Company Acts. None of the Loan Parties is (i) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended, or (ii) an "investment company" or an "affiliated person" or "promoter" of, or "principal underwriter" of or for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended.

(z) Employee and Labor Matters. There is (i) no unfair labor practice complaint pending or, to the best knowledge of any Loan Party, threatened against any Loan Party before any Governmental Authority and no grievance or arbitration proceeding pending or threatened against any Loan Party which arises out of or under any collective bargaining agreement, (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or threatened against any Loan Party or (iii) to the best knowledge of any Loan Party, no union representation question existing with respect to the employees of any Loan Party and no union organizing activity taking place with respect to any of the employees of any Loan Party. No Loan Party or any of its ERISA Affiliates has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act ("WARN") or similar state law, which remains unpaid or unsatisfied. The hours worked and payments made to employees of any Loan Party have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements. After giving effect to the Acquisition, all material payments due from any Loan Party on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of such Loan Party.

(aa) Customers and Suppliers. There exists no actual or

threatened termination, cancellation or limitation of, or modification to or change in, the business relationship between (i) any Loan Party, on the one hand, and any customer or any group thereof, on the other hand, whose agreements with any Loan Party are individually or in the aggregate material to the business or operations of such Loan Party, or (ii) any Loan Party, on the one hand, and any material supplier thereof, on the other hand; and there exists no present state of facts or circumstances that could give rise to or result in any such termination, cancellation, limitation, modification or change.

(bb) No Bankruptcy Filing. No Loan Party is contemplating either an Insolvency Proceeding or the liquidation of all or a major portion of such Loan Party's assets or

property, and no Loan Party has any knowledge of any Person contemplating an Insolvency Proceeding against it.

(cc) Separate Existence.

(i) All customary formalities regarding the corporate existence of each Loan Party has been at all times since its formation and will continue to be observed.

(ii) Each Loan Party has at all times since its formation accurately maintained, and will continue to accurately maintain, its financial statements, accounting records and other organizational documents separate from those of any Affiliate of such Loan Party and any other Person. No Loan Party has at any time since its formation commingled, and will not commingle, its assets with those of any of its Affiliates or any other Person. Each Loan Party has at all times since its formation accurately maintained, and will continue to accurately maintain its own bank accounts and separate books of account.

(iii) Each Loan Party has at all times since its formation paid, and will continue to pay, its own liabilities from its own separate assets.

(iv) Each Loan Party has at all times since its formation identified itself, and will continue to identify itself, in all dealings with the public, under its own name and as a separate and distinct Person. No Loan Party has at any time since its formation identified itself, or will identify itself, as being a division or a part of any other Person (except that the Canadian Loan Parties and Laidlaw Environmental Services de Mexico, S.A. de C.V., were prior to the Acquisition identified as being part of the "Chemical Services Division" of Safety-Kleen Corp. and its Subsidiaries).

(dd) Name; Jurisdiction of Organization; Organizational ID Number; Chief Place of Business; Chief Executive Office; FEIN. Schedule 6.01(dd) sets forth a complete and accurate list as of the date hereof of (i) the exact legal name of each Loan Party, (ii) the jurisdiction of organization of each Loan Party, (iii) the organizational identification number of each Loan Party (or indicates that such Loan Party has no organizational identification number), (iv) each place of business of each Loan Party, (v) the chief executive office of each Loan Party and (vi) the federal employer identification number of each Loan Party.

(ee) Tradenames. Schedule 6.01(ee) hereto sets forth a complete and accurate list as of the Effective Date (after giving effect to the Acquisition) of all tradenames used by each Loan Party.

(ff) Locations of Collateral. There is no location at which any Loan Party has any Collateral (except for Rolling Stock in transit) other than (i) those locations listed on Schedule 6.01(ff) and (ii) any other locations approved in writing by the Collateral Agent from time to time. Schedule 6.01(ff) hereto contains a true, correct and complete list, as of the Effective Date, of the legal names and addresses of each warehouse at which Collateral of each Loan

Party is stored. None of the receipts received by any Loan Party from any warehouse states that the goods covered thereby are to be delivered to bearer or to the order of a named Person or to a named Person and such named Person's assigns.

(gg) Security Interests. (i) Each Security Agreement creates in favor of the Agent, for the benefit of the Lenders, a legal, valid and enforceable security interest in the

Collateral secured thereby. Upon the filing of the UCC-1 financing statements described in Section 5.01(d)(ix) and the recording of the Collateral Assignments for Security referred to in each Security Agreement in the United States Patent and Trademark Office and the United States Copyright Office, as applicable, and the submission of an appropriate application requesting that the Lien of the Agent be noted on the certificate of title or ownership for any Rolling Stock, completed and authenticated by the applicable Loan Party, together with the certificate of title or ownership, with respect to such Rolling Stock, to the applicable state agency and the recording of the filings required under any other similar law of any foreign jurisdiction, such security interests in and Liens on the Collateral granted thereby shall be perfected, first priority (except to the extent specified in the Intercreditor Agreement with respect to certain Collateral) security interests, and no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interests and Liens, other than (i) the filing of continuation statements in accordance with applicable law, (ii) the recording of the Collateral Assignments for Security pursuant to each Security Agreement in the United States Patent and Trademark Office and the United States Copyright Office, as applicable, with respect to after-acquired U.S. patent and trademark applications and registrations and U.S. copyrights and (iii) the recordation of appropriate evidence of the security interest in the appropriate foreign registry with respect to all foreign intellectual property.

(ii) Each Canadian Security Agreement creates in favor of the Agent, for the benefit of the Lenders, a legal, valid and enforceable security interest in the Collateral secured thereby. Upon the filing of the PPSA financing statements described in Section 5.01(d)(ix) and the recording of the Canadian Security Agreement in the Canadian Intellectual Property Office, such Liens on the Collateral granted thereby shall be perfected, first priority (except to the extent specified in the Intercreditor Agreement with respect to certain Collateral) security interests, and no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such Liens, other than (i) the filing of continuation statements in accordance with applicable law, (ii) the recording of the Canadian Security Agreement in the Canadian Intellectual Property Office with respect to after-acquired Canadian intellectual property and (iii) the recordation of appropriate evidence of the Lien on the appropriate foreign registry with respect to all foreign intellectual property.

(hh) Acquisition Documents. (i) No party to any Acquisition Document is in default on any of its obligations under such Acquisition Document, (ii) all representations and warranties made by the Parent in the Acquisition Documents and in the certificates delivered in connection therewith are true and correct in all material respects as of the date hereof and, to the best knowledge of the Parent, all material representations and warranties made in the Acquisition Documents by or on behalf of the Sellers, or any other party thereto other than the Parent, are true and correct in all material respects as of the date hereof, (iii) all written information with respect to the Parent and the Acquisition, and, to the best knowledge of the Borrowers, the business and Acquisition Assets acquired in connection with the Acquisition, furnished to Agent by the Borrowers or on behalf of the Borrowers, were, at the time the same were so furnished, complete and correct in all material respects, or have been subsequently supplemented by other written information, to the extent necessary to give Agent and Lenders a true and accurate knowledge of the subject matter of each of them in relation to Borrowers, the Acquisition, and the business and

Acquisition Assets acquired in connection with the Acquisition, in all material respects, (iv) no representation, warranty or statement made by the Parent or, to its best knowledge, the Sellers or any other party thereto other than the Parent, at the time they were made in any Acquisition Document, or any agreement, certificate, statement or document required to be delivered pursuant to any Acquisition Document contains any untrue

statement of material fact or omits to state a material fact necessary in order to make the statements contained in such Acquisition Documents not misleading in light of the circumstances in which they were made, and (v) in connection with the Acquisition, certain of the Borrowers are acquiring the Acquisition Assets and, on the date hereof, after giving effect to the transactions contemplated by this Agreement, by the Acquisition Agreement and by the other Acquisition Documents, the Sale Order and Loan Documents, will have good title to such Acquisition Assets free and clear of all Liens other than the Liens created by the Loan Documents and other than Permitted Liens.

(ii) Consummation of the Acquisition. (i) The Parent has delivered to the Agent a complete and correct copy of the Acquisition Documents, including all schedules and exhibits thereto, (ii) each Acquisition Document sets forth the entire agreement and understanding of the parties thereto relating to the subject matter thereof, and there are no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby, (iii) no Acquisition Document has been amended or otherwise modified without the prior written consent of the Agent, (iv) the execution, delivery and performance of the Acquisition Documents have been duly authorized by all necessary action on the part of each such Person, (v) the Acquisition has been effected in accordance with the terms of the Sale Order, the Acquisition Documents and all applicable law (including, without limitation, the Bankruptcy Code), (vi) at the time of consummation of the Acquisition, there does not exist any judgment, order or injunction prohibiting or imposing any material adverse condition upon the consummation of the Acquisition, (vii) at the time of consummation thereof, all consents and approvals of, and filings and registrations with, and all other actions in respect of, all Government Authorities required in order to consummate the Acquisition shall have been obtained, given, filed or taken and shall be in full force and effect, (viii) all actions taken by the Loan Parties pursuant to or in furtherance of the Acquisition have been taken in compliance in all material respects with respective Acquisition Documents, the Bankruptcy Code and the Sale Order, (ix) the Loan Parties did not incur or assume any liabilities or obligations pursuant to or in connection with the Acquisition other than those liabilities and obligations set forth on Schedule 6.01(ii) hereto, and (x) each Acquisition Document is the legal, valid and binding obligation of the parties thereto, enforceable against such parties in accordance with its terms.

(jj) Schedules. All of the information which is required to be scheduled to this Agreement is set forth on the Schedules attached hereto, is correct and accurate and does not omit to state any information material thereto.

(kk) Representations and Warranties in Documents; No Default. All representations and warranties set forth in this Agreement and the other Loan Documents are true and correct in all respects at the time as of which such representations were made and on the Effective Date. No Event of Default has occurred and is continuing and no condition exists which constitutes a Default or an Event of Default.

ARTICLE VII

COVENANTS OF THE LOAN PARTIES

Section 7.01 Affirmative Covenants. So long as any principal of or interest on any Loan or any other Obligation (whether or not due) shall remain unpaid or any Lender shall have any Commitment hereunder, each Loan Party will,

unless the Required Lenders shall otherwise consent in writing:

(a) Reporting Requirements. Furnish to the Agent and each Lender:

(i) as soon as available and in any event within 45 days after the end of the first three fiscal quarters of each Fiscal Year of the Parent commencing with the fiscal quarter ending September 30, 2002, consolidated balance sheets and consolidated statements of operations, cash flows and stockholders' equity of the Parent and its Subsidiaries as at the end of such quarter, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such quarter, setting forth in each case in comparative form the figures for the corresponding date or period of the immediately preceding Fiscal Year, all in reasonable detail and certified by an Authorized Officer of the Parent as fairly presenting, in all material respects, the financial position of the Parent and its Subsidiaries as of the end of such quarter and the results of operations and cash flows of the Parent and its Subsidiaries for such quarter, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of the Parent and its Subsidiaries furnished to the Agent and the Lenders, subject to normal year-end adjustments;

(ii) as soon as available, and in any event within 90 days after the end of each Fiscal Year of the Parent and its Subsidiaries, consolidated balance sheets and consolidated statements of operations, cash flows and stockholders' equity of the Parent and its Subsidiaries as at the end of such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the immediately preceding Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, and accompanied by a report and an unqualified opinion, prepared in accordance with generally accepted auditing standards, of independent certified public accountants of recognized standing selected by the Parent and satisfactory to the Agent (which opinion shall be without (A) a "going concern" or like qualification or exception, (B) any qualification or exception as to the scope of such audit, or (C) any qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause any noncompliance with the provisions of Section 7.03), together with a written statement of such accountants (1) to the effect that, in making the examination necessary for their certification of such financial statements, they have not obtained any knowledge of the existence of an Event of Default or a Default under any financial covenant contained in Section 7.03 and (2) if such accountants shall have obtained any knowledge of the existence of any such Event of Default or Default, describing the nature thereof;

(iii) as soon as available, and in any event within 30 days (or, for the months during 2002, 45 days) after the end of each fiscal month of the Parent and its Subsidiaries commencing with the first fiscal month of the Parent and its Subsidiaries ending after the Effective Date, internally prepared consolidated balance sheets and consolidated statements of operations as at the end of such fiscal month, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such fiscal month, all in reasonable detail and certified by an Authorized Officer of the Parent as fairly presenting, in all material respects, the financial position of the Parent and its Subsidiaries as at the end of such fiscal month and the results of operations of the Parent and its Subsidiaries for such fiscal month, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements furnished to the Agent and the Lenders, subject to normal year-end adjustments;

(iv) simultaneously with the delivery of the financial statements of the Parent and its Subsidiaries required by clauses (i), (ii) and (iii) of this Section 7.01(a), a

certificate of an Authorized Officer of the Parent (A) stating that such Authorized Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Parent and its Subsidiaries during the period covered by such financial statements with a view to determining whether the Parent and its Subsidiaries were in compliance with all of the provisions of this Agreement and such Loan Documents at the times such compliance is required hereby and thereby, and that such review has not disclosed, and such Authorized Officer has no knowledge of, the existence during such period of an Event of Default or Default or, if an Event of Default or Default existed, describing the nature and period of existence thereof and the action which the Parent and its Subsidiaries propose to take or have taken with respect thereto and (B) attaching a schedule showing the calculations specified in Section 7.03;

(v) as soon as available and in any event within 30 days (or, for the months during 2002, 45 days) after the end of each fiscal month of the Parent and its Subsidiaries commencing with the month ending September 30, 2002, reports in form and detail satisfactory to the Agent and certified by an Authorized Officer of the Administrative Borrower as being accurate and complete with respect to the Rolling Stock of the Loan Parties, a certificate setting forth, as of the end of the previous fiscal month and for the portion of the Fiscal Year then ended, (A) a summary report of the Rolling Stock of the Loan Parties, indicating changes in value and depreciation amounts, (B) a list of Rolling Stock of the Loan Parties purchased or otherwise acquired during such period, setting forth the following information: the date of acquisition, the manufacturer, the year made, the model, the vehicle identification number, the state in which it is licensed, the license number, the owner, state in which it is titled and the certificate of title or ownership identification number, together with a copy of the invoice, purchase order, registration or other document setting forth the vehicle identification number of such vehicle, which list shall supplement and update Schedule 5.01(d)(xxiv) and Schedule 5.3(a), (C) a list of Rolling Stock of the Loan Parties sold or contracted for sale during such period, (D) the Dollar amount spent on such purchases or acquisitions during such period, (E) a report reconciling the records of the Loan Parties against the most recent report of the Rolling Stock Collateral Custodian with respect to the Rolling Stock and (F) any other information relating to the Rolling Stock as the Agents may reasonably request;

(vi) (A) as soon as possible and in any event not later than 30 days prior to the end of each Fiscal Year, financial projections, supplementing and superseding the financial projections referred to in Section 6.01(g)(ii)(A), prepared on a quarterly basis and otherwise in form and substance satisfactory to the Agent, for the immediately succeeding Fiscal Year for the Parent and its Subsidiaries and (B) as soon as possible and in any event not later than 30 days prior to the end of each fiscal quarter, financial projections, supplementing and superseding the financial projections referred to in Section 6.01(g)(ii)(B), prepared on a quarterly basis and otherwise in form and substance satisfactory to the Agent, for each remaining quarterly period in such Fiscal Year, all such financial projections to be reasonable, to be prepared on a reasonable basis and in good faith, and to be based on assumptions believed by the Parent to be reasonable at the time made and from the best information then available to the Parent;

(vii) promptly after submission to any Governmental Authority, all documents and information furnished to such Governmental Authority in connection with any investigation of any Loan Party other than routine inquiries by such Governmental Authority;

(viii) as soon as possible, and in any event within 3 Business Days after the occurrence of an Event of Default or Default or the occurrence of any event or

development that could have a Material Adverse Effect, the written statement of an Authorized Officer of the Administrative Borrower setting forth the details of such Event of Default or Default or other event or development having a Material Adverse Effect and the action which the affected Loan Party proposes to take with respect thereto;

(ix) (A) as soon as possible and in any event within 10 days after any Loan Party or any ERISA Affiliate thereof knows or has reason to know that (1) any Reportable Event with respect to any Employee Plan has occurred, (2) any other Termination Event with respect to any Employee Plan has occurred, or (3) an accumulated funding deficiency has been incurred or an application has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including installment payments) or an extension of any amortization period under Section 412 of the Internal Revenue Code with respect to an Employee Plan, a statement of an Authorized Officer of the Administrative Borrower setting forth the details of such occurrence and the action, if any, which such Loan Party or such ERISA Affiliate proposes to take with respect thereto, (B) promptly and in any event within three days after receipt thereof by any Loan Party or any ERISA Affiliate thereof from the PBGC, copies of each notice received by any Loan Party or any ERISA Affiliate thereof of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan, (C) promptly and in any event within 10 days after the filing thereof with the Internal Revenue Service if requested by the Agent, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Employee Plan and Multiemployer Plan, (D) promptly and in any event within 10 days after any Loan Party or any ERISA Affiliate thereof knows or has reason to know that a required installment within the meaning of Section 412 of the Internal Revenue Code has not been made when due with respect to an Employee Plan, (E) promptly and in any event within 3 days after receipt thereof by any Loan Party or any ERISA Affiliate thereof from a sponsor of a Multiemployer Plan or from the PBGC, a copy of each notice received by any Loan Party or any ERISA Affiliate thereof concerning the imposition or amount of withdrawal liability under Section 4202 of ERISA or indicating that such Multiemployer Plan may enter reorganization status under Section 4241 of ERISA, and (F) promptly and in any event within 10 days after any Loan Party or any ERISA Affiliate thereof sends notice of a plant closing or mass layoff (as defined in WARN) to employees, copies of each such notice sent by such Loan Party or such ERISA Affiliate thereof;

(x) promptly after the commencement thereof but in any event not later than 5 days after service of process with respect thereto on, or the obtaining of knowledge thereof by, any Loan Party, notice of each action, suit or proceeding before any court or other Governmental Authority or other regulatory body or any arbitrator which, if adversely determined, could have a Material Adverse Effect;

(xi) as soon as possible and in any event within 5 days after execution, receipt or delivery thereof, copies of any material notices that any Loan Party executes or receives in connection with any Revolving Credit Document, any Acquisition Document or any other Material Contract;

(xii) as soon as possible and in any event within 5 days after execution, receipt or delivery thereof, copies of any material notices that any Loan Party executes or receives in connection with the sale or other Disposition of the Capital Stock of, or all or substantially all of the assets of, any Loan Party;

(xiii) promptly after the sending or filing thereof, copies of all statements, reports and other information any Loan Party sends to any holders of its publicly-held securities or files with the SEC or any national (domestic or foreign) securities exchange;

(xiv) promptly upon receipt thereof, copies of all financial reports (including, without limitation, management letters), if any, submitted to any Loan Party by its auditors in connection with any annual or interim audit of the books thereof; and

(xv) weekly, an availability report with respect to the Accounts Receivable borrowing base contained in each Revolving Credit Agreement, in the same form and substance, and at the same time, as delivered to each Revolving Credit Agent;

(xvi) at the earlier of (x) the delivery of the financial statements required to be delivered pursuant to Section 7.01(a)(i) after the end of each fiscal quarter of the Parent and (y) within 30 days after the date on which the Net Book Value of Rolling Stock of the Loan Parties purchased, acquired or otherwise obtained during the period since the latest delivery pursuant to this clause (xvi) exceeds $200,000, the originals of all certificates of title or ownership for such Rolling Stock, and duly executed and completed title or ownership applications with appropriate state agencies to enable such Rolling Stock to be retitled with the Agent listed as a lienholder thereof and an updated Schedule 5.01(d)(xxiv) or Schedule 5.03(a), as applicable), which Schedule shall include for all Rolling Stock of the Loan Parties information with respect to the manufacturer, the year made, the model, the vehicle identification number, the state in which it is licensed, the license number, the owner, state in which it is titled and the certificate of title or ownership identification number; and

(xvii) promptly upon request, such other information concerning the condition or operations, financial or otherwise, of any Loan Party as the Agent may from time to time may reasonably request, including, without limitation, financial information pertaining to any operating division or unit of any Loan Party.

(b) Additional Guaranties and Collateral Security. Cause:

(i) each Subsidiary of any Loan Party not in existence on the Effective Date to execute and deliver to the Agent promptly and in any event within 3 days after the formation, acquisition or change in status thereof (A) a Guaranty guaranteeing the Obligations, (B) a Security Agreement, (C) if such Subsidiary has any Subsidiaries, a Pledge Agreement together with (x) certificates evidencing all of the Capital Stock of any Person owned by such Subsidiary, (y) undated stock powers executed in blank with signature guaranteed, and (z) such opinion of counsel and such approving certificate of such Subsidiary as the Agent may reasonably request in respect of complying with any legend on any such certificate or any other matter relating to such shares, (D) one or more Mortgages creating on the real property of such Subsidiary a perfected, first priority Lien on such real property, a Title Insurance Policy covering such real property, a current ALTA survey thereof and a surveyor's certificate, each in form and substance satisfactory to the Agent, together with such other agreements, instruments and documents as the Agent may require whether comparable to the documents required under Section 7.01(o) or otherwise, (E) any Canadian Security Documents, if applicable, and (F) such other agreements, instruments, approvals, legal opinions or other documents reasonably requested by the Agent in order to create, perfect, establish the first priority of or otherwise protect any Lien purported to be covered by any such Security Agreement, Pledge Agreement or

Mortgage or Canadian Security Document or otherwise to effect the intent that such Subsidiary shall become bound by all of the terms, covenants and agreements contained in the Loan Documents and that all property and assets of such Subsidiary shall become Collateral for the Obligations; and

(ii) each owner of the Capital Stock of any such Subsidiary to execute and deliver promptly and in any event within 3 days after

the formation or acquisition of such Subsidiary a Pledge Agreement, together with (A) certificates evidencing all of the Capital Stock of such Subsidiary, (B) undated stock powers or other appropriate instruments of assignment executed in blank with signature guaranteed, (C) such opinion of counsel and such approving certificate of such Subsidiary as the Agent may reasonably request in respect of complying with any legend on any such certificate or any other matter relating to such shares and (D) such other agreements, instruments, approvals, legal opinions or other documents requested by the Agent.

(c) Compliance with Laws, Etc. (i) Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders (including, without limitation, all Environmental Laws and Motor Vehicle Laws), such compliance to include, without limitation, (A) paying before the same become delinquent all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any of its properties, and (B) paying all lawful claims (including, without limitation, all Environmental Claims) which if unpaid might become a Lien or charge upon any of its properties, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP.

(ii) Establish and maintain, at its expense, a system and policies to assure and monitor its continued compliance with all Environmental Laws in all of its operations, which system and policies shall include periodic reviews of such compliance by employees or agents of the Loan Parties who are familiar with the requirements of the Environmental Laws. Copies of all such periodic reviews shall be made available by the Loan Parties for inspection by the Agent and, upon the Agent's request, copies of all environmental reviews, surveys, audits, assessments, feasibility studies and results of remedial investigations shall be promptly furnished, or caused to be furnished, by the Loan Parties to the Agent. The Loan Parties shall take prompt and appropriate action to respond to any non-compliance with any of the Environmental Laws and shall regularly report to the Agent on such response.

(d) Preservation of Existence, Etc. Maintain and preserve, and cause each of its Subsidiaries (other than Inactive Subsidiaries) to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries (other than Inactive Subsidiaries) to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

(e) Keeping of Records and Books of Account. Keep, and cause each of its Subsidiaries to keep, adequate records and books of account, with complete entries made to permit the preparation of financial statements in accordance with GAAP.

(f) Inspection Rights. Permit, and cause each of its Subsidiaries to permit, the agents and representatives of the Agent at any time and from time to time during normal business hours, at the expense of the Borrowers, to examine and make copies of and abstracts from its records and books of account, to visit and inspect its properties, to verify materials, leases, notes, accounts receivable, deposit accounts and its other assets, to conduct audits, physical counts, valuations, appraisals, Phase I Environmental Site Assessments (and, if requested by the Agent based upon the results of any such Phase I Environmental Site Assessment, a Phase II Environmental Site Assessment) or examinations and to discuss its affairs, finances and accounts with any of its directors, officers, managerial employees, independent accountants or any of its other representatives. In furtherance of the foregoing, each Loan Party hereby authorizes its independent accountants, and the independent accountants of each of its Subsidiaries, to discuss the affairs, finances and accounts of such Person (independently or together with

representatives of such Person) with the agents and representatives of the Agent in accordance with this Section 7.01(f).

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted, and comply, and cause each of its Subsidiaries to comply, at all times with the provisions of all leases relating to such properties to which it is a party as lessee or under which it occupies property, so as to prevent any loss or forfeiture thereof or thereunder.

(h) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations (including, without limitation, comprehensive general liability, hazard, rent and business interruption insurance) with respect to its properties (including all real properties leased or owned by it) and business, in such amounts and covering such risks as is required by any Governmental Authority having jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and in any event in amount, adequacy and scope reasonably satisfactory to the Agent. All policies covering the Collateral are to be made payable to the Agent for the benefit of the Lenders, as its interests may appear, in case of loss, under a standard non-contributory "lender" or "secured party" clause and are to contain such other provisions as the Agent may require to fully protect the Lenders' interest in the Collateral and to any payments to be made under such policies. All certificates of insurance are to be delivered to the Agent and the policies are to be premium prepaid, with the loss payable and additional insured endorsement in favor of the Agent and such other Persons as the Agent may designate from time to time, and shall provide for not less than 30 days' prior written notice to the Agent of the exercise of any right of cancellation. If any Loan Party or any of its Subsidiaries fails to maintain such insurance, the Agent may arrange for such insurance, but at the Borrowers' expense and without any responsibility on the Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Upon the occurrence and during the continuance of an Event of Default, the Agent shall have the sole right, in the name of the Lenders, any Loan Party and its Subsidiaries, to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(i) Obtaining of Permits, Etc. (i) Obtain, maintain and preserve, and cause each of its Subsidiaries to obtain, maintain and preserve, and take all necessary action to timely renew, all permits, licenses, authorizations, approvals, entitlements and accreditations which are necessary or useful in the proper conduct of its business.

(ii) Cause all Rolling Stock, now owned or hereafter acquired by any Loan Party, which, under applicable law, is required to be registered, to be properly registered (including, without limitation, the payment of all necessary taxes and receipt of any applicable permits) in the name of such Loan Party and cause all Rolling Stock, now owned or hereafter acquired by any Loan Party, the ownership of which, under applicable law (including, without limitation, any Motor Vehicle Law), is evidenced by a certificate of title or ownership, to be properly titled in the name of such Loan Party, with the Agent's Lien noted thereon.

(j) Environmental. (i) Keep any property either owned or operated by it or any of its Subsidiaries free of any Environmental Liens and maintain each Loan Parties' businesses, Facilities, operations, properties and assets in material compliance with Environmental Laws; (ii) provide the Agents

written notice within five (5) days of any Release of a Hazardous Material in excess of any reportable quantity from or onto property at any time owned or operated by it or any of its Subsidiaries and take any material Remedial Actions required to abate said Release; (iii) provide the Agents with written notice within ten (10) days of the receipt of any of the following: (A) notice that an Environmental Lien has been filed against any property of any Loan Party or any of its Subsidiaries; (B) commencement of any Environmental Claim in excess of $1,000,000 or notice that an Environmental Claim will be filed against any Loan Party or any of its Subsidiaries; and (C) notice of a violation, citation or other administrative order which could have a Material Adverse Effect, (iv) defend, indemnify and hold harmless the Agent and the Lenders and their transferees, and their respective employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses (including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses) arising out of (A) the generation, presence, disposal, Release or threatened Release of any Hazardous Materials on, under, in, originating or emanating from any property at any time owned or operated by any Loan Party or any of its Subsidiaries (or its predecessors in interest or title), (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to the presence or Release of such Hazardous Materials, (C) any request for information, investigation, lawsuit brought or threatened, settlement reached or order by a Governmental Authority relating to the presence or Release of such Hazardous Materials, (D) any violation of any Environmental Law and/or (E) any Environmental Claim filed against the Agent or any Lender, (v) maintain and preserve all Environmental Permits necessary to operate, use or occupy each of the Loan Parties' businesses, Facilities, operations, properties and assets, (vi) maintain and comply with all financial assurance requirements under RCRA and any similar Environmental Law, as specifically set forth but not limited to 40 C.F.R. 264 and 265, necessary to operate, use or occupy each of the Loan Parties' businesses, Facilities, operations, properties and assets, (vii) comply with all applicable writs, orders, consent decrees, judgments, injunctions, communications by any Governmental Authority, decrees, informational requests or demands issued pursuant to, or arising under, any Environmental Laws, (viii) provide the Agent with prompt written notice in the event any Loan Party is required to spend more than $1,000,000 individually or $5,000,000 in the aggregate to comply with any Environmental Laws that have been promulgated and enacted by a Governmental Authority throughout the term of this Agreement, and (ix) file and submit truthful and complete representations, including without

limitation applications, warranty statements and accompanying materials provided in support of such representations, submitted by the Loan Parties to obtain insurance.

Without limiting the generality of the foregoing, whenever the Agent reasonably determines that there is non-compliance, or any condition which requires any action by or on behalf of any Loan Party in order to avoid any material non-compliance, with any Environmental Law which could result in the imposition of substantial fines or penalties or otherwise materially and adversely affect the business, assets or prospects of the Loan Parties on a consolidated basis, the Loan Parties shall, at the Agent's request and Borrowers' expense: (i) cause an independent environmental engineer acceptable to the Agent to conduct such assessments, investigations or tests of the site where any Loan Party's non-compliance or alleged non-compliance with such Environmental Laws has occurred as to such non-compliance and prepare and deliver to the Agent a report as to such non-compliance setting forth the results of such tests, a proposed plan for responding to any environmental problems described therein, and an estimate of the costs thereof and (ii) provide to the Agent a supplemental report of such engineer whenever the scope of such non-compliance, or the applicable Loan Party's response thereto or the estimated costs thereof, shall change in any material respect.

Borrowers acknowledge and agree that neither the Loan Documents or the actions

of the Agent or any Lender pursuant thereto shall operate or be deemed (i) to place upon the Agent or any Lender any responsibility for the operation, control, care, service, management, maintenance or repair of property or facilities of Loan Parties or (ii) to make the Agent or any Lender the "owner" or "operator" of any property or facilities of the Loan Parties or a "responsible party" within the meaning of applicable Environmental Laws. The indemnification provisions of this Section 7.01(j) shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

(k) Further Assurances. Take such action and execute, acknowledge and deliver, and cause each of its Subsidiaries to take such action and execute, acknowledge and deliver, at its sole cost and expense, such agreements, instruments or other documents as the Agent may require from time to time in order (i) to carry out more effectively the purposes of this Agreement and the other Loan Documents, (ii) to subject to valid and perfected first priority (except to the extent specified in the Intercreditor Agreement and the Cash Collateral Control Agreement with respect to certain Collateral) Liens any of the Collateral or any other property of any Loan Party and its Subsidiaries, (iii) to establish and maintain the validity and effectiveness of any of the Loan Documents and the validity, perfection and priority of the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer and confirm unto the Agent and each Lender the rights now or hereafter intended to be granted to it under this Agreement or any other Loan Document. In furtherance of the foregoing, to the maximum extent permitted by applicable law, each Loan Party (i) authorizes the Agent to execute any such agreements, instruments or other documents in such Loan Party's name and to file such agreements, instruments or other documents in any appropriate filing office, (ii) authorizes the Agent to file any financing statement required hereunder or under any other Loan Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of such Loan Party, and (iii) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed without the signature of such Loan Party prior to the date hereof.

(l) Change in Collateral; Collateral Records. (i) Give the Agent not less than 30 days' prior written notice of any change in the location of any Collateral, other than

to locations set forth on Schedule 6.01(ff) and with respect to which the Agent has filed financing statements and otherwise fully perfected its Liens thereon, (ii) advise the Agent promptly, in sufficient detail, of any material adverse change relating to the type, quantity or quality of the Collateral or the Lien granted thereon and (iii) execute and deliver, and cause each of its Subsidiaries to execute and deliver, to the Agent for the benefit of the Lenders from time to time, solely for the Agent's convenience in maintaining a record of Collateral, such written statements and schedules as the Agent may reasonably require, designating, identifying or describing the Collateral.

(m) Landlord Waivers; Collateral Access Agreements. (i) At any time any Collateral with a book value in excess of $250,000 (when aggregated with all other Collateral at the same location) is located on any real property of a Loan Party (whether such real property is now existing or acquired after the Effective Date) which is not owned by a Loan Party, obtain written subordinations or waivers, in form and substance satisfactory to the Agent, of all present and future Liens which the owner or lessor of such premises may be entitled to assert against the Collateral; and

(ii) Use commercially reasonable efforts to obtain written access agreements, in form and substance satisfactory to the Agent, providing access to Collateral located on any premises not owned by a Loan Party in order to remove such Collateral from such premises during an Event of Default.

(n) Subordination. Cause all Indebtedness and other obligations now or hereafter owed by it to any of its Affiliates, to be

subordinated in right of payment and security to the Indebtedness and other Obligations owing to the Agent and the Lenders in accordance with a subordination agreement in form and substance satisfactory to the Agent.

(o) After Acquired Real Property. Upon the acquisition by it or any of its Subsidiaries after the date hereof of any interest (whether fee or leasehold) in any real property (wherever located) (each such interest being an "After Acquired Property") (x) with a Current Value (as defined below) in excess of $100,000 in the case of a fee interest, or (y) requiring the payment of annual rent exceeding in the aggregate $100,000 in the case of leasehold interest, promptly (but in any event within three Business Days) so notify the Agent, setting forth with specificity a description of the interest acquired, the location of the real property, any structures or improvements thereon and either an appraisal or such Loan Party's good-faith estimate of the current value of such real property (for purposes of this Section, the "Current Value"). The Agent shall notify such Loan Party whether it intends to require a Mortgage and the other documents referred to below or in the case of leasehold, a leasehold Mortgage or landlord's waiver (pursuant to Section 7.01(m) hereof). Upon receipt of such notice requesting a Mortgage, the Person which has acquired such After Acquired Property shall immediately furnish to the Agent the following, each in form and substance satisfactory to the Agent: (i) a Mortgage with respect to such real property and related assets located at the After Acquired Property, each duly executed by such Person and in recordable form; (ii) evidence of the recording of the Mortgage referred to in clause (i) above in such office or offices as may be necessary or, in the opinion of the Agent, desirable to create and perfect a valid and enforceable first priority lien on the property purported to be covered thereby or to otherwise protect the rights of the Agent and the Lenders thereunder, (iii) a Title Insurance Policy, (iv) an ALTA survey of such real property, certified to the Agent and to the issuer of the Title Insurance Policy by a licensed professional surveyor and using a form of certification reasonably satisfactory to the Agent, (v) Phase I Environmental Site Assessments with respect to such real property,

certified to the Agent by a company reasonably satisfactory to the Agent, (vi) in the case of a leasehold interest, a certified copy of the lease between the landlord and such Person with respect to such real property in which such Person has a leasehold interest, and the certificate of occupancy with respect thereto, (vii) in the case of a leasehold interest, an attornment and nondisturbance agreement between the landlord (and any fee mortgagee) with respect to such real property and the Agent, and (viii) evidence satisfactory to the Agent of the compliance of such real property with all applicable building codes, subdivision and zoning laws, rules and regulations, and (ix) such other documents or instruments (including guarantees and opinions of counsel) as the Agent may reasonably require. The Borrowers shall pay all fees and expenses, including reasonable attorneys' fees and expenses, and all title insurance charges and premiums, in connection with each Loan Party's obligations under this Section 7.01(o).

(p) Fiscal Year. Cause the Fiscal Year of the Parent and its Subsidiaries to end on December 31 of each calendar year unless the Agent consents to a change in such Fiscal Year (and appropriate related changes to this Agreement).

Section 7.02 Negative Covenants. So long as any principal of or interest on any Loan or any other Obligation (whether or not due) shall remain unpaid or any Lender shall have any Commitment hereunder, each Loan Party shall not, unless the Required Lenders shall otherwise consent in writing:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired; file or suffer to exist under the Uniform Commercial Code or any similar law or statute of any jurisdiction, a financing statement (or the equivalent thereof) that names it or any of its Subsidiaries as debtor; sign or

suffer to exist any security agreement authorizing any secured party thereunder to file such financing statement (or the equivalent thereof); sell any of its property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable) with recourse to it or any of its Subsidiaries or assign or otherwise transfer, or permit any of its Subsidiaries to assign or otherwise transfer, any account or other right to receive income; other than, as to all of the above, Permitted Liens.

(b) Indebtedness. Create, incur, assume, guarantee or suffer to exist, or otherwise become or remain liable with respect to, or permit any of its Subsidiaries to create, incur, assume, guarantee or suffer to exist or otherwise become or remain liable with respect to, any Indebtedness other than Permitted Indebtedness.

(c) Fundamental Changes; Dispositions. Wind-up, liquidate or dissolve, or merge, consolidate or amalgamate with any Person, or convey, sell, lease or sublease, transfer or otherwise dispose of, whether in one transaction or a series of related transactions, all or any part of its business, property or assets, whether now owned or hereafter acquired (or agree to do any of the foregoing), or purchase or otherwise acquire, whether in one transaction or a series of related transactions, all or substantially all of the assets of any Person (or any division thereof) (or agree to do any of the foregoing), or permit any of its Subsidiaries to do any of the foregoing; provided, however, that

(i) any Borrower (other than the Parent) may be merged into or consolidated with any other Borrower and any wholly-owned Subsidiary of any Loan Party (other than a Borrower) may be merged into such Loan Party or another wholly-owned

Subsidiary of such Loan Party, or may consolidate with another wholly-owned Subsidiary of such Loan Party, so long as (A) no other provision of this Agreement would be violated thereby, (B) such Loan Party gives the Agent at least 30 days' prior written notice of such merger or consolidation, (C) no Default or Event of Default shall have occurred and be continuing either before or after giving effect to such transaction, (D) the Lenders' rights in any Collateral, including, without limitation, the existence, perfection and priority of any Lien thereon, are not adversely affected by such merger or consolidation and (E) the surviving Subsidiary, if any, is joined as a Loan Party hereunder and is a party to a Guaranty and a Security Agreement and the Capital Stock of which Subsidiary is the subject of a Pledge Agreement, in each case, which is in full force and effect on the date of and immediately after giving effect to such merger or consolidation;

(ii) any Loan Party and its Subsidiaries may (A) dispose of obsolete or worn-out equipment (other than Rolling Stock) in the ordinary course of business, and (B) sell or otherwise dispose of other property or assets (other than any Capital Stock or Facility of any Loan Party) for cash in an aggregate amount not less than the fair market value of such property or assets, provided that (1) the Net Cash Proceeds of all such Dispositions are paid to the Agent for the benefit of the Lenders pursuant to the terms of Section 2.05(c)(i), (2) if the aggregate amount of Net Cash Proceeds of all such Dispositions exceeds $500,000 in any twelve month period, the Loan Parties may sell or otherwise dispose of additional property or assets during such period so long as (I) at least five Business Days prior to selling or disposing of such property or assets, the Loan Parties furnish to the Agent an appraisal, reasonably satisfactory to the Agent, of the fair market value of the property or assets subject to such sale or disposition and (II) the other provisions of this paragraph (ii) are satisfied, and (3) in all cases, so long as, before and after giving effect to the transactions permitted thereby, there exists no continuing Event of Default; and

(iii) so long as no Event of Default has occurred and is

continuing, any Loan Party may (A) license, on a non-exclusive basis, any of its patents, trademarks or copyrights in the ordinary course of business, and (B) enter into leases, as lessor, in respect of space at any Facility so long as the applicable tenant executes and delivers to the Agent, to the extent reasonably requested by the Agent, an estoppel letter and a subordination and non-disturbance agreement the form and substance of which are reasonably satisfactory to the Agent.

(d) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any change in the nature of its business as described in Section 6.01(l).

(e) Loans, Advances, Investments, Etc. Make or commit or agree to make any loan, advance guarantee of obligations, other extension of credit or capital contributions to, or hold or invest in or commit or agree to hold or invest in, or purchase or otherwise acquire or commit or agree to purchase or otherwise acquire any shares of the Capital Stock, bonds, notes, debentures or other securities of, or make or commit or agree to make any other investment in, any other Person, or purchase or own any futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, or permit any of its Subsidiaries to do any of the foregoing, except for: (i) investments existing on the date hereof, as set forth on Schedule 7.02(e) hereto, but not any increase in the amount thereof as set forth in such Schedule or any other modification of the terms thereof, (ii) investments made by the Parent or any other Loan Party in or to its respective wholly-owned Subsidiaries and by such Subsidiaries to it, made in the ordinary course of

business, provided that the aggregate principal amount of such investments made in or to the Loan Parties' Subsidiaries organized outside of the United States (exclusive of (A) investments in the Capital Stock of such Subsidiaries resulting from the allocation of the consideration paid by the Loan Parties for the Acquisition Assets and (B) Indebtedness incurred by a Loan Party on behalf of one or more of its Subsidiaries which is permitted under clause (i) of the definition of "Permitted Indebtedness") shall not exceed, in the case of such Subsidiaries organized under the laws of a Canadian province, $5,000,000 or, in the case of any other Subsidiary organized outside the United States, $500,000, in each case at any one time outstanding, and (iii) Permitted Investments.

(f) Inactive Subsidiaries. Permit any Inactive Subsidiary to (i) become an active company, have operations or conduct business or (ii) own any assets other than assets with a fair market value not in excess of $25,000 in the aggregate for all Inactive Subsidiaries.

(g) Capital Expenditures. Make or commit or agree to make, or permit any of its Subsidiaries to make or commit or agree to make, any Capital Expenditure (by purchase or Capitalized Lease) that would cause the aggregate amount of all Capital Expenditures made by the Loan Parties and their Subsidiaries to exceed the applicable amount for the corresponding Fiscal Year set forth below:

CapEx Amount	Fiscal Year
$45,000,000	2003
$32,000,000	2004
$28,000,000	2005
$25,000,000	2006
$25,000,000	2007

; provided, however, if the amount of Capital Expenditures permitted to be made by the Loan Parties pursuant to the foregoing in any Fiscal Year (before giving effect to any increase in such permitted expenditure amount pursuant to this proviso) is greater than the amount of such Capital Expenditures actually made by the Loan Parties during such Fiscal Year, such excess may be carried forward to the next succeeding Fiscal Year and utilized to make Capital Expenditures in such Fiscal Year (but not in any subsequent Fiscal Year).

(h) Restricted Payments. (i) Declare or pay any dividend or other distribution, direct or indirect, on account of any Capital Stock of any Loan Party or any of its Subsidiaries, now or hereafter outstanding, (ii) make any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Capital Stock of any Loan Party or any direct or indirect parent of any Loan Party, now or hereafter outstanding, (iii) make any payment to retire, or to obtain the surrender of, any outstanding warrants, options or other rights for the purchase or acquisition of shares of any class of Capital Stock of any Loan Party, now or hereafter outstanding, (iv) return any Capital Stock to any shareholders or other equity holders of any Loan Party or any of its Subsidiaries, or make any other distribution of property, assets, shares of Capital Stock, warrants, rights, options, obligations or securities thereto as such or (v) pay any management fees or any other fees or expenses (including the reimbursement thereof by any Loan Party or any of its Subsidiaries) pursuant to any management, consulting or other services agreement to any of the shareholders or other equityholders of any Loan Party or any of its Subsidiaries or other

Affiliates, or to any other Subsidiaries or Affiliates of any Loan Party; provided, however, (A) any Loan Party may pay dividends to the Parent, (B) any Subsidiary of any Borrower may pay dividends to such Borrower, (C) the Parent may pay dividends in the form of common Capital Stock, and (D) the Parent may pay cash dividends at an annual rate of $4.00 per share on its 112,000 currently outstanding shares of Series B convertible preferred stock and any dividends required or permitted to be paid in cash on the shares of its Series C convertible preferred stock described in Section 5.01(g), provided that (I) in each case of clauses (A) through (D) above, at the election of the Agent, which the Agent may and, upon the direction of the Required Lenders, shall make by notice to the Administrative Borrower, no such payment shall be made if an Event of Default shall have occurred and be continuing or would result from the making of any such payment and (II) in the case of clause (D) above, no such payment shall be made if, immediately before or after giving effect to any such payment, Adjusted Excess Availability (in the case of any such payments made on or prior to March 1, 2003) or Excess Availability (as defined in the Revolving Credit Agreement as in effect on the date hereof) (in the case of any such payments made after March 1, 2003) under the Revolving Credit Agreement is less than $30,000,000.

(i) Federal Reserve Regulations. Permit any Loan or the proceeds of any Loan under this Agreement to be used for any purpose that would cause such Loan to be a margin loan under the provisions of Regulation T, U or X of the Board.

(j) Transactions with Affiliates. Enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (i) in the ordinary course of business in a manner and to an extent consistent with past practice and necessary or desirable for the prudent operation of its business, for fair consideration and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof, (ii) transactions with another Loan Party and (iii) transactions permitted by Section 7.02(e).

(k) Limitations on Dividends and Other Payment Restrictions Affecting Subsidiaries. Create or otherwise cause, incur, assume, suffer or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of any Loan Party (i) to pay dividends or to make any other distribution on any shares of Capital Stock of such Subsidiary owned by any Loan Party or any of its Subsidiaries, (ii) to pay or prepay or to subordinate any Indebtedness owed to any Loan Party or any of its Subsidiaries, (iii) to make loans or advances to any Loan Party or any of its Subsidiaries or (iv) to transfer any of its property or assets to any Loan Party or any of its Subsidiaries, or permit any of its Subsidiaries to do any of the foregoing; provided, however, that nothing in any of clauses (i) through (iv) of this Section 7.02(k) shall prohibit or restrict compliance with:

(A) this Agreement, the other Loan Documents and the Revolving Credit Agreement;

(B) any agreements in effect on the date of this Agreement and described on Schedule 7.02(k);

(C) any applicable law, rule or regulation (including, without limitation, applicable currency control laws and applicable state corporate statutes restricting the payment of dividends in certain circumstances);

(D) in the case of clause (iv) any agreement setting forth customary restrictions on the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract of similar property or assets; or

(E) in the case of clause (iv) any agreement, instrument or other document evidencing a Permitted Lien from restricting on customary terms the transfer of any property or assets subject thereto.

(l) Limitation on Issuance of Capital Stock. Issue or sell or enter into any agreement or arrangement for the issuance and sale of, or permit any of its Subsidiaries to issue or sell or enter into any agreement or arrangement for the issuance and sale of, any shares of its Capital Stock, any securities convertible into or exchangeable for its Capital Stock or any warrants, except (i) for the Series B and Series C convertible preferred stock of the Parent outstanding on the Effective Date, (ii) the Parent may issue and sell shares of its common Capital Stock to its officers, directors and employees pursuant to stock option and stock purchase plans in effect on the Effective Date, and (iii) for the issuance or sale by the Parent of shares of its common Capital Stock so long as the proceeds from such issuance or sale are applied to prepay the Loans in accordance with Section 2.05(c)(ii).

(m) Modifications of Indebtedness, Organizational Documents and Certain Other Agreements; Etc. (i) Amend, modify or otherwise change (or permit the amendment, modification or other change in any manner of) any of the provisions of any of its or its Subsidiaries' Indebtedness (including, without limitation, any Revolving Credit Document) or of any instrument or agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating to any such Indebtedness if such amendment, modification or change would shorten the final maturity or average life to maturity of, or require any payment to be made earlier than the date originally scheduled on, such Indebtedness, would increase the interest rate applicable to such Indebtedness, would change the subordination provision, if any, of such Indebtedness, or would otherwise be adverse to the Lenders or the issuer of such Indebtedness in any respect, (ii) except for the Obligations, make any voluntary or optional payment or prepayment (other than to the Revolving Credit Lenders pursuant to the Revolving Credit Documents) or redemption, defeasance, sinking fund payment or other acquisition for value of any of its or its Subsidiaries' Indebtedness (including, without limitation, by

way of depositing money or securities with the trustee therefor before the date required for the purpose of paying any portion of such Indebtedness when due), or refund, refinance, replace or exchange any other Indebtedness for any such Indebtedness (except to the extent such Indebtedness is otherwise expressly permitted by the definition of "Permitted Indebtedness"), or make any payment, prepayment, redemption, defeasance, sinking fund payment or repurchase of any outstanding Indebtedness as a result of any asset sale, change of control, issuance and sale of debt or equity securities or similar event, or give any notice with respect to any of the foregoing, (iii) except as permitted by Section 7.02(c), amend, modify or otherwise change its name, jurisdiction of organization, organizational identification number or FEIN or (iv) amend, modify or otherwise change its certificate of incorporation or bylaws (or other similar organizational documents), including, without limitation, by the filing or modification of any certificate of designation, or any agreement or arrangement entered into by it, with respect to any of its Capital Stock (including any shareholders' agreement), or enter into

any new agreement with respect to any of its Capital Stock, except any such amendments, modifications or changes or any such new agreements or arrangements pursuant to this clause (iv) that either individually or in the aggregate, could not have a Material Adverse Effect.

(n) Investment Company Act of 1940. Engage in any business, enter into any transaction, use any securities or take any other action or permit any of its Subsidiaries to do any of the foregoing, that would cause it or any of its Subsidiaries to become subject to the registration requirements of the Investment Company Act of 1940, as amended, by virtue of being an "investment company" or a company "controlled" by an "investment company" not entitled to an exemption within the meaning of such Act.

(o) Acquisition Costs. Except for amounts paid prior to June 30, 2002 and disclosed in Parent's Quarterly Report on Form 10-Q for the fiscal quarter then ended, pay more than a total of $32,000,000 of fees, costs, charges and other expenses incurred in connection with (i) the repayment and defeasance of any Loan Parties' Indebtedness upon the making of the Loans (exclusive of the principal of and interest on the Indebtedness so repaid and defeased), (ii) the work performed by Loan Parties' environmental consultants related to the Acquisition Assets and (iii) the services rendered by Loan Parties' legal counsel in connection with the consummation of the Acquisition and the financing transactions contemplated hereunder.

(p) ERISA. (i) Engage, or permit any ERISA Affiliate to engage, in any transaction described in Section 4069 of ERISA; (ii) engage, or permit any ERISA Affiliate to engage, in any prohibited transaction described in Section 406 of ERISA or 4975 of the Internal Revenue Code for which a statutory or class exemption is not available or a private exemption has not previously been obtained from the U.S. Department of Labor; (iii) adopt or permit any ERISA Affiliate to adopt any employee welfare benefit plan within the meaning of Section 3(1) of ERISA which provides benefits to employees after termination of employment other than as required by Section 601 of ERISA or applicable law; (iv) fail to make any contribution or payment to any Multiemployer Plan which it or any ERISA Affiliate may be required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto; or (v) fail, or permit any ERISA Affiliate to fail, to pay any required installment or any other payment required under Section 412 of the Internal Revenue Code on or before the due date for such installment or other payment.

(q) Environmental. (i) Permit the use, handling, generation, storage, treatment, Release or disposal of Hazardous Materials at any property owned or leased by it or any of its Subsidiaries, except in compliance with Environmental Laws and so long as such use, handling, generation, storage, treatment, Release or disposal of Hazardous Materials does not result in a Material Adverse Effect, or (ii) prejudice its rights to obtain the benefits of its insurance by failing to comply with any of the provisions, conditions or

requirements of its policies of insurance.

(r) Certain Agreements. Agree to any amendment or other change to or waiver of any of its rights under any Material Contract to the extent such amendment, change or waiver is materially adverse to the interests of such Loan Party or the Agent or the Lenders.

(s) Amendment to Acquisition Documents. Amend, modify, change, agree to any amendment, modification or other change to (or make any payment consistent with any amendment or other change to) or waive any of its rights under any of the Acquisition Documents.

Section 7.03 Financial Covenants. So long as any principal of or interest on any Loan or any other Obligation (whether or not due) shall remain unpaid or any Lender shall have any Commitment hereunder, each Loan Party shall not, unless the Required Lenders shall otherwise consent in writing:

(a) Leverage Ratio. Permit the ratio of Consolidated Funded Indebtedness to (i) for any fiscal quarter ending on or prior to June 30, 2003, Consolidated Annualized EBITDA of the Parent and its Subsidiaries and (ii) for each fiscal quarter ending thereafter, Consolidated EBITDA of the Parent and its Subsidiaries as of the end of each period of four (4) consecutive fiscal quarters of the Parent and its Subsidiaries for which the last quarter ends on a date set forth below, to be greater than the applicable ratio set forth below:

Fiscal Quarter End	Leverage Ratio
December 31, 2002	3.5:1
March 31, 2003	3.75:1
June 30, 2003	3.15:1
September 30, 2003	3.0:1
December 31, 2003	2.5:1
March 31, 2004	2.1:1
June 30, 2004	1.9:1
September 30, 2004	1.6:1
December 31, 2004 and for each fiscal quarter thereafter	1.5:1

(b) Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio of the Parent and its Subsidiaries for each period of four (4) consecutive fiscal quarters (or, in the case of each fiscal quarter ending on or prior to June 30, 2003, such lesser number of consecutive fiscal quarters as shall then have been completed since the fiscal quarter commencing on October 1, 2002) of the Parent and its Subsidiaries for which the last quarter ends on a date set forth below to be less than the amount set forth opposite such date:

Fiscal Quarter End	Fixed Charge Coverage Ratio
December 31, 2002	0.65:1
March 31, 2003	0.75:1
June 30, 2003	0.85:1

September 30, 2003	0.90:1
December 31, 2003	1:1
March 31, 2004	1.1:1
June 30, 2004	1.2:1
September 30, 2004	1.4:1

December 31, 2004	1.45:1
For each fiscal quarter thereafter	1.5:1

(c) Consolidated EBITDA. Permit (i) for any fiscal quarter ending on or prior to June 30, 2003, Consolidated Annualized EBITDA of the Parent and its Subsidiaries and (ii) for each fiscal quarter ending thereafter, Consolidated EBITDA of the Parent and its Subsidiaries for the four fiscal quarters ending as of the end of the applicable fiscal quarter set forth below, to be less than the applicable amount set forth below:

Fiscal Quarter End	Consolidated EBITDA (annualized or trailing four quarters, as applicable)
December 31, 2002	$56,000,000
March 31, 2003	$63,700,000
June 30, 2003	$76,200,000
September 30, 2003	$82,100,000
December 31, 2003	$90,000,000
March 31, 2004	$99,100,000
June 30, 2004	$108,000,000
September 30, 2004	$116,000,000
December 31, 2004	$125,000,000
March 31, 2005	$129,300,000
June 30, 2005	$134,000,000
September 30, 2005	$140,000,000
December 31, 2005	$145,000,000
March 31, 2006	$145,000,000
June 30, 2006	$150,000,000
September 30, 2006	$155,000,000
December 31, 2006	$160,000,000
March 31, 2007	$162,000,000

June 30, 2007	$165,000,000
September 30, 2007	$167,000,000
December 31, 2007	$170,000,000

ARTICLE VIII

MANAGEMENT, COLLECTION AND STATUS OF
ACCOUNTS RECEIVABLE AND OTHER COLLATERAL

Section 8.01 Management of Collateral. (a) After the occurrence and during the continuance of an Event of Default, the Agent may send a notice of assignment and/or notice of the Lenders' security interest to any and all Account Debtors or third parties holding or otherwise concerned with any of the Collateral, and thereafter the Agent shall have the sole right to collect the Accounts Receivable and/or take possession of the Collateral and the books and records relating thereto, subject to the terms of the Intercreditor Agreement. After the occurrence and during the continuance of an Event of Default, and subject to the Intercreditor Agreement and the prior rights of the Revolving Credit Agent, no Loan Party shall, without prior written consent of the Agent, grant any extension of time of payment of any Account Receivable, compromise or settle any Account Receivable for less than the full amount thereof, release, in whole or in part, any Person or property liable for the payment thereof, or allow any credit or discount whatsoever thereon.

(b) Each Loan Party hereby appoints the Agent or its designee on behalf of the Agent as the Loan Parties' attorney-in-fact with power exercisable during the continuance of an Event of Default to endorse any Loan Party's name upon any notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Accounts Receivable, to sign any Loan Party's name on any invoice or bill of lading relating to any of the Accounts Receivable, drafts against Account Debtors with respect to Accounts Receivable, assignments and verifications of Accounts Receivable and notices to Account Debtors with respect to Accounts Receivable, to send verification of Accounts Receivable, and to notify the Postal Service authorities to change the address for delivery of mail addressed to any Loan Party to such address as the Agent may designate and to do all other acts and things necessary to carry out this Agreement, subject to the terms of the Intercreditor Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission (other than acts of omission or commission constituting gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction), or for any error of judgment or mistake of fact or law; this power being coupled with an interest is irrevocable until all of the Loans and other Obligations under the Loan Documents are paid in full and all of the Loan Documents are terminated.

(c) Nothing herein contained shall be construed to constitute the Agent as agent of any Loan Party for any purpose whatsoever, and the Agent shall not be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof (other than from acts of omission or commission constituting gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction). The Agent shall not, under any circumstance or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Accounts Receivable or any instrument received in payment thereof or for any damage resulting therefrom (other than acts of omission or commission constituting gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction). The Agent, by anything herein or in any assignment or otherwise, does not assume any of the

obligations under any contract or agreement assigned to the Agent and shall not be responsible in any way for the performance by any Loan Party of any of the terms and conditions thereof.

(d) After the occurrence and during the continuance of an Event of Default, and subject to the Intercreditor Agreement and the prior rights of the Revolving Credit Agent, if any Account Receivable includes a charge for any tax payable to any Governmental Authority, the Agent is hereby authorized (but in no event obligated) in its discretion to pay the amount thereof to the proper taxing authority for the Loan Parties' account and to charge the Loan Parties therefor. The Loan Parties shall notify the Agent if any Account Receivable includes any taxes due to any such Governmental Authority and, in the absence of such notice, the Agent shall have the right to retain the full proceeds of such Account Receivable and shall not be liable for any taxes that may be due by reason of the sale and delivery creating such Account Receivable.

(e) Notwithstanding any other terms set forth in the Loan Documents, the rights and remedies of the Agent and the Lenders herein provided, and the obligations of the Loan Parties set forth herein, are cumulative of, may be exercised singly or concurrently with, and are not exclusive of, any other rights, remedies or obligations set forth in any other Loan Document or as provided by law.

Section 8.02 Accounts Receivable Documentation. After the occurrence and during the continuance of an Event of Default, and subject to the Intercreditor Agreement and the prior rights of the Revolving Credit Agent, each Loan Party will at such intervals as the Agent may require, execute and deliver confirmatory written assignments of the Accounts Receivable to the Agent and furnish such further schedules and/or information as the Agent may require relating to the Accounts Receivable, including, without limitation, sales invoices or the equivalent, credit memos issued, remittance advices, reports and copies of deposit slips and copies of original shipping or delivery receipts for all merchandise sold. In addition, the Loan Parties shall notify the Agent of any non-compliance in respect of the representations, warranties and covenants contained in Section 8.03. The items to be provided under this Section 8.02 are to be in form reasonably satisfactory to the Agent and are to be executed and delivered to the Agent from time to time solely for its convenience in maintaining records of the Collateral. The Loan Parties' failure to give any of such items to the Agent shall not affect, terminate, modify or otherwise limit the Agent's Lien on the Collateral. The Loan Parties shall not re-date any invoice or sale or make sales on extended dating beyond that customary in the Loan Parties' industry, and shall not re-bill any Accounts Receivable without promptly disclosing the same to the Agent and providing the Agent with a copy of such re-billing, identifying the same as such. If the Loan Parties become aware of anything materially detrimental to any of the Loan Parties' customers' credit, the Loan Parties will promptly advise the Agent thereof.

Section 8.03 Status of Accounts Receivable and Other Collateral. With respect to Collateral of any Loan Party at the time the Collateral becomes subject to the Agent's Lien, each Loan Party covenants, represents and warrants: (a) each Account Receivable shall be a good and valid account representing an undisputed bona fide indebtedness incurred or an amount indisputably owed by the Account Debtor therein named, for a fixed sum as set forth in the invoice relating thereto with respect to an absolute sale and delivery upon the specified terms of goods sold or services rendered by such Loan Party; (b) no Account Receivable shall be subject to any known defense, offset, counterclaim, discount or allowance except as may be stated in the invoice relating thereto, discounts and allowances as may be customary in such Loan Party's business and as otherwise disclosed to the Agent; (c) none of the transactions underlying or giving rise to any Account Receivable shall violate any applicable state or federal laws or regulations, and all documents relating thereto shall be legally sufficient under such laws or

regulations and shall be legally enforceable in accordance with their terms; (e) all agreements, instruments and other documents relating to any Account Receivable shall be true and correct and in all material respects what they purport to be; (f) all signatures and endorsements that appear on all material agreements, instruments and other documents relating to any Account Receivable shall be genuine and all signatories and endorsers shall have full capacity to contract; (g) such Loan Party will, immediately upon learning thereof, report to the Agent any material loss or destruction of, or substantial damage to, any of the Collateral, and any other matters affecting the value, enforceability or collectibility of any of the Collateral; and (h) such Loan Party is not and shall not be entitled to pledge the Agent's or any Lender's credit on any purchases or for any purpose whatsoever.

Section 8.04 Collateral Custodian. (a)Without limiting the Agent's or the Lenders' rights with respect to the Collateral, the Agent has implemented an arrangement, on terms and pursuant to written agreements in form and substance satisfactory to the Agent, pursuant to which a third party collateral custodian or agent, acceptable to the Agent (together with any substitute or supplemental collateral custodian or agent, the "Rolling Stock Collateral Custodian") has been engaged, at the expense of the Borrowers, to hold physical possession of original certificates of title or ownership, vehicle registrations and other similar instruments and documents with respect to the Rolling Stock included in the Collateral, upon which certificates of title or ownership the Agent's Liens shall be noted, and pursuant to which arrangements, on terms and conditions satisfactory to the Agent, the Rolling Stock Collateral Custodian will, among other things, monitor and render reports to the Agent regarding the acquisition and disposition of such Rolling Stock by the Loan Parties as permitted by this Agreement, and receive and maintain documentation evidencing compliance with vehicle titling and registration requirements under applicable law (including, without limitation, all Motor Vehicle Law), and will assist and cooperate with the Agent in making the necessary arrangements for such Liens and any releases thereof with respect to the dispositions of Rolling Stock permitted under this Agreement.

(b) Subject to the terms of the Intercreditor Agreement, upon the occurrence and during the continuance of any Default or Event of Default, the Agent may at any time and from time to time employ and maintain on the premises of any Loan Party a custodian selected by the Agent who shall have full authority to do all acts necessary to protect the Agent's and the Lenders' interests. Each Loan Party hereby agrees to, and to cause its Subsidiaries to, cooperate with any such custodian and to do whatever the Agent may reasonably request to preserve the Collateral. All costs and expenses incurred by the Agent by reason of the employment of the custodian shall be the responsibility of the Borrowers and charged to the Loan Account.

ARTICLE IX

EVENTS OF DEFAULT

Section 9.01 Events of Default. If any of the following Events of Default shall occur and be continuing:

(a) any Borrower shall fail to pay any principal of or interest on any Loan, any Agent Advance or any fee, indemnity or other amount payable under this Agreement or any other Loan Document when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise);

(b) (i) any representation or warranty made or deemed made by or on behalf of any Loan Party or by any officer of the foregoing under or in connection with any Transaction Document or under or in connection with any

report, certificate, or other document delivered to the Agent or any Lender pursuant to any Transaction Document shall have been incorrect in any material respect when made or deemed made, or (ii) any representation or warranty made or deemed made by or on behalf of any Seller or by any officer of a Seller under or in connection with any Acquisition Document or under or in connection with any report, certificate, or other document delivered to a Loan Party pursuant to any Acquisition Document shall have been incorrect in any material respect when made or deemed made;

(c) any Loan Party shall fail to perform or comply with any covenant or agreement contained in paragraphs (b), (c), (d), (f), (h), (j) or (l) of Section 7.01, Section 7.02 or Section 7.03 or Article VIII, or any Loan Party shall fail to perform or comply with any covenant or agreement contained in any Security Agreement to which it is a party, any Pledge Agreement to which it is a party or any Mortgage to which it is a party or any Canadian Security Document to which it is a party;

(d) any Loan Party shall default in the performance or observance of (i) the covenants contained in Section 7.01(a) of this Agreement (other than subparagraphs (vii), (viii), (ix), (x) and (xi) thereof) and such default shall continue unremedied for a period of 10 days, (ii) the covenants contained in subparagraphs (vii), (viii), (ix), (x) and (xi) of Section 7.01(a) of this Agreement and such default shall continue unremedied for a period of 3 days, or (iii) any other covenant contained in Section 7.01 of this Agreement (to the extent not otherwise provided for in paragraphs (a), (b) or (c) of this Section 9.01) and such default shall continue unremedied for a period of 15 days;

(e) any Loan Party shall fail to perform or comply with any other term, covenant or agreement contained in any Loan Document to be performed or observed by it and, except as set forth in subsections (a), (b), (c) or (d) of this Section 9.01, such failure, if capable of being remedied, shall remain unremedied for 15 days after the earlier of the date a senior officer of any Loan Party becomes aware of such failure and the date written notice of such default shall have been given by the Agent to such Loan Party;

(f) any Loan Party shall fail to pay any principal of or interest on any of its Indebtedness (excluding Indebtedness evidenced by this Agreement) in excess of $500,000, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or any other default under any agreement or instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case, prior to the stated maturity thereof;

(g) any Loan Party (i) shall institute any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under

any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, (ii) shall be generally not paying its debts as such debts become due or shall admit in writing its inability to pay its debts generally, (iii) shall make a general assignment for the benefit of creditors, or (iv) shall take any action to authorize or effect any of the

actions set forth above in this subsection (f);

(h) any proceeding shall be instituted against any Loan Party seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 45 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against any such Person or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

(i) any provision of any Loan Document shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against any Loan Party intended to be a party thereto, or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by any Loan Party or any Governmental Authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or any Loan Party shall deny in writing that it has any liability or obligation purported to be created under any Loan Document;

(j) any Security Agreement, any Pledge Agreement, any Mortgage, any Canadian Security Document or any other security document, after delivery thereof pursuant hereto, shall for any reason fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien in favor of the Agent for the benefit of the Lenders on any Collateral purported to be covered thereby;

(k) any bank at which any deposit account, blocked account, or lockbox account of any Loan Party is maintained shall fail to comply with any of the terms of any deposit account, blocked account, lockbox account or similar agreement to which such bank is a party or any securities intermediary, commodity intermediary or other financial institution at any time in custody, control or possession of any investment property of any Loan Party shall fail to comply with any of the terms of any investment property control agreement to which such Person is a party;

(l) one or more judgments or orders for the payment of money exceeding $250,000 in the aggregate shall be rendered against any Loan Party and remain unsatisfied and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment or order, or (ii) there shall be a period of 10 consecutive days after entry thereof during which a stay of enforcement of any such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; provided, however, that any such judgment or order shall not give rise to an Event of Default under this subsection (l) if and for so long as (A) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering full payment thereof and (B) such insurer has

been notified, and has not disputed the claim made for payment, of the amount of such judgment or order;

(m) any Loan Party is enjoined, restrained or in any way prevented by the order of any court or any Governmental Authority from conducting all or any material part of its business for more than fifteen (15) days;

(n) any material damage to, or loss, theft or destruction of, any Collateral, whether or not insured, or any strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy, or other casualty which causes, for more than fifteen (15) consecutive days, the cessation or

substantial curtailment of revenue producing activities at any facility of any Loan Party, if any such event or circumstance could reasonably be expected to have a Material Adverse Effect;

(o) any cessation of a substantial part of the business of any Loan Party for a period which materially and adversely affects the ability of such Person to continue its business on a profitable basis;

(p) the loss, suspension or revocation of, or failure to renew, any license or permit now held or hereafter acquired by any Loan Party, if such loss, suspension, revocation or failure to renew could reasonably be expected to have a Material Adverse Effect;

(q) the indictment, or the threatened indictment of any Loan Party under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against any Loan Party, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture to any Governmental Authority of any material portion of the property of such Person;

(r) any Loan Party or any of its ERISA Affiliates shall have made a complete or partial withdrawal from a Multiemployer Plan, and, as a result of such complete or partial withdrawal, any Loan Party or any of its ERISA Affiliates incurs a withdrawal liability in an annual amount exceeding $1,000,000; or a Multiemployer Plan enters reorganization status under Section 4241 of ERISA, and, as a result thereof any Loan Party's or any of its ERISA Affiliates' annual contribution requirements with respect to such Multiemployer Plan increases in an annual amount exceeding $1,000,000;

(s) any Termination Event with respect to any Employee Plan shall have occurred, and, 30 days after notice thereof shall have been given to any Loan Party by the Agent, (i) such Termination Event (if correctable) shall not have been corrected, and (ii) the then current value of such Employee Plan's vested benefits exceeds the then current value of assets allocable to such benefits in such Employee Plan by more than $1,000,000 (or, in the case of a Termination Event involving liability under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 4971 or 4975 of the Internal Revenue Code, the liability is in excess of such amount);

(t) any Loan Party shall be liable for any Environmental Liabilities (other than those described in Section 6.01(r)(xi) and 6.01(r)(xii)) the payment of which could reasonably be expected to have a Material Adverse Effect;

(u) an "Event of Default" shall have occurred and be continuing under the Revolving Credit Agreement;

(v) a Change of Control shall have occurred;

(w) any breach, default, event of default or termination shall occur under any Acquisition Document or other Material Contract after giving effect to applicable grace periods, if any, contained in any such Acquisition Document or other Material Contract that gives any third party the right to terminate any such Acquisition Document or other Material Contract or that otherwise could reasonably be expected to have a Material Adverse Effect; or

(x) an event or development occurs which could reasonably be expected to have a Material Adverse Effect;

then, and in any such event, the Agent may, and shall at the request of the Required Lenders, by notice to the Administrative Borrower, (i) terminate or reduce all Commitments, whereupon all Commitments shall immediately be so terminated or reduced, (ii) declare all or any portion of the Loans then

outstanding to be due and payable, whereupon all or such portion of the aggregate principal of all Loans, all accrued and unpaid interest thereon, all fees and all other amounts payable under this Agreement and the other Loan Documents shall become due and payable immediately, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Loan Party and (iii) exercise any and all of its other rights and remedies under applicable law, hereunder and under the other Loan Documents; provided, however, that upon the occurrence of any Event of Default described in subsection (g) or (h) of this Section 9.01, without any notice to any Loan Party or any other Person or any act by the Agent or any Lender, all Commitments shall automatically terminate and all Loans then outstanding, together with all accrued and unpaid interest thereon, all fees and all other amounts due under this Agreement and the other Loan Documents shall become due and payable automatically and immediately, without presentment, demand, protest or notice of any kind, all of which are expressly waived by each Loan Party.

ARTICLE X

AGENT

Section 10.01 Appointment. Each Lender (and each subsequent maker of any Loan by its making thereof) hereby irrevocably appoints and authorizes the Agent to perform the duties of the Agent as set forth in this Agreement including: (i) to receive on behalf of each Lender any payment of principal of or interest on the Loans outstanding hereunder and all other amounts accrued hereunder for the account of the Lenders and paid to the Agent, and, subject to Section 2.02 of this Agreement, to distribute promptly to each Lender its Pro Rata Share of all payments so received; (ii) to distribute to each Lender copies of all material notices and agreements received by the Agent and not required to be delivered to each Lender pursuant to the terms of this Agreement, provided that the Agent shall not have any liability to the Lenders for the Agent's inadvertent failure to distribute any such notices or agreements to the Lenders; (iii) to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Loans, and related matters and to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Collateral and related matters; (iv) to execute or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other

written agreements with respect to this Agreement or any other Loan Document; (v) to make the Loans and Agent Advances, for the Agent or on behalf of the applicable Lenders as provided in this Agreement or any other Loan Document; (vi) to perform, exercise, and enforce any and all other rights and remedies of the Lenders with respect to the Loan Parties, the Obligations, or otherwise related to any of same to the extent reasonably incidental to the exercise by the Agent of the rights and remedies specifically authorized to be exercised by the Agent by the terms of this Agreement or any other Loan Document; (vii) to incur and pay such fees necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to this Agreement or any other Loan Document; and (viii) subject to Section 10.03 of this Agreement, to take such action as the Agent deems appropriate on its behalf to administer the Loans and the Loan Documents and to exercise such other powers delegated to the Agent by the terms hereof or the other Loan Documents (including, without limitation, the power to give or to refuse to give notices, waivers, consents, approvals and instructions and the power to make or to refuse to make determinations and calculations) together with such powers as are reasonably incidental thereto to carry out the purposes hereof and thereof. As to any matters not expressly provided for by this Agreement and the other Loan Documents (including, without limitation, enforcement or collection of the Loans), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions of the Required Lenders shall be binding upon all Lenders and all

makers of Loans; provided, however, that the Agent shall not be required to take any action which, in the reasonable opinion of the Agent, exposes the Agent to liability or which is contrary to this Agreement or any other Loan Document or applicable law.

Section 10.02 Nature of Duties. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement or in the other Loan Documents. The duties of the Agent shall be mechanical and administrative in nature. The Agent shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any other Loan Document, express or implied, is intended to or shall be construed to impose upon the Agent any obligations in respect of this Agreement or any other Loan Document except as expressly set forth herein or therein. Each Lender shall make its own independent investigation of the financial condition and affairs of the Loan Parties in connection with the making and the continuance of the Loans hereunder and shall make its own appraisal of the creditworthiness of the Loan Parties and the value of the Collateral, and the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the initial Loan hereunder or at any time or times thereafter, provided that, upon the reasonable request of a Lender, the Agent shall provide to such Lender any documents or reports delivered to the Agent by the Loan Parties pursuant to the terms of this Agreement or any other Loan Document. If the Agent seeks the consent or approval of the Required Lenders to the taking or refraining from taking any action hereunder, the Agent shall send notice thereof to each Lender. The Agent shall promptly notify each Lender any time that the Required Lenders have instructed the Agent to act or refrain from acting pursuant hereto.

Section 10.03 Rights, Exculpation, Etc. The Agent and its directors, officers, agents or employees shall not be liable for any action taken or omitted to be taken by them under or in connection with this Agreement or the other Loan Documents, except for their own gross negligence or willful misconduct as determined by a final judgment of a court of competent

jurisdiction. Without limiting the generality of the foregoing, the Agent (i) may treat the payee of any Loan as the owner thereof until the Agent receives written notice of the assignment or transfer thereof, pursuant to Section 12.07 hereof, signed by such payee and in form satisfactory to the Agent; (ii) may consult with legal counsel (including, without limitation, counsel to the Agent or counsel to the Loan Parties), independent public accountants, and other experts selected by any of them and shall not be liable for any action taken or omitted to be taken in good faith by any of them in accordance with the advice of such counsel or experts; (iii) make no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, certificates, warranties or representations made in or in connection with this Agreement or the other Loan Documents; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of any Person, the existence or possible existence of any Default or Event of Default, or to inspect the Collateral or other property (including, without limitation, the books and records) of any Person; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; and (vi) shall not be deemed to have made any representation or warranty regarding the existence, value or collectibility of the Collateral, the existence, priority or perfection of the Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral. The Agent shall not be liable for any apportionment or distribution of payments made in good faith pursuant to Section 4.04, and if any such apportionment or distribution is subsequently determined to have been made in error the sole

recourse of any Lender to whom payment was due but not made, shall be to recover from other Lenders any payment in excess of the amount which they are determined to be entitled. The Agent may at any time request instructions from the Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the other Loan Documents the Agent is permitted or required to take or to grant, and if such instructions are promptly requested, the Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval under any of the Loan Documents until it shall have received such instructions from the Required Lenders. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of the Required Lenders.

Section 10.04 Reliance. The Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the other Loan Documents and its duties hereunder or thereunder, upon advice of counsel selected by it.

Section 10.05 Indemnification. To the extent that the Agent is not reimbursed and indemnified by any Loan Party, the Lenders will reimburse and indemnify the Agent from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by the Agent under this Agreement or any of the other Loan Documents, in proportion to each Lender's Pro Rata Share, including, without limitation, advances and disbursements made pursuant to

Section 10.08; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements for which there has been a final judicial determination that such liability resulted from the Agent's gross negligence or willful misconduct. The obligations of the Lenders under this Section 10.05 shall survive the payment in full of the Loans and the termination of this Agreement.

Section 10.06 Agent Individually. With respect to its Pro Rata Share of the Total Commitment hereunder and the Loans made by it, the Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or maker of a Loan. The terms "Lenders" or "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include the Agent in its individual capacity as a Lender or one of the Required Lenders. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with any Borrower as if it were not acting as the Agent pursuant hereto without any duty to account to the other Lenders.

Section 10.07 Successor Agent. (a) The Agent may resign from the performance of all its functions and duties hereunder and under the other Loan Documents at any time by giving at least thirty (30) Business Days' prior written notice to the Administrative Borrower and each Lender. Such resignation shall take effect upon the acceptance by a successor Agent of appointment pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation, the Required Lenders shall appoint a successor Agent. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the Agent, and the Agent shall be discharged from its duties and obligations

under this Agreement and the other Loan Documents. After the Agent's resignation hereunder as the Agent, the provisions of this Article X shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement and the other Loan Documents.

(c) If a successor Agent shall not have been so appointed within said thirty (30) Business Day period, the Agent shall then appoint a successor Agent who shall serve as the Agent until such time, if any, as the Required Lenders appoint a successor Agent as provided above.

Section 10.08 Collateral Matters.

(a) The Agent may from time to time make such disbursements and advances ("Agent Advances") which the Agent, in its sole discretion, deems necessary or desirable to preserve, protect, prepare for sale or lease or dispose of the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by the Borrowers of the Loans and other Obligations or to pay any other amount chargeable to the Borrowers pursuant to the terms of this Agreement, including, without limitation, costs, fees and expenses as described in Section 12.04. The Agent Advances shall be repayable on demand, be secured by the Collateral and bear interest at a rate per annum equal to the rate of interest then applicable to the Term Loan B. The Agent Advances shall constitute Obligations hereunder which may be charged to the Loan Account in accordance with Section 4.02. The Agent shall notify each

Lender and the Administrative Borrower in writing of each such Agent Advance, which notice shall include a description of the purpose of such Agent Advance. Without limitation to its obligations pursuant to Section 10.05, each Lender agrees that it shall make available to the Agent, upon the Agent's demand, in Dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of each such Agent Advance. If such funds are not made available to the Agent by such Lender, the Agent shall be entitled to recover such funds on demand from such Lender, together with interest thereon for each day from the date such payment was due until the date such amount is paid to the Agent, at the Federal Funds Rate for three Business Days and thereafter at the Reference Rate.

(b) The Lenders hereby irrevocably authorize the Agent, at its option and in its discretion, to release any Lien granted to or held by the Agent upon any Collateral upon termination of the Total Commitment and payment and satisfaction of all Loans and all other Obligations which have matured and which the Agent has been notified in writing are then due and payable; or constituting property being sold or disposed of in the ordinary course of any Loan Party's business and in compliance with the terms of this Agreement and the other Loan Documents; or constituting property in which the Loan Parties owned no interest at the time the Lien was granted or at any time thereafter; or if approved, authorized or ratified in writing by the Lenders. Upon request by the Agent at any time, the Lenders will confirm in writing the Agent's authority to release particular types or items of Collateral pursuant to this Section 10.08(b).

(c) Without in any manner limiting the Agent's authority to act without any specific or further authorization or consent by the Lenders (as set forth in Section 10.08(b)), each Lender agrees to confirm in writing, upon request by the Agent, the authority to release Collateral conferred upon the Agent under Section 10.08(b). Upon receipt by the Agent of confirmation from the Lenders of its authority to release any particular item or types of Collateral, and upon prior written request by any Loan Party, the Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Agent for the benefit of the Lenders upon such Collateral; provided, however, that (i) the Agent shall not be required to execute any such document on terms which, in the Agent's opinion, would expose the Agent to liability or create any obligations or entail any consequence other than the release of such Liens without recourse

or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Lien upon (or obligations of any Loan Party in respect of) all interests in the Collateral retained by any Loan Party.

(d) The Agent shall have no obligation whatsoever to any Lender to assure that the Collateral exists or is owned by the Loan Parties or is cared for, protected or insured or has been encumbered or that the Lien granted to the Agent pursuant to this Agreement or any other Loan Document has been properly or sufficiently or lawfully created, perfected, protected or enforced or is entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to the Agent in this Section 10.08 or in any other Loan Document, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Agent may act in any manner it may deem appropriate, in its sole discretion, given the Agent's own interest in the Collateral as one of the Lenders and that the Agent shall have no duty or liability whatsoever to any other Lender, except as otherwise provided herein.

Section 10.09 Agency for Perfection. Each Lender hereby appoints the Agent and each other Lender as agent and bailee for the purpose of perfecting the security interests in and liens upon the Collateral in assets which, in accordance with Article 9 of the Uniform Commercial Code, can be perfected only by possession or control (or where the security interest of a secured party with possession or control has priority over the security interest of another secured party) and each Agent and each Lender hereby acknowledges that it holds possession of or otherwise controls any such Collateral for the benefit of the Agent and the Lenders as secured party. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify the Agent thereof, and, promptly upon the Agent's request therefor shall deliver such Collateral to the Agent or in accordance with the Agent's instructions. Each Loan Party by its execution and delivery of this Agreement hereby consents to the foregoing.

ARTICLE XI

GUARANTY

Section 11.01 Guaranty. Each Guarantor hereby unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of the Borrowers now or hereafter existing under any Loan Document, whether for principal, interest (including, without limitation, all interest that accrues after the commencement of any Insolvency Proceeding of any Borrower whether or not allowed in such proceeding), fees, commissions, expense reimbursements, indemnifications or otherwise (such obligations, to the extent not paid by the Borrowers, being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including reasonable counsel fees and expenses) incurred by the Agent and the Lenders in enforcing any rights under the guaranty set forth in this Article XI. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Borrowers to the Agent and the Lenders under any Loan Document but for the fact that they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Borrower. In no event shall the obligation of any Guarantor hereunder exceed the maximum amount such Guarantor could guarantee under any bankruptcy, insolvency or other similar law.

Section 11.02 Guaranty Absolute. Each Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or the Lenders with respect thereto. The obligations of each Guarantor under this Article XI are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce such obligations, irrespective of whether any action is brought

against any Loan Party or whether any Loan Party is joined in any such action or actions. The liability of each Guarantor under this Article XI shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in

the Guaranteed Obligations resulting from the extension of additional credit to any Loan Party or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of any Loan Party; or

(e) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agents or the Lenders that might otherwise constitute a defense available to, or a discharge of, any Loan Party or any other guarantor or surety.

This Article XI shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Agent, the Lenders or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

Section 11.03 Waiver. Each Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Article XI and any requirement that the Agent or the Lenders exhaust any right or take any action against any Loan Party or any other Person or any Collateral. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 11.03 is knowingly made in contemplation of such benefits. Each Guarantor hereby waives any right to revoke this Article XI, and acknowledges that this Article XI is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

Section 11.04 Continuing Guaranty; Assignments. This Article XI is a continuing guaranty and shall (a) remain in full force and effect until the later of the cash payment in full of the Guaranteed Obligations (other than indemnification obligations as to which no claim has been made) and all other amounts payable under this Article XI and the Termination Date, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Agent and the Lenders and their successors, pledgees, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments and its Loans) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted such Lender herein or otherwise, in each case as provided in Section 12.07.

Section 11.05 Subrogation. No Guarantor will exercise any rights that it may now or hereafter acquire against any Loan Party or any other guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under this Article XI, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agent and the Lenders against any Loan Party or any other guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including,

without limitation, the right to take or receive from any Loan Party or any other guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Article XI shall have been paid in full in cash and the Termination Date shall have occurred. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Article XI and the Termination Date, such amount shall be held in trust for the benefit of the Agent and the Lenders and shall forthwith be paid to the Agent and the Lenders to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Article XI, whether matured or unmatured, in accordance with the terms of this Agreement, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Article XI thereafter arising. If (i) any Guarantor shall make payment to the Agent and the Lenders of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Article XI shall be paid in full in cash and (iii) the Termination Date shall have occurred, the Agent and the Lenders will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment by such Guarantor.

Section 11.06 Judgment Currency. The specification under this Agreement of Dollars and payment in New York City is of the essence. Each Guarantor's obligations hereunder and under the other Loan Documents to make payments inDollars and shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than Dollars, except to the extent that such tender or recovery results in the effective receipt by the Lenders or the Agent of the full amount of Dollars expressed to be payable to the Agent and the Lenders under this Agreement or the other Loan Documents. If, for the purpose of obtaining or enforcing judgment in any court, it is necessary to convert into or from any currency other than Dollars (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in Dollars, the rate of exchange used shall be that at which the Lenders or the Agent could, in accordance with normal banking procedures, purchase Dollars with the Judgment Currency on the Business Day preceding that on which final judgment is given. The obligation of each Guarantor in respect of any such sum due from it to the Lender or the Agent hereunder shall, notwithstanding any judgment in such Judgment Currency, be discharged only to the extent that, on the Business Day immediately following the date on which the Lender or the Agent receives any sum adjudged to be so due in the Judgment Currency, the Lenders or the Agent may, in accordance with normal banking procedures, purchase Dollars with the Judgment Currency. If the Dollars so purchased are less than the sum originally due to the Agent or the Lender in Dollars, each Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lenders or the Agent against such loss, and if the Dollars so purchased exceed the sum originally due to the Lenders or the Agent in Dollars, the Lenders or the Agent agrees to remit to such Guarantor such excess.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Notices, Etc. All notices and other communications provided for hereunder shall be in writing and shall be mailed, telecopied or delivered, if to any Loan Party, at the following address:

Clean Harbors, Inc.
1501 Washington Street
Braintree, MA 02185
Attention: Chief Financial Officer
Telephone: 781-849-1800, Ext. 4450
Telecopier: 781-848-1632

with a copy to:

Davis, Malm & D'Agostine, P.C.
One Boston Place, 37th Floor
Boston, MA 02108
Attention: C. Michael Malm, Esq.
Telephone: 617-367-2500
Telecopier: 617-523-6215

if to the Agent, to it at the following address:

Ableco Finance LLC
450 Park Avenue, 28/th/ Floor
New York, New York 10022
Attention: Daniel E. Wolf
Telephone: 212-891-2121
Telecopier: 212-891-1541

with a copy to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attention: Lawrence S. Goldberg, Esq.
Telephone: 212-756-2000
Telecopier: 212-593-5955

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section 12.01. All such notices and other communications shall be effective, (i) if mailed, when received or three days after deposited in the mails, whichever occurs first, (ii) if telecopied, when transmitted and confirmation received, or (iii) if delivered, upon delivery, except that notices to the Agent pursuant to Article II shall not be effective until received by the Agent.

Section 12.02 Amendments, Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders or by the Agent with the consent of the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall (i) increase the Commitment of any Lender, reduce the principal of, or interest on, the Loans payable to any Lender, reduce the amount of any fee payable for the account of any Lender, or postpone or extend any date fixed for any payment of principal of, or interest

or fees on, the Loans payable to any Lender, in each case without the written consent of any Lender affected thereby, (ii) increase the Total Commitment without the written consent of each Lender, (iii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans that is required for the Lenders or any of them to take any action hereunder, (iv) amend the definition of "Required Lenders" or "Pro Rata Share", (v)(A) release all or a substantial portion of the Collateral (except as otherwise provided in this Agreement and the other Loan Documents), (B) consent to any Disposition of Collateral, or waive any provision of Section 2.05 with respect to any such Disposition, in either case following the date on which the aggregate amount of Net Cash Proceeds received by the Loan Parties shall exceed, for all such Dispositions since the Effective Date, $8,000,000, (C) subordinate any Lien granted in favor of the Agent for the benefit of the Lenders, or (D) release any Borrower or any Guarantor or (vi) amend, modify or waive Section 4.04 or this Section 12.02 of this Agreement, in each case, without the written consent of each Lender. Notwithstanding the foregoing, no amendment, waiver or consent shall, unless in writing and signed by the Agent, affect the rights or duties of the Agent (but not in its capacity as a Lender) under this Agreement or the other Loan Documents.

Section 12.03 No Waiver; Remedies, Etc. No failure on the part of the Agent or any Lender to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right under any Loan Document preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Agent and the Lenders provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Agent and the Lenders under any Loan Document against any party thereto are not conditional or contingent on any attempt by the Agent and the Lenders to exercise any of their rights under any other Loan Document against such party or against any other Person.

Section 12.04 Expenses; Taxes; Attorneys' Fees. The Borrowers will pay on demand, all costs and expenses incurred by or on behalf of the Agent (and, in the case of clauses (b) through (m) below, each Lender), regardless of whether the transactions contemplated hereby are consummated, including, without limitation, reasonable fees, costs, client charges and expenses of counsel for the Agent (and, in the case of clauses (b) through (m) below, each Lender), accounting, due diligence, periodic field audits, physical counts, valuations, investigations, searches and filings, monitoring of assets, appraisals of Collateral, title searches and reviewing environmental assessments, miscellaneous disbursements, examination, travel, lodging and meals, arising from or relating to: (a) the negotiation, preparation, execution, delivery, performance and administration of this Agreement and the other Loan Documents (including, without limitation, the preparation of any additional Loan Documents pursuant to Section 7.01(b) or the review of any of the agreements, instruments and documents referred to in Section 7.01(f)), (b) any requested amendments, waivers or consents to this Agreement or the

other Loan Documents whether or not such documents become effective or are given, (c) the preservation and protection of any of the Lenders' rights under this Agreement or the other Loan Documents, (d) the defense of any claim or action asserted or brought against the Agent or any Lender by any Person that arises from or relates to this Agreement, any other Loan Document, the Agent's or the Lenders' claims against any Loan Party, or any and all matters in connection therewith, (e) the commencement or defense of, or intervention in, any court proceeding arising from or related to this Agreement or any other Loan Document, (f) the filing of any petition, complaint, answer, motion or other pleading by the Agent or any Lender, or the taking of any action in respect of the Collateral or other security, in connection with this Agreement or any other Loan Document, (g) the protection, collection, lease, sale, taking possession of or liquidation of, any Collateral or other security in connection with this Agreement or any other Loan Document, (h) any attempt to enforce any Lien or

security interest in any Collateral or other security in connection with this Agreement or any other Loan Document, (i) any attempt to collect from any Loan Party, (j) all liabilities and costs arising from or in connection with the past, present or future operations of any Loan Party involving any damage to real or personal property or natural resources or harm or injury alleged to have resulted from any Release of Hazardous Materials on, upon or into such property, (k) any Environmental Liabilities incurred in connection with the investigation, removal, cleanup and/or remediation of any Hazardous Materials present or arising out of the operations of any facility of any Loan Party, (l) any Environmental Liabilities incurred in connection with any Environmental Lien; or (m) the receipt by the Agent or any Lender of any advice from professionals with respect to any of the foregoing. Without limitation of the foregoing or any other provision of any Loan Document: (x) the Borrowers agree to pay all stamp, document, transfer, recording (including mortgage recording) or filing taxes or fees and similar impositions now or hereafter determined by the Agent or any Lender to be payable in connection with this Agreement or any other Loan Document, and the Borrowers agree to save the Agent and each Lender harmless from and against any and all present or future claims, liabilities or losses with respect to or resulting from any omission to pay or delay in paying any such taxes, fees or impositions, (y) the Borrowers agree to pay all broker fees that may become due in connection with the transactions contemplated by this Agreement and the other Loan Documents, and (z) if the Borrowers fail to perform any covenant or agreement contained herein or in any other Loan Document, the Agent may itself perform or cause performance of such covenant or agreement, and the expenses of the Agent incurred in connection therewith shall be reimbursed on demand by the Borrowers.

Section 12.05 Right of Set-off. Upon the occurrence and during the continuance of any Event of Default, any Agent or any Lender may, and is hereby authorized to, at any time and from time to time, without notice to any Loan Party (any such notice being expressly waived by the Loan Parties) and to the fullest extent permitted by law, set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by the Agent or such Lender to or for the credit or the account of any Loan Party against any and all obligations of the Loan Parties either now or hereafter existing under any Loan Document, irrespective of whether or not the Agent or such Lender shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured. The Agent and each Lender agrees to notify such Loan Party promptly after any such set-off and application made by the Agent or such Lender provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Agent and the Lenders under this Section 12.05 are in addition to the other rights and remedies (including other rights of set-off) which the Agent and the Lenders may have under this Agreement or any other Loan Documents of law or otherwise.

Section 12.06 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.07 Assignments and Participations. (a) This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of each Loan Party and the Agent and each Lender and their respective successors and assigns; provided, however, that none of the Loan Parties may assign or transfer any of its rights hereunder without the prior written consent of each Lender and any such assignment without the Lenders' prior written consent shall be null and void.

(b) Each Lender may, with the written consent of the Agent (provided that no written consent of the Agent shall be required in connection with any assignment by a Lender (i) to an Affiliate of such Lender or a Related Fund or (ii) during the existence of an Event of Default), assign to one or more

other lenders or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments and the Loans made by it); provided, however, that (i) such assignment is in an amount which is at least $1,000,000 or a multiple of $1,000,000 in excess thereof (or the remainder of such Lender's Commitment) (except such minimum amount shall not apply to an assignment by a Lender to an Affiliate of such Lender or a fund or account managed by such Lender or an Affiliate of such Lender), (ii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance, an Assignment and Acceptance, together with any promissory note subject to such assignment and such parties shall deliver to the Agent a processing and recordation fee of $3,500 (except the payment of such fee shall not be required in connection with an assignment by a Lender to an Affiliate of such Lender or a Related Fund) and (iii) no written consent of the Agent shall be required in connection with any assignment by a Lender to an Affiliate of such Lender or a Related Fund. Upon such execution, delivery and acceptance, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least three Business Days after the delivery thereof to the Agent (or such shorter period as shall be agreed to by the Agent and the parties to such assignment), (A) the assignee thereunder shall become a "Lender" hereunder and, in addition to the rights and obligations hereunder held by it immediately prior to such effective date, have the rights and obligations hereunder that have been assigned to it pursuant to such Assignment and Acceptance and (B) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(i) By executing and delivering an Assignment and Acceptance, the assigning Lender and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (A) other than as provided in such Assignment and Acceptance, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto; (B) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or any of its

Subsidiaries or the performance or observance by any Loan Party of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto; (C) such assignee confirms that it has received a copy of this Agreement and the other Loan Documents, together with such other documents and information it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (D) such assignee will, independently and without reliance upon the assigning Lender, the Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents; (E) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Agent by the terms hereof and thereof, together with such powers as are reasonably incidental hereto and thereto; and (F) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Loan Documents are required to be performed by it as a Lender.

(ii) The Agent shall, on behalf of the Borrowers, maintain, or cause to be maintained, at the Payment Office a copy of each Assignment and Acceptance delivered to and accepted by it and a register (the "Register") for the recordation of the names and addresses of the Lenders and

the Commitments of, and principal amount of the Loans (the "Registered Loans") owing to each Lender from time to time. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agent and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Administrative Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice. In the event any assignment permitted under Section 12.07(b) is not reflected in the Register, the assigning Lender shall maintain a register comparable to the Register in order to reflect such assignment.

(iii) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any promissory notes subject to such assignment, the Agent shall, if the Agent consents to such assignment and if such Assignment and Acceptance has been completed (i) accept such Assignment and Acceptance and (ii) record the information contained therein in the Register.

(iv) A Registered Loan (and the registered note, if any, evidencing the same) may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register (and each registered note shall expressly so provide). Any assignment or sale of all or part of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by registration of such assignment or sale on the Register, together with the surrender of the registered note, if any, evidencing the same duly endorsed by (or accompanied by a written instrument of assignment or sale duly executed by) the holder of such registered note, whereupon, at the request of the designated assignee(s) or transferee(s), one or more new registered notes in the same aggregate principal amount shall be issued to the designated assignee(s) or transferee(s). Prior to the registration of assignment or sale of any Registered Loan (and the registered note, if any, evidencing the same), the Agent shall treat the Person in whose name such Registered Loan (and the registered note, if any, evidencing the same) is registered as the owner thereof for the purpose of receiving all payments thereon and for all other purposes, notwithstanding notice to the contrary.

(v) In the event that any Lender sells participations in a Registered Loan, such Lender shall maintain a register on which it enters the name of all participants in the Registered Loans held by it (the "Participant Register"). A Registered Loan (and the registered note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each registered note shall expressly so provide). Any participation of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by the registration of such participation on the Participant Register.

(vi) Any foreign Person who purchases or is assigned or participates in any portion of such Registered Loan shall provide the Agent and the Lender with a completed Internal Revenue Service Form W-8BEN (Certificate of Foreign Status) or a substantially similar form for such purchaser, participant or any other affiliate who is a holder of beneficial interests in the Registered Loan.

(c) Each Lender holding a Term Loan A agrees that, until the 90/th/ day after the Effective Date, it will, at the written request of the Administrative Borrower, assign all or a portion of its interest in the Term Loan A to one or more other lenders not a party hereto that are proposed by the Borrowers so long as (i) such assignment shall be effected in accordance with Section 12.07(b), except that (A) the amount of such assignment shall be at least $5,000,000 or a multiple of $1,000,000 in excess thereof and (B) the Agent shall not charge the $3,500 processing and recordation fee in connection with such assignment, (ii) such assignment shall be on customary commercial terms and conditions (without representation, warranty or recourse by the assigning

Lender), (iii) the rate of interest on the Term Loan A assigned to such other lender shall be equal to or less than LIBOR plus 7.25% per annum and (iv) no Event of Default shall exist either immediately before or after giving effect to such assignment.

(d) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including, without limitation, all or a portion of its Commitments and the Loans made by it); provided, that (i) such Lender's obligations under this Agreement (including without limitation, its Commitments hereunder) and the other Loan Documents shall remain unchanged; (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and the Borrowers, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents; and (iii) a participant shall not be entitled to require such Lender to take or omit to take any action hereunder except (A) action directly effecting an extension of the maturity dates or decrease in the principal amount of the Loans, (B) action directly effecting an extension of the due dates or a decrease in the rate of interest payable on the Loans or the fees payable under this Agreement, or (C) actions directly effecting a release of all or a substantial portion of the Collateral or any Loan Party (except as set forth in Section 10.08 of this Agreement or any other Loan Document). The Loan Parties agree that each participant shall be entitled to the benefits of Section 2.08 and Section 4.05 of this Agreement with respect to its participation in any portion of the Commitments and the Loans as if it was a Lender.

Section 12.08 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telecopier shall be equally

as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telecopier also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document mutatis mutandis.

Section 12.09 GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

Section 12.10 CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH LOAN PARTY HEREBY IRREVOCABLY ACCEPTS IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH LOAN PARTY HEREBY IRREVOCABLY APPOINTS THE SECRETARY OF STATE OF THE STATE OF NEW YORK AS ITS AGENT FOR SERVICE OF PROCESS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING AND FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE ADMINISTRATIVE BORROWER AT ITS ADDRESS FOR NOTICES AS SET FORTH IN SECTION 12.01 AND TO THE SECRETARY OF STATE OF THE STATE OF NEW YORK, SUCH SERVICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE AGENT AND THE LENDERS TO SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST

ANY LOAN PARTY IN ANY OTHER JURISDICTION. EACH LOAN PARTY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY LOAN PARTY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, EACH LOAN PARTY HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

Section 12.11 WAIVER OF JURY TRIAL, ETC. EACH LOAN PARTY, THE AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY

RIGHTS UNDER THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH LOAN PARTY CERTIFIES THAT NO OFFICER, REPRESENTATIVE, AGENT OR ATTORNEY OF THE AGENT OR ANY LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE AGENT OR ANY LENDER WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS. EACH LOAN PARTY HEREBY ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENT AND THE LENDERS ENTERING INTO THIS AGREEMENT.

Section 12.12 Consent by the Agent and Lenders. Except as otherwise expressly set forth herein to the contrary, if the consent, approval, satisfaction, determination, judgment, acceptance or similar action (an "Action") of the Agent or any Lender shall be permitted or required pursuant to any provision hereof or any provision of any other agreement to which any Loan Party is a party and to which the Agent or any Lender has succeeded thereto, such Action shall be required to be in writing and may be withheld or denied by the Agent or such Lender, in its sole discretion, with or without any reason, and without being subject to question or challenge on the grounds that such Action was not taken in good faith.

Section 12.13 No Party Deemed Drafter. Each of the parties hereto agrees that no party hereto shall be deemed to be the drafter of this Agreement.

Section 12.14 Reinstatement; Certain Payments. If any claim is ever made upon the Agent or any Lender for repayment or recovery of any amount or amounts received by the Agent or such Lender in payment or on account of any of the Obligations, the Agent or such Lender shall give prompt notice of such claim to each other Lender and the Administrative Borrower, and if the Agent or such Lender repays all or part of such amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over the Agent or such Lender or any of its property, or (ii) any good faith settlement or compromise of any such claim effected by the Agent or such Lender with any such claimant, then and in such event each Loan Party agrees that (A) any such judgment, decree, order, settlement or compromise shall be binding upon it notwithstanding the cancellation of any Indebtedness hereunder or under the other Loan Documents or the termination of this Agreement or the other Loan Documents, and (B) it shall be and remain liable to the Agent or such Lender hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Agent or such Lender.

Section 12.15 Indemnification.

(a) General Indemnity. In addition to each Loan Party's other Obligations under this Agreement, each Loan Party agrees to, jointly and severally, defend, protect, indemnify and hold harmless the Agent and each

Lender and all of their respective officers, directors, employees, attorneys, consultants and agents (collectively called the "Indemnitees") from and against any and all losses, damages, liabilities, obligations, penalties, fees, reasonable costs and expenses (including, without limitation, reasonable

attorneys' fees, costs and expenses) incurred by such Indemnitees, whether prior to or from and after the Effective Date, whether direct, indirect or consequential, as a result of or arising from or relating to or in connection with any of the following: (i) the negotiation, preparation, execution or performance or enforcement of this Agreement, any other Loan Document or of any other document executed in connection with the transactions contemplated by this Agreement, (ii) the Agent's or any Lender's furnishing of funds to the Borrowers under this Agreement or the other Loan Documents, including, without limitation, the management of any such Loans, (iii) any matter relating to the financing transactions contemplated by this Agreement or the other Loan Documents or by any document executed in connection with the transactions contemplated by this Agreement or the other Loan Documents, or (iv) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto (collectively, the "Indemnified Matters"); provided, however, that the Loan Parties shall not have any obligation to any Indemnitee under this subsection (a) for any Indemnified Matter caused by the gross negligence or willful misconduct of such Indemnitee, as determined by a final judgment of a court of competent jurisdiction.

(b) Environmental Indemnity. Without limiting Section 12.15(a) hereof, each Loan Party agrees to, jointly and severally, defend, indemnify, and hold harmless the Indemnitees against any and all Environmental Liabilities and all other claims, demands, penalties, fines, liability (including strict liability), losses, damages, costs and expenses (including without limitation, reasonable legal fees and expenses, consultant fees and laboratory fees), arising out of (i) any Releases or threatened Releases (x) at any property presently or formerly owned or operated by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest, or (y) of any Hazardous Materials generated and disposed of by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; (ii) any violations of Environmental Laws; (iii) any Environmental Claim relating to any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; (iv) any personal injury (including wrongful death) or property damage (real or personal) arising out of exposure to Hazardous Materials used, handled, generated, transported or disposed by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; and (v) any breach of any warranty or representation regarding environmental matters made by the Loan Parties in Section 6.01(r) or the breach of any covenant made by the Loan Parties in Section 7.01(j). Notwithstanding the foregoing, the Loan Parties shall not have any obligation to any Indemnitee under this subsection (b) regarding any potential environmental matter covered hereunder which is caused by the gross negligence or willful misconduct of such Indemnitee, as determined by a final judgment of a court of competent jurisdiction.

(c) The indemnification for all of the foregoing losses, damages, fees, costs and expenses of the Indemnitees are chargeable against the Loan Account. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section 12.15 may be unenforceable because it is violative of any law or public policy, each Loan Party shall, jointly and severally, contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees. The indemnities set forth in this Section 12.15 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

Section 12.16 Agent for Borrowers. Each Borrower hereby irrevocably appoints Clean Harbors, Inc. as the borrowing agent and attorney-in-fact for the Borrowers (the "Administrative Borrower") which appointment shall remain in full force and effect unless and

until the Agent shall have received prior written notice signed by all of the Borrowers that such appointment has been revoked and that another Borrower has been appointed Administrative Borrower. Each Borrower hereby irrevocably appoints and authorizes the Administrative Borrower (i) to provide to the Agent and receive from the Agent all notices with respect to Loans obtained for the benefit of any Borrower and all other notices and instructions under this Agreement and (ii) to take such action as the Administrative Borrower deems appropriate on its behalf to obtain Loans and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement. It is understood that the handling of the Loan Account and Collateral of the Borrowers in a combined fashion, as more fully set forth herein, is done solely as an accommodation to the Borrowers in order to utilize the collective borrowing powers of the Borrowers in the most efficient and economical manner and at their request, and that neither the Agent nor the Lenders shall incur liability to the Borrowers as a result hereof. Each of the Borrowers expects to derive benefit, directly or indirectly, from the handling of the Loan Account and the Collateral in a combined fashion since the successful operation of each Borrower is dependent on the continued successful performance of the integrated group. To induce the Agent and the Lenders to do so, and in consideration thereof, each of the Borrowers hereby jointly and severally agrees to indemnify the Indemnitees and hold the Indemnitees harmless against any and all liability, expense, loss or claim of damage or injury, made against such Indemnitee by any of the Borrowers or by any third party whosoever, arising from or incurred by reason of (a) the handling of the Loan Account and Collateral of the Borrowers as herein provided, (b) the Agent and the Lenders relying on any instructions of the Administrative Borrower, or (c) any other action taken by the Agent or any Lender hereunder or under the other Loan Documents.]

Section 12.17 Records. The unpaid principal of and interest on the Loans, the interest rate or rates applicable to such unpaid principal and interest, the duration of such applicability, the Commitments, and the accrued and unpaid fees payable pursuant to Section 2.06 hereof shall at all times be ascertained from the records of the Agent, which shall be conclusive and binding absent manifest error.

Section 12.18 Binding Effect. This Agreement shall become effective when it shall have been executed by each Loan Party, the Agent and each Lender and when the conditions precedent set forth in Section 5.01 hereof have been satisfied or waived in writing by the Agent, and thereafter shall be binding upon and inure to the benefit of each Loan Party, the Agent and each Lender, and their respective successors and assigns, except that the Loan Parties shall not have the right to assign their rights hereunder or any interest herein without the prior written consent of each Lender, and any assignment by any Lender shall be governed by Section 12.07 hereof.

Section 12.19 Interest. It is the intention of the parties hereto that the Agent and each Lender shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby or by any other Loan Document would be usurious as to the Agent or any Lender under laws applicable to it (including the laws of the United States of America and the State of New York or any other jurisdiction whose laws may be mandatorily applicable to the Agent or such Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document or any agreement entered into in connection with or as security for the Obligations, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to the Agent or any Lender that is contracted for, taken, reserved, charged or received

by the Agent or such Lender under this Agreement or any other Loan Document or

agreements or otherwise in connection with the Obligations shall under no circumstances exceed the maximum amount allowed by such applicable law, any excess shall be canceled automatically and if theretofore paid shall be credited by the Agent or such Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by the Agent or such Lender, as applicable, to the Borrowers); and (ii) in the event that the maturity of the Obligations is accelerated by reason of any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to the Agent or any Lender may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically by the Agent or such Lender, as applicable, as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by the Agent or such Lender, as applicable, on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by the Agent or such Lender to the Borrowers). All sums paid or agreed to be paid to the Agent or any Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to the Agent or such Lender, be amortized, prorated, allocated and spread throughout the full term of the Loans until payment in full so that the rate or amount of interest on account of any Loans hereunder does not exceed the maximum amount allowed by such applicable law. If at an time and from time to time (x) the amount of interest payable to the Agent or any Lender on any date shall be computed at the Highest Lawful Rate applicable to the Agent or such Lender pursuant to this Section 12.19 and (y) in respect of any subsequent interest computation period the amount of interest otherwise payable to the Agent or such Lender would be less than the amount of interest payable to the Agent or such Lender computed at the Highest Lawful Rate applicable to the Agent or such Lender, then the amount of interest payable to the Agent or such Lender in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to the Agent or such Lender until the total amount of interest payable to the Agent or such Lender shall equal the total amount of interest which would have been payable to the Agent or such Lender if the total amount of interest had been computed without giving effect to this Section 12.19.

For purposes of this Section 12.19, the term "applicable law" shall mean that law in effect from time to time and applicable to the loan transaction between the Borrowers, on the one hand, and the Agent and the Lenders, on the other, that lawfully permits the charging and collection of the highest permissible, lawful non-usurious rate of interest on such loan transaction and this Agreement, including laws of the State of New York and, to the extent controlling, laws of the United States of America.

The right to accelerate the maturity of the Obligations does not include the right to accelerate any interest that has not accrued as of the date of acceleration.

Section 12.20 Confidentiality. The Agent and each Lender agrees (on behalf of itself and each of its affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound practices of comparable commercial finance companies, any non-public information supplied to it by the Loan Parties pursuant to this Agreement or the other Loan Documents which is identified in writing by the Loan Parties as being confidential at the time the same is delivered to such Person

(and which at the time is not, and does not thereafter become, publicly available or available to such Person from another source not known to be subject to a confidentiality obligation to such Person not to disclose such information), provided that nothing herein shall limit the disclosure of any such information (i) to the extent required by statute, rule, regulation or

judicial process, (ii) to counsel for the Agent or any Lender, (iii) to examiners, auditors, accountants or Securitization Parties, (iv) in connection with any litigation to which the Agent or any Lender is a party or (v) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) first agrees, in writing, to be bound by confidentiality provisions similar in substance to this Section 12.20. The Agent and each Lender agrees that, upon receipt of a request or identification of the requirement for disclosure pursuant to clause (iv) hereof, it will make reasonable efforts to keep the Loan Parties informed of such request or identification; provided that the each Loan Party acknowledges that the Agent and each Lender may make disclosure as required or requested by any Governmental Authority or representative thereof and that the Agent and each Lender may be subject to review by Securitization Parties or other regulatory agencies and may be required to provide to, or otherwise make available for review by, the representatives of such parties or agencies any such non-public information.

Section 12.21 Integration. This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWERS:

CLEAN HARBORS, INC.
ALTAIR DISPOSAL SERVICES, LLC
BATON ROUGE DISPOSAL, LLC
BRIDGEPORT DISPOSAL, LLC
CLEAN HARBORS ANDOVER, LLC
CLEAN HARBORS ANTIOCH, LLC
CLEAN HARBORS ARAGONITE, LLC
CLEAN HARBORS ARIZONA, LLC
CLEAN HARBORS BATON ROUGE, LLC
CLEAN HARBORS BDT, LLC
CLEAN HARBORS BUTTONWILLOW, LLC
CLEAN HARBORS CHATTANOOGA, LLC
CHEMICAL SALES, LLC
CLEAN HARBORS COFFEYVILLE, LLC
CLEAN HARBORS COLFAX, LLC
CLEAN HARBORS DEER PARK, L.P.
CLEAN HARBORS DEER TRAIL, LLC
CLEAN HARBORS DISPOSAL SERVICES, INC.
CLEAN HARBORS FINANCIAL SERVICES COMPANY
CLEAN HARBORS FLORIDA, LLC
CLEAN HARBORS GRASSY MOUNTAIN, LLC
CLEAN HARBORS KANSAS, LLC
CLEAN HARBORS LAPORTE, L.P.
CLEAN HARBORS LAUREL, LLC
CLEAN HARBORS LONE MOUNTAIN, LLC
CLEAN HARBORS LONE STAR CORP.
CLEAN HARBORS LOS ANGELES, LLC
CLEAN HARBORS OF TEXAS, LLC
CLEAN HARBORS PECATONICA, LLC
CLEAN HARBORS PLAQUEMINE, LLC
CLEAN HARBORS PPM, LLC
CLEAN HARBORS REIDSVILLE, LLC
CLEAN HARBORS SAN JOSE, LLC

CLEAN HARBORS TENNESSEE, LLC
CLEAN HARBORS WESTMORLAND, LLC
CLEAN HARBORS WHITE CASTLE, LLC
CROWLEY DISPOSAL, LLC
DISPOSAL PROPERTIES, LLC
GSX DISPOSAL, LLC

HARBOR INDUSTRIAL SERVICES TEXAS, L.P.
HILLIARD DISPOSAL, LLC
ROEBUCK DISPOSAL, LLC
SAWYER DISPOSAL SERVICES, LLC
TULSA DISPOSAL, LLC
CLEAN HARBORS ENVIRONMENTAL SERVICES, INC.
CLEAN HARBORS OF BRAINTREE, INC.
CLEAN HARBORS OF NATICK, INC.
CLEAN HARBORS SERVICES, INC.
MURPHY'S WASTE OIL SERVICE, INC.
CLEAN HARBORS KINGSTON FACILITY CORPORATION
CLEAN HARBORS OF CONNECTICUT, INC.
HARBOR MANAGEMENT CONSULTANTS, INC.
SPRING GROVE RESOURCE RECOVERY, INC.

By: /s/ Stephen H. Moynihan

Name: Stephen H. Moynihan
Title: Senior Vice President

GUARANTORS:

CLEAN HARBORS OF BALTIMORE, INC.

By: /s/ Stephen H. Moynihan

Name: Stephen H. Moynihan
Title: Senior Vice President

AGENT AND LENDER:

ABLECO FINANCE LLC

By: /s/ Kevin P. Genda

Name: Kevin P. Genda
Title: SVP

LENDER:

OAK HILL SECURITIES FUND, L.P.

By: Oak Hill Securities GenPar, L.P., its general partner

By: Oak Hill Securities MGP, Inc., its general partner

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Vice President

OAK HILL SECURITIES FUND II, L.P.

By: Oak Hill Securities GenPar II, L.P., its general partner

By: Oak Hill Securities MGP II, Inc., its general partner

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Vice President

LERNER ENTERPRISES, L.P.:

By: Oak Hill Asset Management, Inc., as advisor and attorney-in-fact to Lerner Enterprises, L.P.

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Vice President

P&PK FAMILY LTD. PARTNERSHIP:

By: Oak Hill Asset Management, Inc., as advisor advisor and attorney-in-fact to P&PK Family Ltd. Partnership

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Vice President

CARDINAL INVESTMENT PARTNERS I, L.P.:

By: Oak Hill Advisors, L.P., as advisor and attorney-in-fact to Cardinal Investment Partners I, L.P.

By: Oak Hill Advisors MGP, Inc., its general partner

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Managing Director

Exhibit 4.26

Execution Copy

LETTER OF CREDIT FACILITY, REIMBURSEMENT AND SECURITY AGREEMENT

This Letter of Credit Facility, Reimbursement and Security Agreement (this "Agreement") dated as of September 6, 2002 is made by and between Clean Harbors, Inc., a Massachusetts corporation (the "Applicant"), and Fleet National Bank (the "Bank").

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Ableco" means Ableco Finance LLC, as agent for the Lenders under the Ableco Financing Agreement.

(b) "Ableco Financing Agreement" means the Financing Agreement dated as of the date hereof among the Applicant, certain of the Applicant's subsidiaries, the lenders from time to time party thereto and Ableco, as the same may be amended, supplemented or otherwise modified from time to time.

(c) "Availability Period" means the period from and including the Effective Date to but excluding the earlier of (x) the Commitment Termination Date, and (y) the date upon which the LC Commitment terminates pursuant to the terms hereof.

(d) "Bank Charges" has the meaning ascribed thereto in Paragraph 13 below.

(e) "Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in Boston, Massachusetts are authorized or required by law to remain closed.

(f) "Collateral" means (i) the Collateral Account, and any and all cash, deposits, money, checks, drafts, wire transfers, funds and other amounts from time to time credited to or deposited or held in the Collateral Account, and (ii) any and all interest, dividends, distributions and other income accruing on or payable in respect of the Collateral, and (iii) any and all proceeds of the foregoing.

(g) "Collateral Account" means the high yield savings account #_____ (and any and all sub-accounts thereof, replacement accounts therefor and other accounts relating thereto) maintained by the Applicant at the Bank for the benefit of the Bank.

(h) "Collateral Amount" means the value of the Collateral held in or credited to the Collateral Account.

(i) "Commitment Termination Date" means March 31, 2003.

(j) "Congress" means Congress Financial Corporation (New England), as agent for the lenders under the Congress Credit Agreement.

(k) "Congress Credit Agreement" means the Loan and Security Agreement dated as of September 6, 2002, by and among the Applicant and certain of its subsidiaries, the lenders thereunder, and Congress, as the Revolving Credit Agent, as the same may be replaced, renewed or refinanced from time to time.

(l) "Control Agreement" means the Deposit Account Control and Intercreditor Agreement dated as of the date hereof among the Bank, the Applicant and Ableco substantially in the form of Exhibit A hereto.

(m) "Credit Documents" means this Agreement, the Letters of Credit, the Control Agreement, and any other instruments or documents delivered or to be delivered from time to time pursuant to this Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with their respective terms.

(n) "Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

(o) "Effective Date" has the meaning ascribed thereto in Paragraph 19 below.

(p) "Event of Default" has the meaning ascribed thereto in Paragraph 21 below.

(q) "Fees" has the meaning ascribed thereto in Paragraph 13 below.

(r) "LC Commitment" means the commitment of the Bank to issue Letters of Credit hereunder. The original maximum amount of the LC Commitment is equal to $100,000,000.

(s) "LC Exposure" means, at any time, the sum of (x) 100% of the aggregate undrawn amount of all outstanding standby and documentary Letters of Credit issued by the Bank to or for the account of the Applicant at such time at such time plus (y) the aggregate amount of all LC Disbursements made by the Bank in respect of Letters of Credit issued by the Bank to or for the account of the Pledgor that have not yet been reimbursed by or on behalf of the Applicant at such time.

(t) "LC Disbursement" has the meaning ascribed thereto in Paragraph 5 below.

(u) "Letter of Credit" has the meaning ascribed thereto in Paragraph 2 below.

(v) "LIBOR" means the rate specified by the Bank from time to time as the applicable London interbank offered rate ("LIBOR") for U.S. dollar deposits in the London interbank market with a maturity of 30 days from the date of deposit.

(w) "Material Adverse Effect" means, in respect of any entity, a material adverse effect on such entity's business, properties or financial condition.

(x) "Material Indebtedness" means the indebtedness of the Applicant to Congress under the Congress Credit Agreement, the indebtedness of the Applicant to Ableco under the Ableco Financing Agreement, and any other indebtedness of the Applicant (other than the Letters of Credit) in an aggregate principal amount exceeding $100,000.

(y) "Maturity Date" means September 9, 2005.

(z) "Obligations" means any and all of the Applicant's debts, obligations and liabilities under the Credit Documents, whether direct or indirect, liquidated or unliquidated, absolute or contingent, due or to become due, now existing or hereafter arising, including, without limitation, the Applicant's obligation to immediately reimburse the Bank for all LC Disbursements, and all Fees, Bank Charges, interest (including interest that accrues after the commencement of any proceeding in respect of any partial liquidation or reorganization, or bankruptcy, insolvency, receivership or other statutory or common law proceedings or arrangements involving the Applicant or the readjustment of its liabilities or any assignment for the benefit of creditors or any marshalling of the Applicant's assets or liabilities and other

costs and expenses as provided hereunder), expenses, indemnification obligations, and other amounts from time to time owing from the Applicant to the Bank.

2. Commitment to Issue Letters of Credit; Letters of Credit Outstanding at Expiration of Availability Period. Subject to the terms and conditions of this Agreement, the Bank agrees to issue for the account of the Applicant, from time to time during the Availability Period, one or more standby or documentary letters of credit (each, a "Letter of Credit") in an aggregate undrawn amount that will not result in (a) the LC Exposure exceeding the LC Commitment at such time or (b) (i) the product of (x) one hundred three percent (103%) multiplied by (y) the LC Exposure exceeding (ii) the Collateral Amount at such time. Upon expiration of the Availability Period, the Borrower shall have no right to request the issuance of, and the Bank shall have no obligation to issue any additional Letters of Credit hereunder. Any Letters of Credit outstanding at the expiration of the Availability Period shall remain outstanding until the respective stated expiration dates thereof; provided that such outstanding Letters of Credit may be amended, renewed or extended subject to the terms and conditions contained in this Agreement, and provided further that the face amount of any such Letter of Credit may not be increased in connection with any such amendment, renewal or extension, and no such Letter of Credit may be amended, renewed or extended after the occurrence and during the continuance of an Event of Default.

3. Requests for Issuance of Letters of Credit. To request the issuance of a Letter of Credit (or the amendment, renewal, or extension of an outstanding Letter of Credit) hereunder, the Applicant shall submit to FCC by electronic or facsimile transmission (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a duly completed letter of credit application on the Bank's standard form. Subject to the terms and conditions hereof, the Bank shall issue (or amend, renew or extend) a Letter of Credit in the name of the Applicant in conformity with such application. During the Availability Period, a Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit, the Applicant shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, (a) the LC Exposure shall not exceed the LC Commitment at such time and (b) (i) the product of (x) one hundred three

percent (103%) multiplied by (y) the LC Exposure not exceed (ii) the Collateral Amount at such time. After expiration of the Availability Period, a Letter of Credit shall be amended, renewed or extended only if (and upon amendment, renewal or extension of each Letter of Credit, the Applicant shall be deemed to represent and warrant that), after giving effect to such amendment, renewal or extension, the product of (A) one hundred three percent (103%) multiplied by (B) the LC Exposure shall not exceed the Collateral Amount at such time. Each request for a Letter of Credit hereunder shall be irrevocable. Each Letter of Credit issued hereunder shall be in such form and shall contain such terms, conditions and provisions as the Bank, in its reasonable discretion, may elect.

4. Expiration Date. Unless otherwise agreed by the Bank from time to time, each Letter of Credit shall expire (without giving effect to any extension thereof by reason of an interruption of business) at or prior to the close of business on the earlier of (a) the date 365 days, in the case of standby Letters of Credit, or 180 days, in the case of documentary Letters of Credit, after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension (including any "evergreen" or automatic renewal or extension) of any standby Letter of Credit, 365 days after such renewal or extension) and (b) the Maturity Date. No Letter of Credit may be extended beyond the Maturity Date.

5. Reimbursement. The Applicant agrees to immediately reimburse the Bank for the full amount of any and all disbursements or payments related to each Letter of Credit, including, without limitation, any and all drawings made thereunder (each, an "LC Disbursement") by paying to the Bank an amount equal to

such LC Disbursement not later than (i) 1:00 p.m., Boston, Massachusetts time, on the Business day that the Applicant receives notice of such LC Disbursement, if such notice is received prior to 11:00 a.m., Boston, Massachusetts time, or (ii) the Business day immediately following the day that the Applicant receives such notice, if such notice is not received prior to such time. To the extent that sufficient funds are available in the Collateral Account at the time any LC Disbursement becomes due and payable, payment of the Applicant's reimbursement obligations in respect of such LC Disbursement shall be effected though an automatic withdrawal of an amount equal to such LC Disbursement from the Collateral Account, and the Applicant hereby irrevocably authorizes and directs the Bank to take any and all action necessary to effectuate such withdrawal. If, when applied to any LC Disbursement, the funds in the Collateral Account prove insufficient to satisfy in full the Applicant's reimbursement obligations in respect of such LC Disbursement, the Applicant shall immediately upon demand pay to the Bank an amount equal to the amount by which such LC Disbursement exceeded the amount available in the Collateral Account; provided that such obligation shall become effective immediately, without demand or other notice of any kind, if an Event of Default described in clauses (e) or (f) of Paragraph 21 below shall have occurred and be continuing. Any LC Disbursement remaining unpaid after demand therefor (or during continuance of an Event of Default described in clauses (e) or (f) of Paragraph 21 below) shall accrue interest, from and including the date on which such LC Disbursement arose through, but excluding, the date on which such LC Disbursement is paid in full in cash, at a rate per annum equal to LIBOR plus one half of one percent (.50%). The Applicant hereby irrevocably waives the right to direct the application of any and all payments in respect of LC Disbursements received from or on behalf of the Applicant, and the Applicant hereby irrevocably agrees that the Bank shall have the continuing exclusive right to apply any and all such payments as the Bank may deem advisable.

6. Obligations Absolute. The obligation of the Applicant to reimburse the Bank for payments made with respect to any Letter of Credit shall be absolute, unconditional and irrevocable, without necessity of presentment, demand, protest, or other formalities. Such obligations of the Applicant shall be paid strictly in accordance with the terms hereof under all circumstances, including the following circumstances:

(a) any lack of validity of enforceability of this Agreement, any Letter of Credit, any other Credit Document or any term or provision contained in any thereof;

(b) the existence of any claim, set-off, defense or other right which Applicant may at any time have against a beneficiary or any transferee of any Letter of Credit (or any persons or entities for whom any such transferee may be acting), the Bank or any other person, whether in connection with this Agreement, any Letter of Credit, or any transaction in connection with any Letter of Credit (including any underlying transaction between the Applicant and the beneficiary for which the Letter of Credit was procured);

(c) any draft, demand, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(d) payment by the Bank under any Letter of Credit against presentation of a demand, draft or certificate or other document which substantially complies, but does not strictly comply, with the terms of such Letter of Credit;

(e) the fact that an Event of Default shall have occurred and be continuing; or

(f) any other event, circumstances or happening whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Paragraph 6, constitute a legal or equitable discharge of the Applicant's

obligations hereunder.

7. Applicant's Assumption of Risk. As between the Bank and the Applicant, the Applicant assumes all risks relating to the acts and omissions of, or the misuse of any Letter of Credit by, the beneficiaries of any Letter of Credit. In furtherance and not in limitation of the foregoing, to the fullest extent permitted by law, the Bank shall not be responsible: (a) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document issued by any party in connection with the application for and issuance of any Letter of Credit, even if such document shall prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (b) for the validity, efficacy or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights and benefits thereunder or the proceeds thereof, in whole or in part; (c) for failure of the beneficiary of any Letter of Credit to comply fully with conditions required in order to demand payment under such Letter of Credit; (d) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (e) for errors in interpretation of technical terms; (f) for any loss or delay in the transmission or otherwise of any document required in order to make a payment under any Letter of Credit or of the proceeds thereof; (g) for the use of the proceeds of any drawing under any Letter of Credit; and (h) for any consequences arising from causes beyond the control of the Bank. None of the above shall

affect, impair or prevent the vesting of any of the rights or powers of the Bank hereunder. Nothing contained herein shall be deemed to limit any waiver, covenants or indemnities made by the Applicant in favor of the Bank in any letter of credit application, reimbursement agreement or similar document, instrument or agreement between the Applicant and the Bank.

8. Indemnity Relating to Letters of Credit. In addition to any and all amounts payable as elsewhere provided in this Agreement, the Applicant hereby agrees to pay and to protect, indemnify, and the Bank harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees and allocated costs of internal counsel) which either of such parties may incur or be subject to as a consequence, direct or indirect, of (A) the issuance (or amendment, renewal or extension) of any Letter of Credit or the use of the proceeds thereof, or (B) the failure of the Bank to honor a demand for payment under any Letter of Credit as a result of any act or omission, whether rightful or wrongful, or as a result of any present or future de jure or de facto government, in each case other than to the extent any such claims, demand, liability, damages, losses, costs charges or expenses are solely the result of the gross negligence or willful misconduct of the Bank (as determined by a court of competent jurisdiction by final and non-appealable judgment).

9. Governing Law, Etc., of Letters of Credit. All Letters of Credit issued hereunder shall be subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce, Publication No. 500 ("UCP") (and any subsequent amendments or revisions thereof) or the International Standby Practices ("ISP") International Chamber of Commerce, Publication No. 590 (and any subsequent amendments and revisions thereof), as applicable, and as to matters not governed by UCP or ISP, shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts and applicable U.S. Federal law.

10. Expiration of Commitment. Unless previously terminated, the LC Commitment shall expire at the close of business on the Commitment Termination Date.

11. Permitted Uses. The Letters of Credit will be used only for general corporate and working capital purposes of the Applicant.

12. Security.

(a) As security for the full payment, performance and discharge of the Obligations, the Applicant hereby delivers and pledges to the Bank and grants to the Bank a first priority lien upon and continuing security interest in the Collateral. To the extent the Bank receives payment on account of the Obligations, which payment is thereafter set aside or required to be repaid by the Bank in whole or in part, then, to the extent of any sum not finally retained by the Bank (regardless of whether such sum is recovered from the Bank by the Applicant, or the Applicant's estate or trustee or any party acting for, on behalf of or through the Applicant as the Applicant's representative), the Obligations shall be reinstated and the lien and security interest created hereby shall remain in full force and effect (or be reinstated) until the Applicant shall have made payment to the Bank, which payment shall be due on demand.

(b) Except for the security interest created hereunder (and the subordinated second priority security interest granted by the Applicant in favor of Ableco), the Applicant is the owner of the Collateral free from any lien or security interest. The Applicant agrees not to grant any lien on or security interest in, or permit the existence of any lien on or security interest in, the Collateral Account or any of the other Collateral (except in favor of the Bank, and except for the subordinated second priority security interest in favor of Ableco).

(c) The Applicant will promptly execute and deliver to the Bank such financing statements, certificates and other documents or instruments as may be necessary to enable the Bank to perfect, protect or from time to time renew the security interest granted hereby, including, without limitation, such financing statements, control agreements, certificates and other documents as may be necessary to perfect a security interest in any additional Collateral hereafter acquired by the Applicant or in any replacements or proceeds thereof. The Applicant authorizes the Bank to file and refile (at the Applicant's expense) such financing statements, continuation statements and other documents (including, without limitation, this Agreement) in such offices as the Bank may reasonably deem necessary or appropriate in order to perfect and preserve the rights and interests granted to the Bank hereunder, and agrees that it will join with the Bank in executing any such financing statements, continuation statements or other documents as the Bank may reasonably deem necessary. The Applicant authorizes and appoints the Bank, in case of need, to execute such financing statements, assignments, certificates and other documents pertaining to the Bank's security interest in the Collateral in its stead if the Applicant fails to so execute such documents, with full power of substitution, as the Applicant's attorney in fact.

(d) Provided no Default or Event of Default shall have occurred or be continuing or shall arise therefrom, unless Ableco has notified the Bank that an event of default has occurred and is continuing under the Ableco Financing Agreement, on the fifteenth day of each calendar month (or, if such day is not a Business Day, on the next succeeding Business Day), commencing on October 15, 2002, the Bank shall withdraw from the Collateral Account the aggregate amount of interest that has accrued on the funds on deposit in the Collateral Account during the prior month and shall transfer such interest to the Applicant in accordance with the wire instructions of the Applicant set forth on Schedule I hereto (whereupon such interest shall no longer be subject to the security interest granted to the Bank hereunder). Upon any such disbursement, the Applicant shall be deemed to have represented to the Bank that both immediately before and immediately after giving effect to such disbursement, no Default or Event of Default shall have occurred and be continuing.

(e) Provided no Default or Event of Default shall have occurred or be continuing or shall arise therefrom, from time to time (but not more frequently than once in any calendar month) after the earlier of (i) 3 Business Days after the last day of the Availability Period and (ii) the Commitment Termination Date, upon the written request of Ableco, the Bank shall withdraw from the

Collateral Account the amount, if any, by which (x) the aggregate amount of funds on deposit in the Collateral Account (exclusive of interest amounts referred to in clause (d) above) exceeds (y) the product of (A) one hundred three percent (103%) multiplied by (B) the LC Exposure at such time, and shall transfer such excess amount to Ableco in accordance with the wire transfer instructions of Ableco set forth on Schedule I hereto to be applied by Ableco against the Applicant's obligations to Ableco (whereupon such excess amount

shall no longer be subject to the security interest granted to the Bank hereunder). Upon any such disbursement, the Applicant shall be deemed to have represented to the Bank both immediately before and immediately after giving effect to such disbursement no Default or Event of Default shall have occurred and be continuing.

(f) The Applicant shall have no right to request or receive disbursements from the Collateral Account, except as provided in clauses (d) and (e) of this Paragraph 12. The Applicant hereby irrevocably authorizes and directs the Bank to make the transfers described in clauses (d) and (e) of this Paragraph 12, and hereby agrees that in no event shall the Bank be liable or obligated to the Applicant for any transfer made in accordance with such clauses, or for any failure by the Bank to make any such transfer if the Bank, in its reasonable determination, believes that a Default or Event of Default has occurred and is continuing under this Agreement or the Credit Documents, or that such transfer may expose the Bank to any obligation, liability or expense (other than any administrative costs and expenses related to or incurred in connection with the transfers described in clauses (d) and (e) of this Paragraph 12).

(g) All items of income, if any, including dividends, interest and other income, gain, expense and loss on the Collateral shall be reported by the Bank in the name and tax identification of the Applicant. (h) The Applicant acknowledges and agrees that, regardless of the adequacy of the Collateral or any other security for the Obligations, the Bank may withdraw from the Collateral Account at any time and from time to time (whether before or after the occurrence of an Event of Default) and apply such funds as may be necessary (i) to reimburse the Bank for any drawing made on any Letter of Credit, and (ii) to cover any fees, costs, expenses (including reasonable attorney's fees) and other amounts for which the Applicant may from time to time be liable to the Bank.

(i) In addition to the Bank's rights under the foregoing clause (h), upon the occurrence and during the continuance of any Event of Default, the Bank shall have the right at any time and from time to time without the necessity of making demand upon or giving notice to the Applicant (i) to withdraw funds from the Collateral Account and apply such funds to the repayment of the then unpaid amount of all Obligations, (ii) to set-off the funds in the Collateral Account and any deposits or other sums at any time credited thereto against the Obligations, and (iii) to exercise any and all rights and remedies of a secured party under the Uniform Commercial Code (as in effect in Massachusetts), including, without limitation, the rights of a secured party under Section 9-607 of the Uniform Commercial Code. The Applicant hereby waives presentment, demand, notice, protest and all other demands and notices in connection with this Agreement or the enforcement of the Bank's rights hereunder or in connection with any of the Obligations.

(j) In the event that the Bank elects to exercise any of its remedies with respect to the Collateral following an Event of Default, the Bank shall apply the proceeds of the Collateral as follows: (i) first, to the payment of any and all fees, costs and expenses incurred by the Bank in exercising its rights (including, without limitation, reasonable attorney's fees), and (ii) second, to the repayment of any and all Obligations then due and payable, and (iii) third, to the extent any Obligations have yet to mature or become due and payable at the time the Bank

exercises its rights with respect to the Collateral, the Bank shall hold such proceeds as collateral for, and shall apply such proceeds to, the repayment of any remaining Obligations as and when the same shall become due and payable. In the event the proceeds of the Collateral are insufficient to pay all of the Obligations in full, the Applicant shall be liable for the deficiency, together with interest thereon at a rate per annum equal to LIBOR plus one half of one percent (.50%), and the cost and expenses of collection of such deficiency, including (to the extent permitted by law), without limitation, reasonable attorneys' fees, expenses and disbursements.

(k) If, following the repayment of all of the Applicant's Obligations, the termination and/or expiration of all Letters of Credit issued hereunder, and the termination of the LC Commitment, there shall remain any surplus Collateral in the Collateral Account, such surplus shall be paid to the Applicant (or to any person or party lawfully entitled thereto (including, if applicable, Ableco or any other subordinated creditor of the Applicant). In exercising any rights with respect to the Collateral, so long as the Bank acts in a commercially reasonable manner, the Bank may proceed in any manner which the Bank, in its sole discretion, shall elect, without in any way incurring any liability or obligations to the Applicant.

13. Fees and Charges. The Applicant agrees to pay the Bank's customary commissions, discounts, interest, charges, fees or expenses (collectively, "Bank Charges") in connection with the issuance, amendment, extension or renewal of any Letter of Credit and any drawings thereunder. Bank Charges shall be payable monthly in arrears, on the first day of each month and on the Maturity Date. The Applicant further agrees to pay to the Bank, as compensation for issuing the Letters of Credit hereunder and for all services which the Bank may render hereunder, a per annum letter of credit fee equal in amount to three tenths of one percent (.30%) multiplied by the face amount of all outstanding Letters of Credit ("Fees"). Such Fees shall be payable quarterly in advance, on the first day of each calendar quarter and on the Maturity Date. Fees and Bank Charges paid shall not be refundable under any circumstances, absent manifest error in the determination thereof. Bank Charges and Fees which are not paid when due shall accrue interest at a rate per annum equal to LIBOR plus one half of one percent (.50%) from the due date through the date of payment and shall be payable on demand. In the event that any Bank Charges and Fees are not paid when due, the Bank may, at its own election, effect payment of such Bank Charges and/or Fees and any interest due thereon by withdrawing an amount equal thereto from the Collateral Account, and the Applicant hereby irrevocably authorizes and directs the Bank to take any and all action necessary to effectuate such withdrawal.

14. General Indemnification. The Applicant agrees to pay all costs and expenses (including the reasonable fees and disbursements of counsel) incurred by the Bank in connection with the creation and enforcement of this Agreement and the other Credit Documents and the collection of all amounts payable hereunder and thereunder. All costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the Bank (a) in all efforts made to enforce payment of any of the Obligations or effect collection of any Collateral, (b) in connection with the entering into, any modification, amendment, administration and enforcement of this Agreement or any other Credit Document, in connection with any issuance, amendment, extension or renewal of any Letter of Credit issued hereunder, in connection with any consents or waivers hereunder and in connection with any related agreements, documents and instruments, (c) in instituting, maintaining, preserving, enforcing and foreclosing on the

Bank's security interest in or lien on any of the Collateral, whether through judicial proceedings or otherwise, (d) in defending or prosecuting any actions or proceedings arising out of or relating to the transactions of the Bank with

the Applicant, and (e) in connection with any advice given to the Bank with respect to its rights and obligations under this Agreement, the Letters of Credit or any other Credit Documents, shall all be part of the Obligations secured by the Collateral. The Applicant shall indemnify the Bank and its officers, directors, affiliates, employees and agents (which indemnity shall survive the termination of this Agreement) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel) which may be imposed on, incurred by, or asserted against any such indemnified party in any litigation, proceeding or investigation (including any limitation, any proceeding or investigation arising out of any environmental laws) instituted or conducted by any governmental agency or instrumentality or any other person or entity in connection with any Letter of Credit, or any transaction contemplated by, or referred to in, or any matter related to, this Agreement or any other Credit Document, whether or not the Bank is a party thereto, except to the extent that any of the foregoing arises out of the gross negligence or willful misconduct of such indemnified party (as determined by a court of competent jurisdiction by final and non-appealable judgment).

15. Taxes. Each payment hereunder shall be made free and clear of, and without deduction or withholding for, any taxes, duties, levies, imposts or other charges of a similar nature other than taxes on overall net income or receipts and franchise taxes (imposed in lieu of net income taxes) ("Taxes"), except as required by law, and in the event that any deduction or withholding for Taxes shall be so required, the Applicant shall pay such additional amounts as may be necessary so that the net amount of such payment, after reduction by the amount of such Taxes, is equal to the amount that the Applicant is obligated to pay absent the requirement to deduct such Taxes.

16. Representations and Warranties. The Applicant hereby represents and warrants to the Bank that: (a) it is a corporation duly incorporated and validly existing under the laws of the Commonwealth of Massachusetts; (b) its execution , delivery and performance of this Agreement are within its corporate powers, have been duly authorized by all necessary corporate action and do not contravene any material law, regulation or order or its Articles of Organization or By-Laws or any material agreement binding upon it or its assets (including, without limitation any agreement relating to Material Indebtedness); (c) this Agreement is its legal, valid and binding obligation enforceable against it in accordance with its terms; (d) no authorization, consent, approval or license from, or filing or registration with any court, governmental authority or public office is necessary in connection with the execution, delivery and performance of this Agreement, except such as have been obtained and are in full force and effect; and (e) there are no pending or threatened actions, suits or proceedings against or affecting it before any arbitrator, court commission or other governmental authority, which, individually or in the aggregate would, if adversely determined, have a Material Adverse Effect on it.

17. Solvency. The Applicant further represents and warrants to the Bank that as of the Effective Date and after giving effect to the issuance of the initial Letters of Credit hereunder: (a) the aggregate value of all properties of the Applicant at their present fair saleable value on a going concern basis (i.e., the amount that may be realized within a reasonable time,

considered to be six months to one year, either through collection or sale at the regular market value, conceiving the latter as the amount that could be obtained for such properties within such period by a capable and diligent businessman from an interested buyer who is willing to purchase under ordinary selling conditions), exceeds the amount of all the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of the Applicant; (b) the Applicant does not and will not, on a consolidated basis, have an unreasonably small capital with which to conduct the Applicant's business operations as heretofore conducted; and (c) the Applicant has and will continue to have in the foreseeable future, on a consolidated basis, sufficient

cash flow to enable the Applicant to pay the Applicant's debts as they mature.

18. Covenants. The Applicant covenants and agrees with the Bank that: (a) the Applicant will maintain cash or other Collateral at all times in the Collateral Account in an amount equal to or greater than the product of (i) one hundred three percent (103%) multiplied by (ii) the LC Exposure, and that, if at any time the product of (x) one hundred three percent (103%) multiplied by (y) the LC Exposure exceeds the Collateral Amount, the Applicant will immediately upon demand by the Bank, deposit or cause to be deposited in the Collateral Account an amount of cash at least equal to the amount of such excess; (b) the Applicant will deliver to the Bank, as soon as available and in any event within 30 days (or, for the months of September through December of 2002, 45 days) after the end of each month, (i) consolidated statements of the Applicant's operations and cash flows for such month and for the period from the beginning of the respective fiscal year to the end of such month, and the related consolidated balance sheets of the Applicant as at the end of such period, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding period in the preceding fiscal year, and (ii) a certificate of a financial officer of the Applicant, which certificate shall state that said consolidated financial statements referred to in the preceding clause (i) fairly present in all material respects the financial condition and results of operations of the Applicant, in each case in accordance with GAAP, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments and the omission of footnotes); (c) the Applicant will deliver to the Bank, promptly following any request therefor, such other information regarding the Applicant's operations, business affairs and financial condition, or compliance with the terms of this Agreement, as the Bank may reasonably request; and (d) the Applicant will deliver to the Bank prompt written notice of (i) the occurrence of any Default or Event of Default, (ii) the occurrence of any Default or Event of Default under the Ableco Financing Agreement and/or under the Congress Credit Agreement, and (iii) any development that results in, or could reasonably be expected to result in, a Material Adverse Effect on the Applicant.

19. Conditions to Effectiveness. The obligation of the Bank to issue the initial Letter of Credit hereunder, shall not become effective until the date (the "Effective Date") on which each of the following conditions is satisfied (or waived in accordance with Paragraph 27 below):

(a) the Bank shall have received from each party hereto (i) a counterpart of this Agreement executed by such party or (ii) written evidence satisfactory to the Bank that such party has executed a counterpart hereof;

(b) the Applicant shall have delivered or caused to be delivered to the Bank for deposit in the Collateral Account, cash in an amount not less than $41,000,000;

(c) the Bank shall have received such documents and certificates as the Bank or its special counsel, Palmer & Dodge LLP ("Special Counsel") may reasonably request relating to the Applicant's organization, existence and good standing, the authorization of this Agreement and requests for Letters of Credit to be issued hereunder, and any other legal matters relating to the Applicant or this Agreement, the Letters of Credit or the other Credit Documents, all in form and substance reasonably satisfactory to the Bank and Special Counsel;

(d) the Bank shall have received evidence satisfactory to the Bank and Special Counsel that the Applicant shall have taken or caused to be taken all such actions, executed and delivered or caused to be executed and delivered all such agreements, documents and instruments, and made or caused to be made all such filings and recordings that may be necessary or, in the Bank's opinion or the opinion of Special Counsel, desirable in order to create in the Bank's favor, and for the Bank's benefit, a valid and perfected first priority security interest in the Collateral;

(e) the Bank shall have received from each party thereto (i) a counterpart of a Control Agreement signed on behalf of such party, or (ii) written evidence satisfactory to the Bank that such party has signed a counterpart thereof;

(f) the Bank shall have received a favorable written opinion (addressed to the Bank and dated the Effective Date) of Davis, Malm & D'Agostine, P.C., counsel to the Applicant, substantially in the form of Exhibit B annexed hereto and covering such matters relating to the Applicant and this Agreement as the Bank shall reasonably request (and the Applicant hereby requests such counsel to deliver such opinion);

(g) the Bank shall have received a certificate, dated as of the Effective Date and signed by a financial officer of the Applicant, confirming compliance with the conditions set forth in clauses (a) and (b) of Paragraph 20 below;

(h) the Bank shall have received from the Applicant certified copies of the Congress Credit Agreement and the Ableco Financing Agreement;

(i) there shall have occurred no material adverse change (in the Bank's reasonable opinion) in the Applicant's business, properties or financial condition;

(j) the Bank shall have received all fees and other amounts due and payable to the Bank and Special Counsel at or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Applicant hereunder; and

(k) the Bank shall have received all such other documents as the Bank or Special Counsel shall have reasonably requested (including, without limitation, any corporate authority, indemnification or letter of credit application required by the Bank in connection with the issuance of Letters of Credit or the opening or maintenance of the Collateral Account and the investment of funds therein) and the same shall be reasonably satisfactory to each of the Bank and Special Counsel.

20. Conditions to Each Letter of Credit. The obligation of the Bank to issue, amend, renew or extend any Letter of Credit hereunder is subject in each case to the satisfaction of the following conditions:

(a) The Applicant's representations and warranties set forth in this Agreement shall be true and correct in all material respects on and as of the date of issuance, amendment, renewal or extension of such Letter of Credit, both before and after giving effect thereto (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be or have been true and correct as of such specific date).

(b) On and as of the date of issuance, amendment, renewal or extension of such Letter of Credit, both before and after giving effect thereto, no Default or Event of Default under this Agreement shall have occurred and be continuing.

(c) In the case of the issuance, amendment, renewal or extension of any Letter of Credit during the Availability Period, after giving effect to such issuance, amendment, renewal or extension, (i) the LC Exposure shall not exceed the LC Commitment at such time and (ii) (x) the product of (A) one hundred three percent (103%) multiplied by (B) the LC Exposure shall not exceed (y) the Collateral Amount at such time.

(d) In the case of the amendment, renewal or extension of any Letter of Credit after the Availability Period, after giving effect to such amendment, renewal or extension, the product of (i) one hundred three percent (103%)

multiplied by (ii) the LC Exposure shall not exceed the Collateral Amount at such time.

21. Events of Default. The occurrence of any one or more of the following events (regardless of the reason therefor) shall constitute an "Event of Default" hereunder:

(a) the Applicant (i) fails to make any payment of amounts owing in respect of any LC Disbursement as the same become due, (ii) fails to pay any interest, Bank Charges or Fees due hereunder within three (3) days following demand by the Bank therefor (which may be made by facsimile or by e-mail), or (iii) fails to reimburse or make payment to the Bank for any other cost or expense reimbursable or payable hereunder within five (5) days following demand by the Bank for such reimbursement or payment (which demand may be made by facsimile or by e-mail);

(b) any representation or warranty in this Agreement, any other Credit Document, or any written statement, report, financial statement, document, opinion, or certificate made or delivered to the Bank by the Applicant is untrue or incorrect in any material respect as of the date when made or deemed made;

(c) the Applicant fails or neglects to perform, keep or observe any covenant provision or agreement contained in clauses (a),(b) or (d) of Paragraph 18;

(d) the Applicant fails or neglects to perform, keep or observe any covenant, provision or agreement contained in this Agreement (other than any provision embodied in or covered by clauses (a), (b), or (c) of this Paragraph 21) and the same shall remain unremedied for

thirty (30) consecutive days after the earlier of (i) actual knowledge thereof by any officer of the Applicant or (y) notice thereof from the Bank to the Applicant;

(e) (i) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (x) liquidation, reorganization or other relief in respect of the Applicant or any of the Applicant's subsidiaries or any of their respective debts, or of any substantial part of their respective assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (y) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Applicant or any subsidiary of the Applicant or for any substantial part of their respective assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered, or (ii) the Collateral shall be attached, seized, levied upon or subjected to a writ or distress warrant, or come within the possession of any receiver, trustee, custodian or assignee for the benefit of the creditors of the Applicant or any subsidiary of the Applicant;

(f) the Applicant or any subsidiary thereof shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (d) of this Paragraph, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for itself or any substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) take any action for the purpose of effecting any of the foregoing or (vii) admit in writing its inability to, or be generally unable to, pay its debts as such debts become due;

(g) the Applicant shall fail to make any payment (whether of principal, interest or otherwise and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable, after giving effect to any grace period with respect thereto, or any event or condition shall occur that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause such Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity;

(h) any of the following shall occur: (i) the liens created hereunder or under any document or instrument executed in connection herewith shall at any time (other than by reason of the relinquishment by the Bank of such lien) cease in any material respect to constitute valid and perfected liens on the Collateral intended to be covered thereby, (ii) the enforceability of any Credit Document shall be contested by the Applicant; (iii) Ableco shall assert any claim against the Bank or contest the validity or priority of the Bank's lien on the Collateral; or (iv) any default or event of default shall occur under the Congress Credit Agreement or the Ableco Financing Agreement; or

(i) a final judgment or judgments for the payment of money (i) in excess of $250,000 in the aggregate (exclusive of judgment amounts fully covered by insurance where the insurer has admitted liability in respect of such judgment) or (i) in excess of $1,000,000 in the aggregate (regardless of insurance coverage), shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against the Applicant or any subsidiary thereof and the same shall not be discharged (or provision shall not be made for such discharge), bonded, or a stay of execution thereof shall not be procured, within 60 days from the date of entry thereof and the Applicant or such subsidiary shall not, within said period of 60 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal.

If any Event of Default shall have occurred and be continuing, the Bank may (i) terminate the LC Commitment hereunder, and thereupon the LC Commitment shall terminate immediately, (ii) declare any or all of the Obligations to be immediately due and payable and the same shall become due and payable immediately without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Applicant; (iii) exercise any and all rights and remedies provided to the Bank under this Agreement or any other Credit Document; and/or (iv) exercise any and all rights and remedies available to the Bank under the Uniform Commercial Code and/or at law or in equity, provided, however, that upon the occurrence of any Event of Default specified in clauses (e) and (f) above, all of the Obligations shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Applicant. All rights and remedies afforded to the Bank by reason of this Agreement are separate and cumulative, and the exercise or failure to exercise any such right or remedy shall not be deemed to exclude, limit or prejudice the exercise of any other right or remedy available to the Bank.

22. General Right of Set-Off. If a Default or Event of Default shall have occurred and be continuing, the Bank is hereby authorized at any time and from time to time, without notice to or consent by the Applicant, to the fullest extent permitted by law, to set off and apply any and all deposits (whether general or special, time or demand, provisional or final, and including, without limitation, the Collateral in the Collateral Account) at any time held and other indebtedness at any time owing by the Bank, as the case may be, to or for the credit or the account of the Applicant against any of and all the Obligations, irrespective of whether or not the Bank shall have made any demand under this Agreement or any other Credit Document and although such Obligations may be unmatured. The rights of the Bank under this Paragraph 22 are in addition to any

other rights and remedies (including other rights of setoff) available to the Bank under this Agreement, at law or in equity.

23. Notices. Any notice or communication required to be delivered under this Agreement or any other Credit Document shall be in writing and, unless otherwise provided herein, shall be sent by registered or certified U.S. mail (postage prepaid and return receipt requested), by a reliable hand-delivery or overnight courier service or by telecopier, to be confirmed immediately by sending the original documentation by registered or certified U.S. mail or by a reliable hand-delivery or overnight courier service. All notices shall be delivered or otherwise conveyed to the parties at their respective addresses and telephone and telecopier members as follows:

(a) if to Applicant, to Clean Harbors, Inc., 1501 Washington Street, Braintree, Massachusetts 02185-9048, Attention: Stephen Moynihan (Fax no. (781) 849-4472), with a copy to Davis, Malm & D'Agostine, P.C., One Boston Place, 37/th/ Floor, Boston, Massachusetts 02108, Attention: C. Michael Malm, Esq. (Fax no. (617) 367-2500);

(b) if to the Bank, to Fleet National Bank, c/o Fleet Capital Corporation, One Federal Street, Mail Stop: MA DE 10307X, Boston, Massachusetts 02110, Attention: Mark Schafer (Fax no. (617) 654-1167), with copies to Fleet National Bank, 400 Galleria Parkway, Suite 1950, Atlanta, Georgia 30339, Attention: Account Administration Manager (Fax no. (770) 859-2480), and Palmer & Dodge LLP, 111 Huntington Avenue, Boston, Massachusetts 02199, Attention: David Ruediger, Esq. (Fax no. (617) 227-4420); or

(c) to such other addresses and telephone and facsimile numbers as any party shall designate to the other parties in writing.

24. Assignment. The rights of the Bank hereunder, shall inure to the benefit of their respective successors and assigns. The Bank may, without consent of the Applicant, assign this Agreement in whole or in part or grant participations in their respective interests hereunder. The Applicant may not assign the Applicant's interests hereunder without the prior written consent of the Bank.

25. LC Account. The Bank shall maintain an account (the "LC Account") on the Bank's books to record (a) all Letters of Credit, (b) LC Disbursements, and (c) all payments made by the Applicant. All entries in the LC Account shall be made in accordance with the Bank's customary accounting practices as in effect from time to time. The entries in the LC Account, as recorded on the Bank's most recent printout or other written statement, shall be presumptive evidence of the amounts due and owing or outstanding to the Bank by the Applicant; provided that any failure to so record or any error in so recording shall not limit or otherwise affect the Applicant's duty to pay LC Disbursements.

26. GOVERNING LAW; WAIVER OF JURY TRIAL; JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE COMMONWEALTH OF MASSACHUSETTS. EACH OF THE UNDERSIGNED WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE THIS PROVISIONS OF THIS AGREEMENT OR ANY RELATED DOCUMENT OR AGREEMENT. THE APPLICANT SUBMITS, IN ANY LEGAL ACTION RELATED HERETO, TO THE NONEXCLUSIVE JURISDICTION OF STATE AND FEDERAL COURTS LOCATED IN THE COMMONWEALTH OF MASSACHUSETTS AND WAIVES ANY OBJECTION THE APPLICANT MAY HAVE AS TO THE BRINGING OR MAINTAINING OF ANY SUCH ACTION WITH ANY SUCH COURT.

27. Amendment; Waiver. Any provision of this Agreement or any other document related hereto may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Applicant and the Bank. Neither any delay nor any omission by the Bank to exercise any right, power or remedy shall operate as a waiver thereof, nor shall a single or partial

exercise thereof preclude any other or further exercise thereof or any exercise of any other right, power or remedy. This Agreement cannot be changed or terminated orally.

28. Entire Agreement; Conflicts. This Agreement contains the parties' sole and entire understanding and agreement with respect to its entire subject matter, and all prior negotiations, discussions, commitments, agreements and understandings heretofore had between the parties with respect thereto are hereby merged herein. In the event of any conflict between the terms hereof and the terms contained in any application for a Letter of Credit, the terms hereof shall govern.

29. Counterparts. This Agreement may be executed in two or more counterparts which, when taken together, shall constitute one complete document. Any party to this Agreement may execute this Agreement by facsimile transmission.

[SIGNATURE PAGE FOLLOWS]

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

CLEAN HARBORS, INC.

By: /s/ Stephen Moynihan

Name: Stephen Moynihan
Title: Senior Vice President

FLEET NATIONAL BANK

By: /s/ Mark B. Schafer

Name: Mark B. Schafer
Title: Vice President

Exhibit 4.27

EXECUTION COPY

DEPOSIT ACCOUNT CONTROL AND INTERCREDITOR AGREEMENT

This DEPOSIT ACCOUNT CONTROL AND INTERCREDITOR AGREEMENT (this "Agreement") dated as of September 6, 2002 is made by and among CLEAN HARBORS, INC., a Massachusetts corporation (the "Pledgor"), FLEET NATIONAL BANK, in its capacities as issuer of letters of credit under the Fleet Facility Agreement referred to below and as depositary bank ("Fleet") and ABLECO FINANCE LLC, in its capacity as agent for the lenders under the Ableco Financing Agreement referred to below ("Ableco").

WHEREAS, the Pledgor and Fleet are parties to that certain Letter of Credit Facility, Reimbursement and Security Agreement dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Fleet Facility Agreement") between Pledgor and Fleet, pursuant to which, among other things, (i) Fleet has agreed, subject to the terms and conditions contained therein, to issue certain letters of credit for the account of the Pledgor, (ii) the Pledgor has deposited cash into the Collateral Account (as defined below), and (iii) the Pledgor has pledged, assigned and granted to Fleet a present and continuing senior first priority lien on and security interest in and to the Collateral Account and in all funds and other amounts from time to time credited to or deposited or held in the Collateral Account as security for the obligations of the Pledgor to Fleet; and

WHEREAS, the Pledgor, certain of the Pledgor's subsidiaries (the "Borrowers"), the lenders party thereto from time to time (the "Lenders") and Ableco are parties to that certain Financing Agreement dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Ableco Financing Agreement"), pursuant to which, among other things, the Lenders have agreed, subject to the terms and conditions contained therein, to make certain term loans and extend certain other credit accommodations to the Borrowers, and the Pledgor has pledged, assigned and granted to Ableco, for the benefit of the Lenders, a subordinated second priority lien on and security interest in the Collateral Account and in the funds and other amounts from time to time deposited or held in the Collateral Account as security for the obligations of the Pledgor to Ableco and the Lenders; and

WHEREAS, the parties wish to set forth the relative priorities of the interests of Fleet and Ableco in the Collateral Account and in the funds and other amounts from time to time deposited or held in the Collateral Account;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. For purposes hereof the following terms have the following definitions:

(a) "Ableco Documents" shall mean the Ableco Financing Agreement, the other Loan Documents (as such term is defined in the Ableco Financing Agreement), all notes issued in connection with the Ableco Financing Agreement, and any and all other agreements, instruments or documents delivered or to be delivered by the Pledgor, the other Borrowers, or any of their affiliates to Ableco and the Lenders in connection therewith, in each case, as the same may be supplemented and amended from time to time.

(b) "Ableco Obligations" shall mean any and all indebtedness, obligations and liabilities of the Pledgor to Ableco and the Lenders under the Ableco Documents, whether now existing or hereafter arising, whether direct or indirect, absolute or contingent, due or to become due, including without limitation, the Pledgor's obligation to repay the extensions of credit under the Ableco Financing Agreement, and all interest, fees, expenses, indemnification obligations and other amounts from time to time owing from the Pledgor to

Ableco, including, without limitation, interest which accrues after the commencement of any proceeding in respect of any partial liquidation or reorganization, or bankruptcy, insolvency, receivership or other statutory or common law proceedings or arrangements involving the Pledgor or the readjustment of its liabilities or any assignment for the benefit of creditors or any marshalling of the Pledgor's assets or liabilities, and all premium and termination fees, if any, and other fees and expenses payable in accordance with the terms of the Ableco Documents.

(c) "Collateral" shall mean (i) the Collateral Account, and any and all cash, deposits, money, checks, drafts, wire transfers, funds and other amounts from time to time credited to or deposited or held in the Collateral Account, and (ii) any and all interest, dividends, distributions and other income accruing on or payable in respect of the Collateral, and (iii) any and all proceeds of the foregoing.

(d) "Collateral Account" shall mean the high yield savings deposit account #_____ (and any and all sub-accounts thereof, replacement accounts therefore and other accounts relating thereto) maintained by the Pledgor at Fleet for the benefit of Fleet.

(e) "Fleet Documents" shall mean the Fleet Facility Agreement, the letters of credit issued thereunder, all letter of credit application and reimbursement agreements executed and/or delivered by the Pledgor to Fleet in connection therewith, and all other related agreements, instruments or documents delivered or to be delivered by Pledgor in connection therewith, in each case, as the same may be supplemented and amended from time to time.

(f) "Fleet Obligations" shall mean any and all indebtedness, obligations and liabilities of the Pledgor to Fleet under the Fleet Documents and under this Agreement, whether now existing or hereafter arising, whether direct or indirect, absolute or contingent, due or to become due, including without limitation, the Pledgor's obligation to reimburse Fleet for all drawings under letters of credit issued under the Fleet Documents, and all interest, fees, expenses, indemnification obligations and other amounts from time to time owing from the Pledgor to Fleet under the Fleet Documents and under this Agreement, including, without limitation, interest which accrues after the commencement of any proceeding in respect of any partial liquidation or reorganization, or bankruptcy, insolvency, receivership or other statutory or common law proceedings or arrangements involving the Pledgor or the readjustment of its liabilities or any assignment for the benefit of creditors or any marshalling of the Pledgor's assets or liabilities, and all premium and termination fees, if any, and other fees and expenses payable in accordance with the terms of the Fleet Documents.

(g) "Fleet's LC Commitment" shall mean the commitment of Fleet to issue letters of credit to or for the account of the Pledgor under the Fleet Documents.

(h) "Fleet's LC Exposure" shall mean, at any time, the sum of (i) 100% of the aggregate undrawn amount of all outstanding standby and documentary letters of credit issued by Fleet to or for the account of the Pledgor at such time plus (y) the aggregate amount of all disbursements made by Fleet in respect of letters of credit issued by Fleet to or for the account of the Pledgor that have not yet been reimbursed by or on behalf of the Pledgor at such time.

(i) "Termination of the Fleet Obligations" shall mean the time when all of the Fleet Obligations have been fully paid in cash, no letters of credit are outstanding, and Fleet has no further obligation to issue additional letters of credit or extend credit accommodations to or for the account of the Pledgor under the Fleet Facility Agreement.

(j) "Termination Notice" shall mean a written notice from Fleet to the Pledgor and Ableco stating that Termination of the Fleet Obligations has

occurred.

2. Acknowledgment of Security Interests. The Pledgor and Ableco hereby acknowledge and agree that unless and until such time as Fleet shall have delivered to the Pledgor and Ableco a Termination Notice, the Collateral Account and all of the Collateral are and will continue to be subject to the senior first priority liens and security interests of Fleet, and that the liens and security interests of Fleet are senior in priority to all other liens, security interests and encumbrances of any kind, including, without limitation, any liens in favor of Ableco. The Pledgor and Fleet hereby acknowledge and agree that the Collateral Account and all of the Collateral are subject to the liens and security interests of Ableco, which liens and security interests, unless and until such time as Fleet shall have delivered to the Pledgor and Ableco a Termination Notice, are and will continue to be junior and subordinated in all respects to the liens and security interests in favor of Fleet.

3. Representations, Warranties and Covenants of the Pledgor Regarding the Collateral.

(a) Except for (i) the senior first priority liens and security interests in favor of Fleet, and (ii) the subordinated second priority liens and security interests in favor of Ableco, the Pledgor is the owner of the Collateral free and clear of any and all liens, security interests or other encumbrances of any kind. The Pledgor agrees not to grant any lien on or security interest in, or permit the existence of any lien or encumbrance on or security interest in, the Collateral Account or any of the other Collateral (except for the senior first priority liens and security interests in favor of Fleet and the subordinated second priority liens and security interests in favor of Ableco).

(b) The Pledgor (i) hereby agrees to promptly execute and deliver to Fleet and Ableco such financing statements (to the extent, if any, that the Pledgor's signature is required thereon), certificates and other documents or instruments as may be necessary or appropriate to enable Fleet and/or Ableco to perfect, protect or from time to time renew the liens and security interests granted hereby, including, without limitation, such financing statements, control agreements, certificates and other documents as may be necessary to perfect a security interest in any additional Collateral hereafter acquired by the Pledgor or in any replacements or proceeds thereof, and (ii) hereby authorizes Fleet and Ableco to execute (to the extent, if any, that any signature is required thereon), file and refile, in their own names or in the name of the Pledgor, in each case at the Pledgor's expense, such financing statements, continuation statements and other documents (including, without limitation, this Agreement) in such offices as the Pledgor may reasonably deem necessary or appropriate in order to perfect and preserve the rights and

interests granted to Fleet and Ableco. The Pledgor hereby irrevocably appoints each of Fleet and Ableco as its true and lawful attorney for the purpose of executing and filing any such financing statements or other agreements or instruments.

4. Control over the Collateral Account and the Collateral; Subordination of Rights and Interests of Ableco. Each of the parties hereto hereby acknowledges and agrees as follows:

(a) Unless and until such time as Fleet shall have delivered a Termination Notice to the Pledgor and Ableco, (i) Fleet has and shall continue to have "control" of the Collateral Account and the Collateral (within the meaning of such term under Section 9-104 of the Uniform Commercial Code as in effect in The Commonwealth of Massachusetts) and full power and authority to set-off, apply, debit, withdraw, dispose of and transfer funds from the Collateral Account without the necessity of notifying or obtaining the consent of the Pledgor or Ableco, (ii) except as otherwise provided in Sections 4(e), 6(a) and 6(b) of this Agreement, Fleet shall not be obligated to comply with, and shall have no liability to the Pledgor or Ableco for refusing to comply with, any instructions

originated by the Pledgor or Ableco with respect to the Collateral Account or the Collateral, including, without limitation, any instructions or directions with respect to the disposition of funds in the Collateral Account, (iii) regardless of the time, order or manner of attachment or perfection, or any provision of the Ableco Documents to the contrary, the rights and interests of Fleet in and to the Collateral Account and the Collateral have and shall continue to have priority over and shall be senior in all respects to any rights or interests of Ableco in and to the Collateral Account and the Collateral, and (iv) it is the intent of the parties hereto that, except as otherwise provided in Section 6(b), Termination of the Fleet Obligations shall have occurred before any portion of the Collateral is delivered to Ableco or applied to the Ableco Obligations.

(b) Until such time as the Ableco Obligations have been paid in full and the Ableco Financing Agreement shall have terminated, (i) Ableco has and shall continue to have "control" of the Collateral Account and the Collateral (within the meaning of such term under Section 9-104 of the Uniform Commercial Code as in effect in The Commonwealth of Massachusetts) and shall be able to direct the disposition of funds from the Collateral Account without the necessity of notifying or obtaining the consent of the Pledgor, and (ii) except as otherwise provided in Section 6(a), Fleet will comply with all notifications it receives directing it to transfer, redeem, or permit the withdrawal of any property in the Collateral Account originated by Ableco without further consent by the Pledgor; provided that, unless and until such time as Fleet shall have delivered a Termination Notice to Ableco, Ableco shall not, except as otherwise provided in Section 6(b), direct or instruct Fleet to take any action with respect to the Collateral Account or the Collateral or otherwise assert or attempt to enforce or avail itself of any lien or security interest in the Collateral or otherwise realize upon the Collateral, and, except as otherwise provided in Section 6(b), Fleet shall not be obligated to comply with any direction or instruction originated by Ableco with respect to the Collateral Account or the Collateral, including, without limitation, any instruction or direction regarding the disposition of funds in the Collateral Account.

(c) Unless and until such time as (i) Fleet shall have delivered a Termination Notice to the Pledgor, and (ii) the Ableco Obligations have been repaid in full and the Ableco Financing Agreement has terminated, the Pledgor shall have no right to access or withdraw any of the Collateral from the Collateral Account or to instruct or direct Fleet to make withdrawals from or transfer or dispose of any funds in the Collateral Account; and Fleet shall not, except as otherwise provided in Section 6(a), comply with any withdrawal request, direction or instruction originated by the Pledgor with respect to the Collateral Account and the Collateral unless Ableco has previously consented to such withdrawal request, direction or instruction in writing and notified Fleet to comply with same. Promptly, but in any event within 3 business days after Termination of the Fleet Obligations, Fleet shall deliver the Termination Notice to the Pledgor and Ableco.

(d) Notwithstanding anything in this Agreement or in the Ableco Documents to the contrary, (i) the respective rights and priorities of the liens and security interests of Fleet and Ableco set forth herein shall not be altered, impaired or affected in any way by any amendment, modification, supplement to or restatement of the Fleet Documents, any increase in Fleet's LC Commitment or in Fleet's LC Exposure, any application of the Collateral against the Fleet Obligations, or any release or reduction in the amount of the Collateral (and Fleet expressly reserves the right, prior to the delivery of a Termination Notice to Ableco, to amend, modify, supplement or restate the Fleet Documents, to increase Fleet's LC Commitment, to apply the Collateral against the Fleet Obligations, or to release all or any portion of the Collateral, without the necessity of giving notice to or obtaining the consent of Ableco), and (ii) until such time as Fleet shall have delivered a Termination Notice to the Pledgor and Ableco, except as otherwise provided in Section 6(b), Fleet shall at all times be authorized to, and shall act and refrain from acting in respect of, and otherwise deal with, the Collateral and the Collateral Account, in its sole and absolute discretion, without any obligation whatsoever on the part of Fleet to notify or obtain the consent of the Pledgor or Ableco.

(e) At the time of delivery by Fleet to the Pledgor and Ableco of a

Termination Notice, the liens and security interests of Fleet in the Collateral and the Collateral Account shall automatically be released, discharged and terminated and Fleet shall, at the request of Ableco, or at the election of Fleet (which election may be made by Fleet at any time in its sole discretion), cause (and the Pledgor hereby authorizes and directs Fleet to cause) any remaining Collateral in the Collateral Account to be

delivered to Ableco (or to a depository institution specified in writing by Ableco), to be held by or for the benefit of Ableco as security for the Ableco Obligations of Ableco and the Lenders.

(f) If at any time Fleet shall exercise any of its rights with respect to the Collateral (including, the right to apply any portion of the Collateral against the Fleet Obligations or to set-off, foreclose, liquidate or otherwise realize upon any portion of the Collateral), Fleet shall apply the proceeds of the Collateral and the Collateral Account as follows: (i) first, to the payment of any and all fees, costs and expenses incurred by Fleet in exercising its rights (including, without limitation, reasonable attorney's fees), and (ii) second, to the repayment of any and all Fleet Obligations. If, following Termination of the Fleet Obligations, there shall remain any surplus Collateral in the Collateral Account which would otherwise, but for the security interest of Ableco, be payable to the Pledgor, Fleet shall, unless directed otherwise by a court of competent jurisdiction or by Ableco, deliver such surplus Collateral to Ableco (or to a depository institution specified in writing by Ableco) to be held by or for the benefit of Ableco and the Lenders as collateral for and/or applied to the repayment of the Ableco Obligations in accordance with the terms of the Ableco Documents. In exercising any rights with respect to the Collateral, so long as Fleet acts in a commercially reasonable manner, Fleet may proceed in any manner which Fleet, in its sole discretion, shall elect, without in any way incurring any liability or obligations to the Pledgor or Ableco. Except as otherwise expressly set forth in Section 6 of this Agreement, in no event shall Fleet be obligated to deliver any portion of the Collateral to the Pledgor or Ableco unless and until such time as Termination of the Fleet Obligations has occurred.

(g) In the event that Fleet shall exercise any of its rights with respect to the Collateral under the Fleet Documents or under the provisions of any applicable law (including, without limitation, the right of set-off), any portion of the Collateral applied to the repayment of the Fleet Obligations shall automatically be released and Ableco shall have no rights, claims or interests against Fleet or against such portion of the Collateral. Ableco agrees that promptly upon the written request of Fleet therefor, Ableco shall execute, deliver and file any and all such termination statements, lien releases or other agreements or instruments as Fleet shall reasonably deem necessary or appropriate in order to give effect to the foregoing provisions of this Section 4(g).

5. Application, Set-off and other Rights of Fleet. The Pledgor and Ableco acknowledge and agree that under the terms of the Fleet Documents and applicable law, regardless of the adequacy of the Collateral or any other property or collateral securing the Fleet Obligations, Fleet (a) may withdraw and apply from the Collateral Account at any time and from time to time such funds as may be necessary (i) to reimburse Fleet for any drawing made on any letter of credit issued by Fleet under the terms of the Fleet Documents, and (ii) to cover any fees, costs, expenses (including reasonable attorney's fees)and other amounts for which the Pledgor may from time to time be liable to Fleet under the terms of the Fleet Documents, (b) may set-off the Collateral and the Collateral Account and any deposits or other sums at any time credited thereto against the Fleet Obligations, and (c) has all rights and remedies of a secured party under the Uniform Commercial Code (as in effect in Massachusetts), including, without limitation, the rights of a secured party under Section 9-607 of the Uniform Commercial Code. In no event shall the liens, rights and interests of Ableco, or any term or provision of this Agreement, impair or affect in any way any rights or remedies (including, without limitation, any rights of set off) that Fleet

may have against the Pledgor, the Collateral Account, the Collateral or any other property or assets of the Pledgor prior to the date on which Fleet delivers the Termination Notice to the Pledgor and Ableco.

6. Periodic Withdrawals from the Collateral Account. The Pledgor and Ableco acknowledge and agree that pursuant to the terms of the Fleet Documents so long as no Default or Event of Default (as such term is defined in the Fleet Documents on the date hereof) shall have occurred and be continuing or shall arise therefrom:

(a) unless Ableco has notified Fleet that an event of default has occurred and is continuing under the Ableco Financing Agreement, on the fifteenth day of each calendar month (or if such day is not a business day, on the next succeeding business day), commencing on October 15, 2002, Fleet shall withdraw from the Collateral Account the aggregate amount of interest that has accrued on the funds on deposit in the Collateral Account during the prior month, and shall transfer such interest to Pledgor in accordance with the wire transfer instructions of the Pledgor set forth on Schedule I hereto (whereupon such interest shall no longer be subject to the liens and security interests of Fleet or Ableco); and

(b) from time to time (but not more frequently than once each month) after the earlier of (x) 3 Business Days after the date on which Fleet's LC Commitment terminates, and (y) March 31, 2003, upon the written request of Ableco, Fleet shall withdraw from the Collateral Account the amount, if any, by which (i) the aggregate amount of funds on deposit in the Collateral Account (exclusive of the interest amounts referred to in Section 6(a)) exceeds (ii) the product of (A) one hundred three percent (103%) multiplied by (B) Fleet's LC Exposure at such time, and shall transfer such excess amount to Ableco in accordance with the wire transfer instructions of Ableco set forth on Schedule I hereto to be applied by Ableco against the Ableco Obligations (whereupon such excess amount shall no longer be subject to the liens and security interests of Fleet).

Each of the Pledgor and Ableco hereby irrevocably authorize and direct Fleet to make the transfers described in this Section 6, and hereby agree that in no event shall Fleet be liable or obligated to the Pledgor or Ableco for any transfer made in accordance with this Section 6, or for any failure by Fleet to make any such transfer if Fleet, in its reasonable determination, believes that a Default or Event of Default has occurred and is continuing under the Fleet Documents, or that such transfer may expose Fleet to any obligation, liability or expense (other than any administrative costs and expenses related to or incurred in connection with the transfers described in this Section 6).

7. No Consent Required; Authority of Fleet to Act. Notwithstanding any separate agreement that the Pledgor may have with Ableco or any other party, the Pledgor and Ableco acknowledge and agree that unless and until such time as Fleet shall have delivered a Termination Notice to the Pledgor and Ableco, Fleet shall be authorized and directed to take such actions with respect to the Collateral and the Collateral Account as Fleet, in its sole discretion, determines to be necessary, appropriate or in the best interests of Fleet (including, without limitation, exercising any rights of set-off which Fleet may have with respect to the Collateral or the Collateral Account), in each case, without the necessity of giving prior notice to, or obtaining any consent from, the Pledgor or Ableco.

8. Standard of Care. Neither Fleet nor any of its officers, directors, employees, agents or affiliates shall be liable for any action taken or not taken by it under, or in connection with, this Agreement, except for gross negligence or willful misconduct by Fleet as determined by a final and non-appealable judgment of a court of competent jurisdiction. IN NO EVENT SHALL FLEET BE LIABLE FOR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER (INCLUDING LOST PROFITS AND LOST BUSINESS OPPORTUNITIES) EVEN IF IT IS INFORMED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF THE FORM OF ACTION IN WHICH ANY SUCH DAMAGES MAY BE CLAIMED. SO LONG AS FLEET SHALL HAVE

ACTED (OR REFRAINED FROM ACTING) IN GOOD FAITH, IT SHALL NOT BE LIABLE FOR ANY ERROR OF JUDGMENT IN ANY ACTION TAKEN, SUFFERED OR OMITTED BY, OR FOR ANY MISTAKE OF FACT OR LAW, UNLESS SUCH ACTION IS FOUND TO CONSTITUTE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT BY A FINAL AND NON-APPEALABLE JUDGMENT OF A COURT OF COMPETENT JURISDICTION. Fleet will not incur any liability hereunder by acting or not acting in reliance upon any notice, consent, certificate, statement or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties. Fleet shall not incur liability hereunder for any notice, consent, certificate, wire instruction, telecopy, or other writing which is delayed, canceled or changed without the actual knowledge of Fleet. Fleet shall not incur any liability for acts or omissions of any domestic or foreign depository or book-entry system for the central handling of financial assets or any domestic or foreign custodian or subcustodian. Fleet shall not be responsible for the title, value, validity or genuineness of any Collateral subject to this Agreement. Fleet shall have no liability to the Pledgor or any other person or entity for remitting any portion of the Collateral in the Collateral Account to Ableco after the delivery by Fleet of a Termination Notice even if contrary instructions have been delivered to Fleet by the Pledgor and Fleet shall have no duty to investigate whether and to what extent any Ableco Obligations shall then be outstanding.

9. No Additional Duties. Fleet shall have no responsibilities, obligations or duties other than those expressly set forth in this Agreement, and no implied duties, responsibilities or obligations shall be read into this Agreement; without limiting the foregoing, Fleet shall have no duty to preserve, exercise or enforce rights in the Collateral (against prior parties or otherwise). This Agreement is not intended by the parties to impose or create any obligations or duties upon Fleet greater than, or in addition to, the customary and usual obligations and duties of Fleet to the Pledgor, except as otherwise provided in Section 6. The Pledgor and Fleet acknowledge that this Agreement supplements the Pledgor's existing cash management and other relationships with Fleet and in no way is this Agreement intended to abridge any rights that Fleet might otherwise have under the Fleet Documents or applicable law. Fleet makes no representations and assumes no responsibility as to the validity, enforceability or perfection, if any, of Ableco's purported liens and security interests in the Collateral, other than Fleet's obligation to act in accordance with the material terms of this Agreement.

10. Force Majeure. Fleet shall not be responsible for delays or failures in performance resulting from acts beyond its control, including Acts of God, strikes, lockouts, riots, acts of war or terrorism, epidemics, nationalization, expropriation, currency restrictions, governmental regulations superimposed after the fact, fire, communication line failures, power failures, earthquakes or other disasters.

11. Release and Indemnification. The Pledgor and Ableco hereby release Fleet and its respective affiliates, officers and employees from any and all claims, causes of action, liabilities, losses, lawsuits, recoupment, demands and/or damages, fines, penalties and expenses that may arise as a result of the transactions contemplated by this Agreement or as a result of Fleet entering into or acting in accordance with this Agreement, making any transfers of funds contemplated by this Agreement, or

following any instructions given to Fleet by Ableco or the Pledgor in accordance with the terms of this Agreement, except for proven gross negligence or willful misconduct by Fleet. The Pledgor agrees to indemnify and hold harmless Fleet and its respective affiliates, officers and employees from and against any and all claims, causes of action, liabilities, losses, lawsuits, recoupment, demands and/or damages, fines, penalties and expenses, including, without limitation, out of pocket expenses and any and all court costs and reasonable attorneys' fees, that may arise as a result of Fleet entering into or taking or failing to take any action under this Agreement, making any transfers of funds contemplated by this Agreement, or following any instructions given to Fleet by Ableco or the Pledgor under this Agreement, except for gross negligence or willful misconduct

by Fleet as determined by a final non-appealable judgment of a court of competent jurisdiction. This indemnification shall survive the termination of this Agreement. Ableco will indemnify Fleet, and its officers, directors, employees, and agents, against claims, liabilities, and reasonable expenses (including reasonable attorney fees and disbursements) arising out of (i) directions or instructions given by Ableco to Fleet under this Agreement, (ii) actions taken by Fleet in compliance with such directions or instructions, and (iii) transfers of funds from the Collateral Account to Ableco as provided in this Agreement, except to the extent the claims, liabilities, or expenses are caused by Fleet's gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction.

12. Reporting of Income. All items of income, if any, including dividends, interest and other income, gain, expense and loss on the Collateral shall be reported by Fleet in the name and tax identification number of the Pledgor.

13. Construction; Amendment; Conflict; Entire Agreement. If any term or provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall be construed in all respects as if the invalid or unenforceable term or provision were omitted. No amendment, modification or termination of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by the party to be charged. Each of the parties hereto intends that a facsimile transmission of a duly executed counterpart hereof shall be valid in all respects, as an original. This Agreement may be executed in any number of counterparts all of which shall constitute one original agreement. In the event of a conflict between this Agreement and any other Fleet Document, as between Fleet and the Pledgor, the terms of such other Fleet Document shall prevail; provided that if the terms of any Fleet Document relating to the Collateral Account afford the Pledgor access to or the right to withdraw funds from the Collateral Account, the terms of this Agreement shall prevail. This Agreement sets forth the entire agreement of the Pledgor, Ableco and Fleet with respect to the relative priorities of Fleet and Ableco in the Collateral, and supersedes all prior agreements (written or oral) and negotiations and all contemporaneous oral agreements concerning such subject matter and negotiations.

14. Representations and Warranties; Ableco/Fleet Covenant. Each of the parties represents and warrants that (i) it is duly incorporated or organized and is validly existing in good standing in its jurisdiction of incorporation or organization, (ii) the execution, delivery and performance of this Agreement and all documents and instruments to be delivered hereunder or thereunder have been duly authorized, (iii) the person executing this Agreement on its behalf has been duly authorized to act on its behalf, (iv) this Agreement constitutes a legal, valid, binding and enforceable agreement, and (v) entering into this Agreement will not violate any agreement, law, rule or regulation by which it is bound or by which any of its assets are affected. Ableco covenants that it shall deliver to Fleet prompt written notice of the occurrence of any Event of Default under the Ableco Financing Agreement, and Fleet covenants that it shall deliver to Ableco prompt written notice of the occurrence of any Event of Default under the Fleet Facility Agreement; provided that the failure of any party to give notice as required hereby shall not affect the relative priorities of the respective security interests of Fleet and Ableco as provided herein or the validity or effectiveness of any such notice as against the Pledgor, and provided further that neither Fleet nor Ableco shall incur any liability to any other party hereto as a result of its failure to give notice as required hereby.

15. Termination. This Agreement may be terminated by Fleet upon thirty (30) days written notice to the Pledgor and Ableco. Upon written notice from Ableco to Fleet of the repayment of the Ableco Obligations and the termination of the Ableco Financing Agreement, Ableco's security interest and lien in the Collateral shall terminate, Ableco shall have no obligation to Fleet hereunder (other than Ableco's indemnification obligations under Section 11) and Fleet shall have no further obligation to Ableco.

16. Successors and Assigns; Governing Law. This Agreement shall be binding upon and inure to the benefit of the successors and assigns (including, without limitation, any person or entity that succeeds to acquires any interest in any of the Ableco Obligations), representatives and heirs, of the respective parties

hereto and shall be construed in accordance with the laws of The Commonwealth of Massachusetts (the "Governing Law State") without regard to its conflict of law principles and the rights and remedies of the parties shall be determined in accordance with such laws. Notwithstanding any other agreement to the contrary, with respect to the Collateral, Massachusetts is Fleet's jurisdiction for purposes of the Uniform Commercial Code.

17. Notices. Any notice, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or when sent by telecopy or other electronic means (acceptable to Fleet) and electronic confirmation of error-free receipt is received, or after being sent by certified or registered United States mail, return receipt requested, postage prepaid:

If to Fleet:

Fleet National Bank
c/o Fleet Capital Corporation
One Federal Street
Mail Stop: MA DE 10307X
Boston, MA 02110
Attention: Mark B. Schafer
Telephone: 617-654-1187
Telecopy: 617-654-1167

If to the Pledgor:

Clean Harbors, Inc.
1501 Washington Street
Braintree, MA 02185-9048
Attention: Stephen Moynihan
Telephone: 781-849-4339
Telecopy: 781-849-4472

If to Ableco:

Ableco Finance LLC
450 Park Avenue
28/th/ Floor
New York, NY 10022
Attention: Daniel Wolf
Telephone: 212-891-2121
Telecopy: 212-891-1541

Fleet shall not be deemed to have or be charged with notice or knowledge of any fact or matter unless a written notice thereof has been received by Fleet at the address and to the person designated in (or subsequently designated in accordance with) this Agreement.

18. JURY TRIAL WAIVER. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT AND/OR THE COLLATERAL. EACH PARTY ACKNOWLEDGES THAT THE FOREGOING WAIVER IS A MATERIAL INDUCEMENT TO EACH PARTY TO ENTER THIS AGREEMENT, AND THAT EACH PARTY IS RELYING UPON THE FOREGOING WAIVER IN ITS FUTURE DEALINGS WITH EACH OTHER PARTY WITH RESPECT TO THE SUBJECT MATTER HEREOF. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED WITHOUT AUTHENTICATION AS A WRITTEN CONSENT TO TRIAL BY THE COURT.

[Signature page follows.]

IN WITNESS WHEREOF, the Pledgor, Fleet and Ableco have caused this Deposit Account Control and Intercreditor Agreement to be duly executed as of the day first above written.

PLEDGOR:

CLEAN HARBORS, INC.

By: /s/ Stephen Moynihan

Name: Stephen Moynihan
Title: Senior Vice President

FLEET:

FLEET NATIONAL BANK

By: /s/ Mark B. Schafer

Name: Mark B. Schafer
Title: Vice President

ABLECO:

ABLECO FINANCE LLC, AS AGENT

By: /s/ Kevin P. Genda

Name: Kevin P Genda
Title: SVP

Exhibit 10.44

MASTER WASTE DISPOSAL AGREEMENT

This Master Waste Disposal Agreement is executed as of this 10th day of September, 2002, by and between Safety-Kleen Services, Inc., a Delaware corporation (together with all of its operating subsidiaries hereinafter referred to as "Safety-Kleen") and Clean Harbors Environmental Services, Inc., (together with all of its operating subsidiaries, hereinafter collectively referred to as "Clean Harbors"), a Massachusetts corporation and a wholly owned subsidiary of Clean Harbors, Inc. ("CHI").

WHEREAS, Safety-Kleen has, through its subsidiaries, operated (i) the Chemical Services Division, which is primarily engaged in the business of providing hazardous, industrial and non-hazardous waste collection, treatment, storage and disposal in the United States and Canada (the "CSD"), and (ii) the Branch Sales and Services Division which is primarily engaged in the business of collection and recycling of hazardous, industrial and non-hazardous waste as an operating division of Safety-Kleen (the "BSSD") (Clean Harbors and the BSSD hereinafter referred to individually as a "Party" and collectively as the "Parties); and

WHEREAS, in addition to its business with third-party customers, the CSD currently handles the collection, treatment and disposal of certain hazardous, industrial and non-hazardous waste generated by BSSD and certain of its customers; and

WHEREAS, CHI is a party to a certain Acquisition Agreement dated as of February 22, 2002 ("Acquisition Agreement") between Safety-Kleen Services, Inc. and CHI pursuant to which CHI has agreed to purchase and Safety-Kleen Services, Inc. has agreed to sell substantially all of the assets of the CSD, including the stock of certain of the CSD companies; and

WHEREAS, it is the intention of Clean Harbors to combine the CSD with the similar business now being conducted by Clean Harbors; and

WHEREAS, it is of critical importance to Clean Harbors and CHI, and a condition of CHI's willingness to enter into and close under the Acquisition Agreement, that Safety-Kleen enter into a Master Waste Disposal Agreement whereby Safety-Kleen and any successor entity (or entities) from its Chapter 11 Bankruptcy proceeding will thereafter utilize Clean Harbors to dispose of or process certain of the Waste generated or handled by the BSSD as identified in Exhibit A (Exhibit A reflects the Waste generated or handled by the BSSD and disposed of or processed by the CSD on or about the date of the Acquisition Agreement) attached hereto and incorporated herein, to the extent that such Waste is transferable by the BSSD, at prices determined in accordance with this Agreement; and

WHEREAS, it is of critical importance to Safety-Kleen, and a condition of Safety-Kleen's willingness to enter into and close the Acquisition Agreement, that Clean Harbors enter into a Master Waste Disposal Agreement whereby Clean Harbors and any successor entity (or entities) will thereafter utilize Safety-Kleen to dispose of or process certain Waste generated or handles by Clean Harbors, as identified in Exhibit B (Exhibit B reflects the Waste generated or handled by the CSD and disposed of or processed by the BSSD on or about the date of the

Acquisition Agreement) attached hereto and incorporated herein, to the extent such Waste is transferable by Clean Harbors, at prices determined in accordance with this Agreement; and

WHEREAS, it is the intent of Safety-Kleen that it utilize Clean Harbors to dispose of or process certain of the Waste generated or handled by the BSSD in the same manner that Safety-Kleen utilized the CSD to dispose of or process such

Waste prior to the closing of the Acquisition Agreement; and

WHEREAS, it is the intent of Clean Harbors that it utilize Safety-Kleen to dispose of or process certain of the Waste generated or handled by the CSD in the same manner that Safety-Kleen utilized the BSSD to dispose of or process such Waste prior to the closing of the Acquisition Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants set forth below the parties agree as follow:

1. Definitions. As used in this Agreement and any Appendix hereto, the following capitalized terms shall have the meanings stated below, or as indicated elsewhere in this Agreement.

"Acquisition Agreement" has the meaning set forth in the Recitals.

"Alternate Facility" has the meaning set forth in Section 4.

"Alternate Facility Notice" has the meaning set forth in Section 4.

"Business Days" shall mean Monday through Friday excluding national holidays.

"CHI" has the meaning set forth in the Preamble.

"Clean Harbors" has the meaning set forth in the Preamble.

"CSD" has the meaning set forth in the Recitals.

"Disposal Contract" shall mean a contract or contracts mutually agreed upon by the Parties with respect to waste disposal or processing services to be provided by the Parties, in the forms attached hereto as Exhibit C and Exhibit D, as the same may be modified in writing by the Parties from time to time.

"Disposal Decision" shall mean a determination by a Facility to accept or reject a given Waste for disposal or processing, based on the acceptance criteria of the Facility.

"Disposal Request" shall mean notification of a Party, either orally or in writing, of a desire by the other Party to deliver a Waste to a Facility for disposal or processing. No Disposal Request may be made until a favorable Disposal Decision has been made and an appropriate Disposal Contract shall have been executed by the Parties.

"Facility" shall mean any treatment, storage or disposal facility (i) that is permitted by applicable governmental authority to accept any type of Waste, (ii) which the Parties, either directly or through any subsidiary or affiliate, owns or operates, and (iii) which the Parties designate in writing on the list of Facilities. An initial list of the Clean Harbors Facilities is attached hereto as Exhibit E. An initial list of the Safety-Kleen facilities is attached hereto as Exhibit F. Conversely, the term "Facility" shall not apply, after sixty (60) days prior written notice to the other Party, to any of such Facilities which are no longer permitted to accept Waste by applicable government regulations and/or the policies and procedures of the affected Party.

"Party" has the meaning set forth in the Recitals.

"Parties" has the meaning set forth in the Recitals.

"Permit" shall mean a Facility's respective RCRA or TSCA permit, as from time to time amended or modified, together with all appropriate other local, state, provincial and federal permits applicable to the Waste handled or managed by the particular Facility.

"RCRA" shall mean the Resource Conservation and Recovery Act of 1976, as amended, and any regulation issued thereunder.

"Safety-Kleen" has the meaning set forth in the Preamble.

"TSCA" shall mean the Toxic Substances Control Act of 1976, as amended, and any regulations issued thereunder.

"Waste" shall mean each Party's respective Waste set forth on Exhibit A and Exhibit B.

2. Term. The term of this Agreement shall be for a period of three (3) years, commencing on the Closing Date, as defined in the Acquisition Agreement, and terminating on the third anniversary date thereof.

3. Calculation of Disposal Fees. Provided that the Party seeking payment of fees is in compliance with the terms and provisions of the respective Disposal Contracts, the fees payable by the Party obligated to pay for disposal of Waste, at any of the Facilities shall be determined in accordance with the schedule attached hereto as Exhibit G. Exhibit G will be reviewed and revised at each quarterly meeting as described in Section 16 to ensure it reflects market pricing for such disposal or processing of Wastes.

4. Disposal Commitment; Acceptance of Waste. Except as otherwise set forth in this Section 4, during the term of this Agreement each Party shall deliver the Waste listed on Exhibit A or Exhibit B, as the case may be, which it generates or handles through the BSSD or the CSD, as the case may be, for disposal, processing or treatment at the Facilities, and each Party shall accept, store, treat, process and dispose of all such Waste so delivered pursuant to this Agreement; provided, however, that the foregoing shall not prohibit or restrict either Party from utilizing an unrelated third party for disposal, processing or treatment of such Waste which is not being handled by the other Party at one of the Facilities, if such Party shall first have requested that the Waste be managed at one of the Facilities and the other Party shall either (i) notify such Party that it cannot handle or manage the particular Waste or (ii) fail to make a Disposal

Decision within the appropriate Disposal Decision Deadline set forth in Section 6 below. In addition, following thirty (30) days written notice (the "Alternate Facility Notice") from a disposing Party that it has identified an alternate facility (the "Alternate Facility") operated by an unrelated third party that will reduce its transportation charges for any of its Waste, such Party may dispose of such Waste at the Alternate Facility unless the other Party notifies the disposing Party within such thirty (30) day period that it will change the fees payable by the disposing Party so that the aggregate amount to be paid (including disposal fees and transportation charges) is equivalent whether such Waste is disposed of at the other Party's Facility or the Alternate Facility. Immediately after giving an Alternate Facility Notice and, in the event the other Party does not change its fees after receiving an Alternative Facility Notice, each six (6) months thereafter for the term of this Agreement, the disposing Party can be required by the other Party to produce documentation (to the extent not against any applicable law) to certify the facts set forth in such Alternate Facility Notice. If a Party initially declines to reduce its disposal fees after receiving an Alternate Facility Notice and the disposing Party utilizes the Alternate Facility described in the Alternate Facility Notice, for the remaining term of this Agreement, the Party may subsequently decide to change its disposal fees so that the aggregate amount to be paid (including disposal fees, transportation charges and any contract termination charges) is equivalent whether such Waste is disposed of at the other Party's Facility or the Alternate Facility, in which case, the disposing Party must begin utilizing the other Party's Facility to dispose of such Waste. Notwithstanding anything to the contrary contained herein, CHI will not be required to deliver Waste of certain of its customers to the extent that such customers restrict the locations where such Waste may be handled to locations

which do not include any of Safety-Kleen's Facilities.

5. Waste Profiles. For the term of this Agreement, each Party may utilize the waste profile sheets currently established and on file for Waste presently originating from the BSSD, the CSD or directly from its respective customers; provided, however, each Party reserves the right to require periodic recertification (including, a representative sample of Waste) of any Waste stream for which a waste profile sheet is currently maintained, and such other recertification as may be required by the requesting Party's policies and procedures or by government regulations.

6. Disposal Decision and Disposal Request Deadlines. Each Party shall render Disposal Decisions on Waste offered for disposal or processing by the other Party in accordance with the following schedule: (a) for Disposal Decisions that require the receiving Party to perform laboratory analysis, a decision will be rendered and communicated within ten (10) Business Days from receiving a complete Waste profile sheet and sample, and (b) for Disposal Decisions for which the shipping Party has provided the laboratory analysis in accordance with Section 5, or for which laboratory analysis is not required, a Disposal Decision will be rendered and communicated within three (3) Business Days from receipt of completed paperwork.

Each Party shall communicate a scheduled delivery date within two (2) Business Days after a Disposal Request is received from the other Party.

7. Termination of Disposal. In the event that either Party decides or is required by law to cease accepting a Waste at a Facility for which a waste profile sheet then exists, the other Party shall be given thirty (30) days advance written notice thereof, provided that in the event

that the affected Party is obligated to cease accepting a Waste due to a force majeure event, as defined below, this notice provision shall not apply. During any period when a Party ceases to accept a particular Waste pursuant to this Section 7, or is otherwise unable or unwilling to render services for any reason, shall be authorized to contract with competitors of the Party unable or unwilling to accept the Waste on such terms as may be necessary to dispose of such particular Waste.

8. Other Obligations of the Parties. Each Party may impose a late charge of up to one and one-half percent (1-1/2%) per month on amounts due under a Disposal Contract not paid in full within thirty (30) days after the date of the invoice. Except as superceded by the terms of this Agreement, delivery by a Party of Waste to the Facilities and disposal or processing of said Waste at such Facilities shall be pursuant, where applicable, to the terms of the Disposal Contracts, and any inconsistency between this Agreement and the Disposal Contracts shall be resolved in favor of and governed by this Agreement.

9. Indemnification by Clean Harbors. Clean Harbors shall indemnify, defend and save harmless Safety-Kleen, and its subsidiary companies and its affiliates, and their present and future officers or directors (or officials), employees and agents, from and against any and all liabilities, penalties, fines, forfeitures, demands, claims, causes of action, suits, and costs and expenses incidental thereto (including cost of defense, settlement, and reasonable attorneys' fee), which any or all of them may hereafter suffer, incur, be responsible for or pay out as a result of bodily injuries (including death) to any person, damage (including loss of use) to any property (public or private), contamination of or adverse effects on the environment, or any violation or alleged violation of statutes, ordinances, orders, rules or regulations of any governmental entity or agency, to the extent caused by (i) the breach of any warranties by Clean Harbors, or (ii) any negligent or willful act or omission of, or the breach of any environmental law by Clean Harbors, its employees or its subcontractors in the performance of this Agreement, except to the extent of the indemnification by Safety-Kleen provided for in Section 10 hereof.

10. Indemnification by Safety-Kleen. Safety-Kleen shall indemnify and save harmless Clean Harbors and its affiliates, and its present and future officers or directors (or officials), employees and agents, from and against any and all liabilities, penalties, fines, forfeitures, demands, claims, causes of action, suits, and costs and expenses incidental thereto (including cost of defense, settlement, and reasonable attorneys' fees), which any or all of them any hereafter suffer, incur, be responsible for or pay out as a result of bodily injuries (including death) to any person, damage (including loss of use) to any property (public or private), contamination of or adverse effects on the environment, or any violation or alleged violation of statutes, ordinances, orders, rules or regulations of any governmental entity or agency, to the extent caused by(i) the breach of any warranties by Safety-Kleen, or (ii) any negligent or willful act or omission of, or the breach of any environmental law by Safety-Kleen, its employees or its subcontractors in the performance of this Agreement, except to the extent of the indemnification by Clean Harbors provided for in Section 9 hereof.

11. Indemnification Procedures. The Party seeking indemnification (indemnitee) shall give written notice to the indemnifying party (indemnitor) of a claim for indemnification within a reasonable time following indemnitee's first knowledge of the event or occurrence which gives rise to that claim. Upon receipt of notice, indemnitor shall have the right to certain counsel to

defend, negotiate, adjust and/or settle a claim against indemnitee and indemnitor will pay reasonable attorneys' fees and other litigation expenses; provided, however, if indemnitor affirms its obligations to indemnify indemnitee with respect to a specific claim with counsel reasonably acceptable to indemnitee, then indemnitor shall thereafter not be responsible for the payment of legal fees for indemnitee's counsel and indemnitee may continue to have its counsel participate in any legal proceedings at indemnitee's sole cost and expense. Indemnitor has no obligation to indemnify indemnitee to the extent indemnitee fails to provide timely notice of a claim and such failure materially prejudices indemnitor's ability to defend, negotiate, adjust and/or settle the claim. Notwithstanding the foregoing or anything herein to the contrary, indemnitor shall not settle a claim against indemnitee without indemnitee's prior written approval.

In no event shall either Party be liable to the other Party for any punitive, special, indirect, incidental or consequential damages, whether based in contract, warranty, indemnity or tort, negligence or strict liability.

12. Force Majeure. The performance of this Agreement, except for the payment of money for services already rendered, may be suspended by either Party (a) in the event that the delivery or transportation of Waste by such Party is prevented by a cause or causes beyond the reasonable control of such Party , or (b) in the event that the transportation, storage, treatment, processing or disposal of Waste by such Party is prevented by a cause or causes beyond the reasonable control of such Party. Such causes shall include, but not be limited to, acts of God, acts of war, riot, fire, explosion, accident, flood, or sabotage; lack of adequate fuel, power, raw materials, labor or transportation facilities; government laws, regulations, requirements, orders or actions; breakage or failure of machinery or apparatus; national defense requirements; injunctions or restraining orders; labor trouble, strike, lockout or injunction (provided that neither Party shall be required to settle a labor dispute against its own best judgment).

The Party asserting a right to suspend performance under this Section shall, within a reasonable time after it has knowledge of the effective cause, notify the other Party in writing of the cause for suspension, the performance suspended and the anticipated duration of suspension, and shall use its reasonable best efforts to rectify the effective cause of the suspension.

13. Extension of Time; Waiver of Performance. The Parties may extend the time for or waive the performance of any of the obligations or warranties of the

other, or waive compliance by the other with any of the covenants or conditions contained in this Agreement. Any such extension or waiver shall be in writing and shall be signed by the Party extending or waiving the performance or decision deadline.

14. Notice. Except for notice given pursuant to Section 8 hereof, any notice to a Party pursuant to this Agreement shall be given by certified or registered mail, or by private carrier providing evidence of receipt as part of its services, addressed as follows:

if to Clean Harbors:	Clean Harbors Environmental Services, Inc. 1501 Washington Street Braintree, MA 02185 Attn: President
with a copy to:	Clean Harbors, Inc. 1501 Washington Street Braintree, MA 02185 Attn: William J. Geary Executive Vice President and General Counsel
if to Safety-Kleen:	Safety-Kleen Services, Inc. 1301 Gervais Street, Suite 300 Columbia, SC 29201 Attn: President
with a copy to:	Safety-Kleen Services, Inc. 1301 Gervais Street, Suite 300 Columbia, SC 29201 Attn: General Counsel

or to such other address as may be designated in writing by either Party from time to time in accordance herewith, and shall be deemed delivered when placed in the mail or given to private carrier so addressed, with postage prepaid.

15. Contract Administrators. During the term of this Agreement, Clean Harbors and Safety-Kleen shall each designate a representative who shall act as the contact for matters arising under this Agreement and who shall assist in the administration of this Agreement.

16. Quarterly Meeting. Representatives of Safety-Kleen and Clean Harbors shall meet at least once in each calendar quarter during the term of this Agreement to review the implementation of this Agreement, unless otherwise agreed to in writing. Alternatively, if agreed to by the Parties, such meeting may take place by telephone conference call.

17. Access to Records; Confidential Information. The Parties shall afford their respective representatives such access during normal business hours and upon reasonable notice to each other's business records as may be necessary to ascertain their compliance with the terms of this Agreement, including, in the case of environmental audits from time to time conducted by either Party, access to such records of the Facilities demonstrating compliance with applicable environmental laws or regulations. Except as required by law or as is necessary to perform this Agreement, any information obtained by either Party from the other shall not be disclosed or used by such Party for any purpose other than for which it was intended pursuant to this Agreement, and except as required by law, neither Party shall disclose to others the terms of this Agreement. Notwithstanding the foregoing, nothing contained herein or elsewhere in this

Agreement shall require either Party to disclose to the other Party or permit the other Party to examine proprietary or confidential information.

18. Mediation of Disputes. The Parties agree to mediate any dispute or claim between them arising out of this Agreement before resorting to arbitration or court action. Mediation is a process in which parties attempt to resolve a dispute by submitting it to an impartial, neutral mediator who is authorized to facilitate the resolution of the dispute but who is not empowered to impose a settlement on the parties. Mediation fees, if any, shall be divided equally among the Parties involved. Before the mediation begins, the Parties agree to sign a document limiting the admissibility in arbitration or any civil action of anything said, any admission made, and any documents prepared, in the course of the mediation, consistent with Evidence Code Section 1119. If any Party commences an arbitration or court action based on a dispute or claim to which this Section 18 applies without first attempting to resolve the matter through mediation, then in the discretion of the arbitrator(s) or judge, that Party shall not be entitled to recover attorneys' fees even if they would otherwise be available to that Party in any such arbitration or court action.

19. Assignment. This Agreement shall not be transferred or assigned except to a parent, successor, subsidiary or other affiliated company of either Party and except as collateral security to an institutional lender which shall have all of the rights of a secured Party under the Uniform Commercial Code; provided, however, that no such transfer or assignment shall operate to relieve either Party of its responsibilities under this Agreement.

20. Construction of Agreement. This instrument is to take effect as a sealed instrument and is to be construed according to the laws of the Commonwealth of Delaware. This instrument sets forth the entire agreement between the Parties with respect to the subject matter hereof and is binding upon and inures to the benefit of the Parties hereto and their respective subsidiaries, affiliates, legal successors and assigns. It may be canceled, modified or amended only by a written instrument executed by the Parties. In no event shall the preprinted terms or conditions found on any Safety-Kleen or Clean Harbors purchase or work order or similar document be considered an amendment, modification or supplement to this Agreement, even if such document is signed by representatives of both Parties; such preprinted terms and conditions shall be considered null and void and of no effect. The captions are used only as a matter of convenience, and are not to be considered a part of this Agreement or to be used in determining the intent of the Parties to it.

21. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same agreement.

22. Confidentiality. The Parties shall protect the confidentiality of confidential business information obtained in connection with this Agreement ("Confidential Business Information"). Confidential Business Information shall include, without limitation, the terms of this Agreement, the terms and conditions of any pricing arrangements made pursuant tot his Agreement, the identity of either Party's customers, suppliers, or vendors. All information supplied by a Party to the other Party or otherwise obtained by a Party pursuant to this Agreement or in connection with the preparation of handling documents, any information regarding the other Party's plans,

programs, plants, processes, products, costs, customers, suppliers, vendors, equipment or operations that may come within the knowledge of the other Party in

connection with the activities arising from the performance of this Agreement, and any other information relating to the business or affairs of either Party shall hereafter indicate in writing to the other Party to be "proprietary" or "confidential." Except for the identity of a Party's customers, Confidential Business Information shall not include information that is required to be disclosed under state or federal laws or regulations, or any information that (i) has been published and has become a part of the public domain by the acts or omissions of a Party (ii) was in the other Party's possession prior to disclosure or (ii) has been received from a third Party without restrictions on its disclosure. Neither Party shall disclose any Confidential Business Information to any person, other than its employees or agents who require such Confidential Business Information in connection with the performance of services pursuant to this Agreement. Both Parties shall use reasonable efforts to ensure that such employees and agents shall themselves protect the confidentiality of such Confidential Business Information. Upon termination of this Agreement, the Parties shall return to the other Party (and require its employees and agents to do likewise) all copies of documents containing Confidential Business Information (other than documents specifically required by law to be retained by the other Party) and may retain one copy of its own for archival purposes only provided, however, the confidentiality of the archival copy is maintained and shall survive termination of this Agreement.

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

CLEAN HARBORS ENVIRONMENTAL SERVICES, INC.

By: /s/ Alan McKim

Its: President

SAFETY-KLEEN SERVICES, INC.

By: /s/ James K. Lehman

Its: Sole Director

Exhibit 10.45

BILL OF SALE AND ASSIGNMENT

THIS BILL OF SALE AND ASSIGNMENT, made, executed and delivered this 10/th/ day of September, 2002 (the "Closing Date"), by Safety-Kleen Services, Inc., a Delaware corporation (the "Company"), and the Company's Selling Subs listed on Schedule 9.1 to the Acquisition Agreement (as defined below) (the Company and the Selling Subs being referred to below each a "Seller", and together, the "Sellers") to Clean Harbors, Inc., a Massachusetts corporation (the "Purchaser") and the Purchaser's Purchasing Subs listed on the signature page to this Bill of Sale and Assignment. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Acquisition Agreement.

W I T N E S S E T H:

WHEREAS, the Company and the Purchaser have entered into an Acquisition Agreement, dated as of February 22, 2002, as amended to date (as so amended, the "Acquisition Agreement"), pursuant to which the Company has agreed to sell, assign, transfer, convey and deliver, or to cause to be sold, assigned, conveyed or delivered, and the Purchaser and the Purchasing Subs have agreed to purchase and accept, the Acquired Assets; and

WHEREAS, the parties desire to carry out the intent and purpose of the Acquisition Agreement by the Sellers' execution and delivery to the Purchaser and the Purchasing Subs of this instrument evidencing the vesting in the Purchaser and the Purchasing Subs of the Acquired Assets owned by the Sellers.

NOW, THEREFORE, in consideration of the premises and of other valuable consideration to the Company paid by the Purchaser, at or before the execution and delivery hereof, the receipt and sufficiency of which by the Company is hereby acknowledged, the Sellers, by this Bill of Sale and Assignment, do convey, grant, bargain, sell, transfer, set over, assign, alien, remise, release, deliver and confirm unto the Purchaser and the Purchasing Subs and their successors and assigns forever, all of the Sellers' right, titles and interests in and to the Acquired Assets (which do not include the Excluded Assets).

TO HAVE AND HOLD all of the Acquired Assets unto the Purchaser and the Purchasing Subs, and their successors and assigns to its and their own use and behoof forever, subject to the provisions of the Acquisition Agreement.

Section 1. Each of the Sellers hereby constitutes and appoints the Purchaser, its successors and assigns, as such Seller's true and lawful attorney, with full power of substitution, in such Seller's name and stead, but on behalf and for the benefit of

the Purchaser and the Purchasing Subs, and their successors and assigns, to demand and receive any and all of the Acquired Assets, and to give receipts and releases for and in respect of the same, and any part thereof, and from time to time to institute and prosecute in such Seller's name, or otherwise, for the benefit of the Purchaser and the Purchasing Subs, and their successors and assigns, any and all proceedings at law, in equity or otherwise, which the Purchaser, its successors or assigns, may deem proper for the collection or reduction to possession of any of the Acquired Assets or for the collection and enforcement of any claim or right of any kind hereby sold, conveyed, transferred or assigned, or intended so to be, and to do all acts and things in relation to the Acquired Assets which the Purchaser and the Purchasing Subs, and their successors or assigns shall deem desirable, each of the Sellers hereby declaring that the foregoing powers are coupled with an interest and are and shall be irrevocable by such Seller or by its dissolution or in any other manner or for any reason whatsoever.

Section 2. Each of the Sellers hereby covenants that, from time to time after the delivery of this instrument, at the Purchaser's request and without further consideration, the Sellers will do, execute, acknowledge, and deliver, or will cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, conveyances, transfers, assignments, powers of attorney and assurances as reasonably may be required more effectively to convey, transfer to and vest in the Purchaser and the Purchasing Subs any of the Acquired Assets.

Section 3. Nothing in this instrument, express or implied, is intended or shall be construed to confer upon, or give to, any Person other than the Purchaser and the Purchasing Subs, and their successors and assigns, any remedy or claim under or by reason of this instrument or any terms, covenants or condition hereof, and all terms, covenants and conditions, promises and agreements contained in this instrument shall be for the sole and exclusive benefit of the Purchaser and the Purchasing Subs, and their successors and assigns.

Section 4. This instrument shall be binding upon the Sellers, the Purchaser and the Purchasing Subs, and their respective successors and assigns, effective immediately upon its delivery to the Purchaser.

Section 5. Nothing contained in this Bill of Sale and Assignment shall in any way supersede, modify, replace, amend, change rescind, expand, exceed or enlarge or in any way affect the provisions, including the warranties, covenants, agreements, conditions, or in general, any rights and remedies, and any of the obligations of the Company or the Purchaser set forth in the Acquisition Agreement.

Section 6. This Bill of Sale and Assignment shall be governed by and construed in accordance with the Laws of the State of Delaware without regard to the

rules of conflict of laws of the State of Delaware or any other jurisdiction. Until confirmation of the Bankruptcy Plan, the Purchaser, the Purchasing Subs and the Sellers irrevocably and unconditionally consent to submit to the jurisdiction of the Bankruptcy Court for any litigation arising out of or relating to this Bill of Sale and Assignment and the transactions contemplated hereby (and agree not to commence any litigation relating thereto except in the Bankruptcy Court).

Section 7. No amendment or modification of this Bill of Sale and Assignment shall be effective unless it is set forth in writing and signed by each of the parties hereto.

Section 8. This Bill of Sale and Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original.

****

IN WITNESS WHEREOF, each of the Sellers, the Purchaser and the Purchasing Subs have caused this Bill of Sale and Assignment to be signed by their respective duly authorized officers as of the date set forth above.

SAFETY-KLEEN SERVICES, INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

SELLING SUBS:

SAFETY-KLEEN (CONSULTING), INC.

By: /s/ Larry W. Singleton

Name: Larry W. Singleton
Title: President

SAFETY-KLEEN (LONE AND GRASSY MOUNTAIN), INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
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By: /s/ Larry W. Singleton

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Title: President

SK SERVICES (EAST), L.C.

By: /s/ Larry W. Singleton

Safety-Kleen (Delaware, Inc.), its Sole Shareholder
Name: Larry W. Singleton
Title: President of Sole Shareholder

SK SERVICES, L.C.

By: /s/ Larry W. Singleton

Safety-Kleen (Delaware), Inc.,
Its Sole Shareholder
Name: Larry W. Singleton
Title: President of Sole Shareholder

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By: /s/ D. M Sprinkle

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Name: David M. Sprinkle
Title: President

SAFETY-KLEEN (SUSSEX), INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

SAFETY-KLEEN (ENCOTEC), INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

CLEAN HARBORS, INC.

By: /s/ Alan McKim

Name: Alan McKim
Title: President

PURCHASING SUBS:

Altair Disposal Services, LLC
Baton Rouge Disposal, LLC
Bridgeport Disposal, LLC
Clean Harbors Andover, LLC
Clean Harbors Antioch, LLC
Clean Harbors Aragonite, LLC
Clean Harbors Arizona, LLC
Clean Harbors Baton Rouge, LLC
Clean Harbors BDT, LLC
Clean Harbors Buttonwillow, LLC
Clean Harbors Chattanooga, LLC
Clean Harbors Chemical Sales, LLC
Clean Harbors Coffeyville, LLC
Clean Harbors Colfax, LLC
Clean Harbors Deer Park, L.P.
Clean Harbors Deer Trail, LLC
Clean Harbors Florida, LLC
Clean Harbors Grassy Mountain, LLC
Clean Harbors Kansas, LLC
Clean Harbors LaPorte, L.P.
Clean Harbors Laurel, LLC
Clean Harbors Lone Mountain, LLC
Clean Harbors Los Angeles, LLC
Clean Harbors of Texas, LLC

Clean Harbors Pecatonica, LLC
Clean Harbors Plaquemine, LLC
Clean Harbors PPM, LLC
Clean Harbors Reidsville, LLC
Clean Harbors San Jose, LLC
Clean Harbors Tennessee, LLC
Clean Harbors Westmorland, LLC
Clean Harbors White Castle, LLC
Crowley Disposal, LLC
Disposal Properties, LLC
GSX Disposal, LLC
Harbor Industrial Services Texas, L.P.
Hilliard Disposal, LLC
Roebuck Disposal, LLC
Sawyer Disposal Services, LLC
Tulsa Disposal, LLC
Northeast Casualty Real Property, LLC

By: /s/ Alan McKim

Name: Alan McKim
Title: President

Exhibit 10.46

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT made as of September 10, 2002 by Clean Harbors, Inc., a Massachusetts corporation ("Obligor"), in favor of Safety-Kleen Services, Inc., a Delaware corporation (the "Company"), and the Company's Selling Subs listed on Schedule 9.1 to the Acquisition Agreement (as defined below) (the Company and the Selling Subs being collectively referred to hereafter as the "Sellers"). Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Acquisition Agreement.

W I T N E S S E T H:

WHEREAS, Obligor and the Company are parties to an Acquisition Agreement, dated as of February 22, 2002, as amended to date (as so amended, the "Acquisition Agreement"), relating to the sale of certain assets by the Sellers to Obligor. The Obligor has agreed to assume from the Sellers and their Affiliates the Assumed Liabilities as set forth in the Acquisition Agreement; and

WHEREAS, the parties desire to carry out the intent and purpose of the Agreements by Obligor's execution and delivery to the Sellers of this instrument evidencing the assumption of certain liabilities and obligations of the Sellers.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. As of the date hereof, Obligor, pursuant to Section 1.3 of the Acquisition Agreement, hereby covenants and agrees to assume and thereafter pay, perform or otherwise discharge the Assumed Liabilities, in accordance with their terms, as set forth in Section 1.3 of the Acquisition Agreement.

Section 2. Obligor hereby covenants that from time to time after delivery of this Assumption Agreement at the request of the Sellers and without further cost or expense to the Sellers, unless otherwise provided in the Acquisition Agreement, Obligor will execute and deliver such other instruments which the Sellers may reasonably request in order to more effectively consummate the assumption of the Assumed Liabilities contemplated by the Acquisition Agreement.

Section 3. Nothing in this instrument, express or implied, is intended or shall be construed to confer upon, or give to, any person, firm or corporation, other than the Sellers and their successors and assigns, any remedy or claim under or by reason of

this instrument or any terms, covenants or condition hereof, and all the terms, covenants and conditions, promises and agreements in this instrument shall be for the sole and exclusive benefit of the Sellers and their successors and assigns.

Section 4. Notwithstanding anything to the contrary contained herein or in the Acquisition Agreement, the assumption by Obligor of the Assumed Liabilities as set forth above shall not be construed to defeat, impair or limit in any way (i) any rights or remedies of Obligor against third parties to contest or dispute the validity or amount of any of such Assumed Liabilities or (ii) any other rights or remedies of the Obligor under the Acquisition Agreement.

Section 5. Nothing contained herein shall release the Company or

Obligor from any of its duties or obligations under the Acquisition Agreement or in any way diminish, limit or modify any of the representations, warranties, covenants or agreements set forth in the Acquisition Agreement.

Section 6. This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the rules of conflict of laws of the Sate of Delaware or any other jurisdiction. Until confirmation of the Bankruptcy Plan, Obligor and the Sellers irrevocably and unconditionally consent to submit to the jurisdiction of the Bankruptcy Court for any litigation arising out of or relating to this Assumption Agreement and the transactions contemplated hereby (and agree not to commence any litigation relating thereto except in the Bankruptcy Court).

Section 7. This Assumption Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 8. This Assumption Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original.

****

IN WITNESS WHEREOF, this Assumption Agreement has been duly executed and delivered by the duly respective authorized officers of each of Obligor and the Sellers as of the date first above written.

CLEAN HARBORS, INC.

By: /s/ Alan McKim

Name: Alan McKim
Title: President

SAFETY-KLEEN SERVICES, INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

SELLING SUBS:

SAFETY-KLEEN (CONSULTING), INC.

By: /s/ Larry W. Singleton

Name: Larry W. Singleton
Title: President

SAFETY-KLEEN (LONE AND GRASSY MOUNTAIN), INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

SAFETY-KLEEN (TULSA), INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

SAFETY-KLEEN (SAN ANTONIO), INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

SAFETY-KLEEN (WICHITA), INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

SAFETY-KLEEN (DELAWARE), INC.

By: /s/ Larry W. Singleton

Name: Larry W. Singleton
Title: President of Sole Shareholder

SK SERVICES (EAST), L.C.

By: /s/ Larry W. Singleton

Safety-Kleen (Delaware), Inc.,
its Sole Shareholder
Name: Larry W. Singleton
Title: President of Sole Shareholder

SK SERVICES, L.C.

By: /s/ Larry W. Singleton

Safety-Kleen (Delaware), Inc.,
its Sole Shareholder
Name: Larry W. Singleton
Title: President of Sole Shareholder

SAFETY-KLEEN (ROSEMOUNT), INC.

By: /s/ Larry W. Singleton

Name: Larry W. Singleton

Title: President

SAFETY-KLEEN (SAWYER), INC.

By: /s/ Larry W. Singleton

Name: Larry W. Singleton
Title: President

SAFETY-KLEEN (PPM), INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

NINTH STREET PROPERTIES, INC.

By: /s/ Larry W. Singleton

Name: Larry W. Singleton
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SAFETY-KLEEN (SAN JOSE), INC.

By: /s/ D. M. Sprinkle

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Name: David M. Sprinkle
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SAFETY-KLEEN (BUTTONWILLOW), INC.

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Name: David M. Sprinkle
Title: President

SAFETY-KLEEN (ENCOTEC), INC.

By: /s/ D. M. Sprinkle

Name: David M. Sprinkle
Title: President

Execution Copy

Exhibit 10.47

==========

SECURITIES PURCHASE AGREEMENT

among

CLEAN HARBORS, INC.

and

THE BUYERS LISTED ON SCHEDULE A HERETO

September 6, 2002

==========

TABLE OF CONTENTS

EXHIBITS

INDEX

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT (the "Agreement"), dated as of September 6, 2002, by and among Clean Harbors, Inc., a Massachusetts corporation, with headquarters located at 1501 Washington Street, Braintree, Massachusetts 02184 (the "Company") and the Buyers listed on the signature pages hereto (the "Buyers").

WHEREAS, the Company proposes to purchase substantially all of the assets of the Chemical Services Division of Safety-Kleen Corp. and its subsidiaries, each as a debtor-in-possession (collectively, "CSD"), pursuant to Sections 363/365 of the United States Bankruptcy Code (the "CSD Acquisition");

WHEREAS, simultaneously herewith, the Company and certain of its Subsidiaries, as borrowers, certain of the Company's Subsidiaries, as guarantors, the lenders from time to time parties thereto, as lenders, (the "Initial Lenders") and Ableco Finance, LLC, as agent for the Initial Lenders, have entered into a Financing Agreement, dated as of the date hereof (such agreement as in effect on the date hereof, the "Financing Agreement"), pursuant to which the Initial Lenders have agreed to make senior and senior subordinated loans and other extensions of credit to the Company to finance the CSD Acquisition, to refinance certain indebtedness and for other proper purposes;

WHEREAS, the Buyers, each of whom is an affiliate of one of the Initial Lenders, desire to purchase from the Company, and the Company desires to sell and issue to the Buyers shares of Series C Convertible Preferred Stock, par value $0.01 per share, of the Company (the "Preferred Stock"), which are convertible into shares (the "Conversion Shares") of the Company's Common Stock, par value $0.01 per share (the "Common Stock"), and have the rights, restrictions, privileges and preferences set forth in the Certificate of Vote of Directors Establishing a Series of a Class of Stock, (the "Certificate"), which shall contain the vote and the description of Series C Convertible Preferred Stock in the form attached hereto as Exhibit A;

WHEREAS, contemporaneously with the execution and delivery of this Agreement, the Company, the Buyers and Alan S. McKim and the Trustees of the Alan S. McKim Children's Trust, who are significant shareholders of the Company (collectively, "McKim") are executing and delivering to each other an

Investors Rights Agreement substantially in the form attached hereto as Exhibit B (the "Investors Rights Agreement"), pursuant to which the Company has agreed, among other things, to provide to the Buyers certain registration rights under the Securities Act of 1933, as amended (the "1933 Act") and the rules and regulations promulgated thereunder and applicable state securities laws and McKim has, among other things, agreed to grant the Buyers certain rights to tag-along to sales of Common Stock by McKim;

WHEREAS, contemporaneously with the execution and delivery of this Agreement, the Company and certain shareholders of the Company (the "Voting Shareholders") are executing and delivering to the Buyers a Voting Agreement substantially in the form attached hereto as Exhibit C (the "Voting Agreement"), pursuant to which the Voting Shareholders have

agreed, among other things, to vote in favor of any matter brought to a vote of the shareholders of the Company regarding the transactions contemplated hereby and the other Transaction Documents (as defined herein); and

WHEREAS, the location of defined terms in this Agreement is set forth on the Index of Terms attached hereto.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants and agreements contained herein, the parties agree as follows:

1. PURCHASE AND SALE OF PREFERRED SHARES.

a. Purchase of Preferred Shares. Subject to the satisfaction (or waiver) of the conditions set forth in Sections 6 and 7 below and in reliance on the representations, warranties, covenants and other agreements herein, the Company shall issue and sell to each Buyer, and each Buyer severally agrees to purchase from the Company, the respective number of shares of Preferred Stock (the "Preferred Shares") set forth opposite such Buyer's name on Schedule A (the "Closing") at a purchase price of $1,000 per share, or an aggregate purchase price for all Preferred Shares of $25,000,000 the "Purchase Price").

b. The Closing. The date and time of the Closing (the "Closing Date") shall be 10:00 a.m., New York City time, on September 9, 2002, or if earlier, on the first Business Day after which all conditions to closing identified in Sections 6 and 7 hereof have been satisfied or waived by the party entitled to grant such waiver (or such later date as is mutually agreed to by the Company and the Buyers). The Closing shall occur on the Closing Date at the offices of Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022. For all purposes of this Agreement, the term "Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

c. Payment and Delivery. Subject to the terms and conditions of this Agreement, on the Closing Date,

(i) each Buyer shall pay its respective share of the Purchase Price set forth on Schedule A to the Company for the Preferred Shares to be issued and sold to such Buyer by wire transfer of immediately available funds in accordance with the Company's written wire instructions; and

(ii) the Company shall deliver to each Buyer stock certificates (in the denominations as such Buyer shall request) (the "Preferred Stock Certificates"), representing such number of the Preferred Shares which such Buyer is then purchasing hereunder, in each case, duly executed on behalf of the Company and registered in the name of such Buyer or its nominee(s).

2. BUYER'S REPRESENTATIONS AND WARRANTIES.

Each Buyer represents and warrants with respect to only itself

that:

a. Organization and Qualification. Such Buyer is an entity duly authorized and validly existing under the laws of its jurisdiction of organization and has the requisite power to carry on its business as it is now being conducted and currently proposed to be conducted.

b. Authorization; Enforcement; Validity. This Agreement and the Investors Rights Agreement have been duly and validly authorized, executed and delivered on behalf of such Buyer and are legal, valid and binding obligations of such Buyer, enforceable against such Buyer in accordance with their terms, subject as to enforceability to general principles of equity and to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

c. Investment Purpose. Such Buyer is acquiring the Securities for its own (or an Affiliate's) account and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered or exempted under the 1933 Act; provided, however, that by making the representations herein, such Buyer does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time.

d. Accredited Investor Status. Such Buyer is an "accredited investor" as that term is defined in Rule 501(a)(3) of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under the 1933 Act.

e. Reliance on Exemptions. Such Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of the United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and such Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of such Buyer to acquire the Securities.

f. Transfer or Resale. Such Buyer understands that except as provided in the Investors Rights Agreement, the Securities have not been and are not being registered under the 1933 Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (i) subsequently registered thereunder, (ii) such Securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration, or (iii) such Buyer provides the Company with reasonable assurance, upon request by the Company, that such Securities can be sold, assigned or transferred pursuant to Rule 144 promulgated under the 1933 Act (or a successor rule thereto) ("Rule 144").

g. Legends. Such Buyer understands that, until such time as the sale of the Securities have been registered under the 1933 Act as contemplated by the Investors Rights Agreement, the stock certificates representing the Securities, except as set forth below, shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such stock certificates):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS

AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) EXCEPT PURSUANT TO (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS OR (B) PURSUANT TO RULE 144 UNDER SAID ACT OR (C) ANY OTHER EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT RELATING TO THE DISPOSITION OF SECURITIES.

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of the Securities upon which it is stamped, if, (i) such Securities are registered for resale under the 1933 Act, (ii) in connection with a sale transaction, such holder provides the Company with an opinion of counsel, in a form reasonably acceptable to the Company, to the effect that a public sale, assignment or transfer of the Securities may be made without registration under the 1933 Act, or (iii) such holder provides the Company with reasonable assurances that the Securities can be sold pursuant to Rule 144 without any restriction as to the number of securities acquired as of a particular date that can then be immediately sold.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each of the Buyers (it being understood and agreed that, unless the context otherwise requires, such representations and warranties are made assuming the completion of the CSD Acquisition in accordance with the CSD Acquisition Documents and after giving full effect thereto), that:

a. Organization and Qualification. The Company and its "Subsidiaries" (which for purposes of this Agreement means any entity in which the Company, directly or indirectly, owns 50% or more of the capital stock or other equity, economic or similar interests or owns capital stock or holds an equity, economic or similar interest which ownership entitles the Company to elect 50% or more of the board of directors or similar governing body of such entity, and assuming the CSD Acquisition has been completed) are entities duly organized and validly existing in good standing under the laws of the jurisdiction in which they are incorporated, and have the requisite corporate or other power and authorization to own their properties and to carry on their business as now being conducted and currently proposed to be conducted. Each of the Company and its Subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect. As used in this Agreement, "Material Adverse Effect" means any material adverse effect on the business, properties, assets, operations, results of operations, prospects or financial condition of the Company and its Subsidiaries, taken as a whole, on the business, assets

(tangible and intangible), accounts receivable, rights, contracts, agreements, instruments, equipment, inventory, intellectual property, claims, property (real or otherwise), licenses, Permits, authorizations, approvals, bank accounts, lockbox arrangements, banks and records and goodwill and liabilities of the Chemical Services Division of Safety-Kleen Services, Inc. acquired or assumed (by agreement, operation of law or otherwise) by the Company pursuant to the CSD Acquisition Documents (the "CSD Business"), or on the transactions contemplated hereby or by the agreements and instruments to be entered into in connection herewith, or on the authority or ability of the Company to perform its obligations under the Transaction Documents (as defined below) or the Certificate. A true, complete and correct list of the Company's Subsidiaries is set forth on Schedule 3(a).

b. Authorization; Enforcement; Validity. The Company has the requisite corporate power and authority to enter into and perform its

obligations under this Agreement, the Investors Rights Agreement, the Voting Agreement, the Irrevocable Transfer Agent Instructions (as defined in Section 5) and each of the other agreements entered into by the parties hereto in connection with the transactions contemplated by this Agreement, including the Financing Agreement, the Congress Loan Documents and the CSD Acquisition Documents (the "Transaction Documents"), and to issue the Preferred Shares and the Conversion Shares issuable upon conversion of the Preferred Shares in accordance with the terms of the Certificate (the Preferred Shares and the Conversion Shares collectively referred to as the "Securities") in accordance with the terms hereof and thereof. The execution and delivery of the Transaction Documents by the Company and the execution and filing of the Certificate by the Company and the consummation by it of the transactions contemplated hereby and thereby, including, without limitation, the issuance and reservation for issuance of the Preferred Shares and the Conversion Shares issuable upon conversion thereof have been duly authorized by the Company's Board of Directors and no further consent or authorization is required by the Company, its Board of Directors or its stockholders (except to the extent that stockholder approval may be required pursuant to the rules of the NASD for the issuance of a number of Conversion Shares greater in the aggregate than 19.99% of the number of shares of Common Stock outstanding immediately prior to the Closing Date (the "19.99% Rule")). The Transaction Documents have been duly executed and delivered by the Company. The Transaction Documents constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies. The Certificate will be filed on or prior to the Closing Date with the Secretary of State of the Commonwealth of Massachusetts and will be in full force and effect on or prior to the Closing Date, enforceable against the Company in accordance with its terms and shall not have been amended unless in compliance with its terms.

c. Capitalization. The authorized capital stock of the Company consists of (i) 20,000,000 shares of Common Stock, of which as of August 31, 2002 12,164,312 shares are issued and outstanding, no shares are held in treasury, 2,087,625 shares are reserved for issuance pursuant to the Company's stock option and purchase plans, and no shares are issuable or reserved for issuance pursuant to securities (other than the Preferred Shares and shares reserved for issuance pursuant to the Company's stock option and purchase plans and 340,480 shares of Common Stock reserved for issuance pursuant to the conversion of the Series

B Convertible Preferred Stock, par value $0.01 per share, of the Company (the "Series B Preferred Stock")) and 1,237,808 shares of Common Stock reserved for issuance pursuant to the exercise of outstanding warrants to purchase Common Stock) exercisable or exchangeable for, or convertible into, shares of Common Stock and (ii) 2,000,000 shares of preferred stock, 894,585 shares of which are designated Series A Preferred Stock of the Company, none of which are issued and outstanding and 156,416 shares of which of which are designated as Series B Convertible Preferred Stock, 112,000 of which are issued and outstanding. All of such outstanding shares have been, or upon issuance will be, validly issued and are fully paid and nonassessable. Except as disclosed in Schedule 3(c), (A) no Capital Stock of the Company or any of its Subsidiaries are subject to preemptive rights or any other similar rights (arising under Massachusetts law, the Company's Articles of Organization (defined below) or By-laws (defined below) or any agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound) or any pledges, claims, liens, mortgages, charges, encumbrances and security interests of any kind or nature whatsoever (collectively, "Liens") granted or created by the Company; (B) there are no outstanding debt securities issued by the Company or any of its Subsidiaries which are convertible or exercisable into or exchangeable for Capital Stock of the Company or any of its Subsidiaries; (C) there are no outstanding options, warrants, scrip, rights to

subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, any Capital Stock of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional Capital Stock of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exercisable or exchangeable for, any Capital Stock of the Company or any of its Subsidiaries; (D) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their Capital Stock under the 1933 Act (other than the Investors Rights Agreement); (E) there is no outstanding Capital Stock or instrument of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem any Capital Stock or any debt security of the Company or any of its Subsidiaries (other than in the Certificate); (F) there is no outstanding Capital Stock or instrument of the Company or any of its Subsidiaries containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities as described in this Agreement; and (G) the Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. The Company has furnished to each Buyer (or its representatives) true, complete and correct copies of the Company's Articles of Organization, as amended and as in effect on the date hereof (the "Articles of Organization"), and the Company's By-laws, as amended and as in effect on the date hereof (the "By-laws"), and the terms of all securities convertible into or exercisable or exchangeable for Capital Stock and the material rights of the holders thereof in respect thereto, including, without limitation, stock options granted under any benefit plan or stock option plan of the Company. For purposes of this Agreement, the term "Capital Stock" means (A) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, and (B) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person.

d. Issuance of Securities. The Preferred Shares are duly authorized and, upon issuance in accordance with the terms hereof, shall be (i) validly issued, fully paid and non-assessable, (ii) free from all taxes, and Liens with respect to the issuance thereof and (iii) entitled to the rights and preferences set forth in the Certificate. As of the Closing Date, at least 2,380,953 shares of Common Stock (subject to adjustment pursuant to the Company's covenant set forth in Section 4(e) below) will have been duly authorized and reserved for issuance of the Conversion Shares. Upon conversion or issuance in accordance with the Certificate, as applicable, the Conversion Shares will be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Stock. Based in part on the representations made by the Buyers in Section 2 hereof, the issuance by the Company of the Securities is exempt from registration under the 1933 Act.

e. No Conflicts. The execution, delivery and performance of the Transaction Documents by the Company, the performance by the Company of its obligations under the Certificate, the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the reservation for issuance and issuance of the Conversion Shares) and the performance by the Company and its Subsidiaries of their respective obligations under the CSD Acquisition Documents and the consummation by the Company and its Subsidiaries of the transactions contemplated by the CSD Acquisition Documents do not and will not (i) result in a violation of the Articles of Organization or the By-laws; (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture, lease or instrument, permit, concession, franchise or license to which the Company or any of its Subsidiaries is a party;

(iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and the rules and regulations of the Principal Market (as defined below)) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected. Neither the Company nor its Subsidiaries is in violation, in any material respect, of any term of its Articles of Organization or its By-laws or their organizational charter or by-laws or other constituent documents, respectively. Except as disclosed in Schedule 3(e) and as specifically contemplated by this Agreement and as required under the 1933 Act or under any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or Governmental Authority in order for it to execute, deliver or perform any of its obligations under or contemplated by the Transaction Documents, to perform its obligations under the Certificate in accordance with the terms hereof or thereof, to complete the CSD Acquisition or to perform its obligations under any of the CSD Acquisition Documents. Except as disclosed in Schedule 3(e), all consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing. The Company is not in violation of the listing requirements of the Principal Market and has no actual knowledge of any facts which would reasonably lead to delisting or suspension of the Common Stock by the Principal Market in the foreseeable future.

f. SEC Documents; Financial Statements.

(i) Except as set forth on Schedule 3(f), since January 1, 2001, the Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the "SEC Documents"). As of the date of filing of such SEC Documents, such SEC Documents, as it may have been subsequently amended by filings made by the Company with the SEC prior to the date hereof, complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents. None of the SEC Documents, as of the date filed and as they may have been subsequently amended by filings made by the Company with the SEC prior to the date hereof, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). None of the Company nor any of its Subsidiaries have any material liabilities or obligations of any nature (whether known or unknown, and whether absolute, accrued, contingent, matured, liquidated, unasserted or otherwise) of a kind required by generally accepted accounting principles ("GAAP") to be set forth on a financial statement that is not fully and adequately reflected or reserved against in the financial statements contained in the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed with the SEC, other than liabilities

expressly assumed in connection with the CSD Acquisition and liabilities and obligations incurred since June 30, 2002 in the ordinary course of business consistent with past practice that are not material in amount.

(ii) The Company has delivered to each Buyer (or its representatives) true, complete and correct copies of the audited balance sheets of the CSD Business as of the fiscal years of the CSD Business ended August 31, 1999, 2000 and 2001, together with a report thereon from Arthur Andersen LLP (collectively, the "CSD Balance Sheets"). The Company has also delivered to each Buyer (or its representatives) true, complete and correct copies of the unaudited consolidated balance sheet of the Company and its Subsidiaries as of June 30, 2002 and the related consolidated statements of operations, cash flows and stockholders' equity for the six month period then ended (the "Company Financial Statements ". The CSD Balance Sheets and the Company Financial Statements fairly present the consolidated financial condition of the Company and its Subsidiaries or the CSD, as the case may be, as at the respective dates thereof and the consolidated results of operations of the Company and its Subsidiaries for the fiscal periods ended on such respective dates, all in accordance with GAAP. To the best of the Company's knowledge, after due inquiry of the

management of the CSD responsible for the preparation of the CSD Balance Sheets, the CSD Balance Sheets fairly present in accordance with GAAP in all material respects each item of working capital, line item by line item as of the dates indicated thereon.

(iii) The Company has heretofore furnished to each Buyer (A) projected quarterly balance sheets and statements of operations and cash flows of the Company and its Subsidiaries (after giving effect to the CSD Acquisition) for the period from October 1, 2002 through December 31, 2004 and (B) projected annual balance sheets and statements of operations and cash flows of the Company and its Subsidiaries for the fiscal years ending in 2002 through 2007. Such projections are believed by the Company to be reasonable, have been prepared on a reasonable basis and in good faith by the Company in light of (w) the historical financial performance of the Company, (x) to the best knowledge of management of the Company, after reasonable inquiry, the projected financial performance of CSD, (y) current and reasonably foreseeable business conditions and (z) believed by the Company to be reasonable at the time made and upon the best information then reasonably available to the Company. The Company is not aware of any facts or information that would lead it to believe that such projections are incorrect or misleading in any material respect.

g. Full Disclosure. No other information provided by or on behalf of the Company to the Buyers which is not included in the SEC Documents, including, without limitation, information referred to in Section 2(f), contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they are or were made, not misleading. The Company is not required to file and will not be required to file any agreement, note, lease, mortgage, deed or other instrument entered into prior to the date hereof and to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound which has not been previously filed as an exhibit to its reports filed with the SEC under the 1934 Act.

h. Absence of Certain Changes. Since June 30, 2002, neither the Company nor any of its Subsidiaries has:

(i) suffered any Material Adverse Effect or any event, change occurrence or development, reasonably likely to cause or have a Material Adverse Effect;

(ii) conducted its business and operations other than in the ordinary course of business and consistent with past practices;

(iii) except for the dividend of $1.00 per share paid in cash on July 15, 2002, to the holders of the Company's 112,000 outstanding shares of Series B Convertible Preferred Stock, declared, set aside or paid any dividend on, or other distribution (whether in cash, stock or property, or any combination thereof) in respect of, any of the Company's or any of its Subsidiary's Capital Stock, or purchased, redeemed or otherwise acquired or agreed to purchase, redeem or otherwise acquire, any Capital Stock of the Company or its Subsidiaries or any options, warrants, calls or rights to acquire any such Capital Stock, other than dividends from any wholly-owned Subsidiary of the Corporation to the Corporation or another wholly-owned Subsidiary of the Corporation;

(iv) undergone a material change in accounting method, principles or practices, except as may be required by a concurrent change in GAAP or disclosed in the footnotes to any of the financial statements included in the SEC Documents;

(v) except as required by this Agreement, authorized for issuance, sold, delivered, granted or issued any options, warrants, calls, subscriptions or other rights for, or otherwise agreed or committed to issue, sell, deliver or grant any shares of any class of Capital Stock of the Company or any of its Subsidiaries or any securities convertible into or exchangeable or exercisable for shares of any class of Capital Stock of the Company or its Subsidiaries;

(vi) except in the ordinary course of business and consistent with past practice and except in connection with the Financing Agreement, the Congress Loan Documents and in connection with the CSD Acquisition, as described in Schedule 3(h)(vi), (A) created or incurred any indebtedness for borrowed money, (B) assumed, guaranteed, endorsed or otherwise as an accommodation become responsible for the obligations of any other Person, (C) made any loans or advances to any other Person, or (D) mortgaged, pledged or subjected to any Lien, any asset having a book or market value in excess of $100,000;

(vii) granted any increase in the base compensation of, or made any other material change in employment terms for, any of its directors, officers and employees, except for increases or changes based upon changed responsibilities or duties and increases or changes made in the ordinary course of business consistent with past practice;

(viii) adopted, modified or terminated any bonus, profit-sharing, incentive, severance or other plan or contract for the benefit of any of its directors, officers and employees other than changes which do not materially increase the aggregate cost of such plan or contract;

(ix) except for the provision of services or sales in the ordinary course of business and consistent with past practice, sold, leased, licensed, transferred or otherwise disposed of any of its assets or property having a book or market value in excess of $100,000;

(x) entered into any new line of business, or incurred or committed to incur any capital expenditures, obligations or liabilities in connection therewith in excess of $1,000,000 in the aggregate;

(xi) other than the CSD Acquisition, acquired or agreed to acquire by merging or consolidating with, or agreed to acquire by purchasing a substantial portion of the assets of, or in any other manner, any business of any other Person for aggregate consideration valued at more than $500,000;

(xii) made any cancellation or waiver of (A) any right material to the operation of the business of the Company or its Subsidiaries, or (B) any debts or claims against any affiliate of the Company;

(xiii) made any disposition of, or failed to keep in effect any material right in, to or for the use of any material Intellectual Property of the Company or its Subsidiaries;

(xiv) suffered any damage, destruction or loss, whether or not covered by insurance, that has had or is reasonably likely to have a Material Adverse Effect;

(xv) entered into any agreement, arrangement or transaction with any shareholder, employee, officer or director of the Company or any of its Subsidiaries (other than customary agreements for services as employees, officers and directors that have been filed as exhibits to an SEC Document) or any Person controlling, controlled by or under common control with the Company;

(xvi) except in connection with the CSD Acquisition as described in subsections (x) through (xii) of Section 6.01(r) of the Financing Agreement, incurred or project to incur any closure, clean-up or remediation costs with respect to any current or formerly owned or leased property of the Company or any of its Subsidiaries in excess of $1,000,000 in the aggregate; or

(xvii) agreed to do any of the things described in the preceding clauses (i) through (xvi).

The Company has not taken any steps, and does not currently expect to take any steps, to seek protection pursuant to any bankruptcy law nor does the Company or any of its Subsidiaries have any knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact which would reasonably lead a creditor to do so.

i. Material Contracts.

(i) Neither the Company nor any of its Subsidiaries is a party to or bound by, and neither they nor their properties are subject to, any contracts, agreements or arrangements required to be disclosed in a Form 10-K or 10-Q under the Exchange Act which is not filed as an exhibit to one or more of the SEC Documents filed and publicly available.

(ii) Schedule 3(i) sets forth as of the date hereof (A) a list of all written and oral contracts, agreements, instruments or arrangements to which the Company or any of its Subsidiaries is a party or by which the Company or such Subsidiary or any of their respective assets is bound which would be required to be filed as exhibits to the Company's Annual Report on Form 10-K for the year ending December 31, 2001 or any subsequent Exchange Act filing by the Company, including, without limitation, all such contracts, agreement, instrument and arrangements relating to the CSD Business that would have been required to be filed by the Company as an exhibit to an SEC Document had the CSD Acquisition occurred prior to the date of this Agreement; and (B) the following written and oral arrangements (all such written or oral agreements, arrangements or commitments as are required to be set forth on Schedule 3(i) or filed as exhibits to any SEC Document, collectively the "Material Contracts"):

(A) each partnership, joint venture or similar agreement of the Company or any of its Subsidiaries with another Person that is material to the operation of the business of the Company or any of its Subsidiaries or the CSD Business;

(B) each contract or agreement under which the Company or

any of its Subsidiaries have created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) Indebtedness of more than $100,000 in principal amount or under which the Company or any of its Subsidiaries have imposed (or may impose) a Lien on any of their respective assets, whether tangible or intangible securing Indebtedness in excess of $100,000. "Indebtedness" shall have the meaning ascribed to such term in the Certificate;

(C) each contract or agreement to which the Company or any of its Subsidiaries is a party which involves an obligation or commitment to pay or be paid an amount in excess of $1,000,000 per year;

(D) each contract or agreement which involves or contributes to the Company or any of its Subsidiaries aggregate annual remuneration which exceeds 2% of the Company's and its Subsidiaries' consolidated annual net revenues for the twelve months ended December 31, 2000, December 31, 2001 or December 31, 2002 (projected), in each case both before and after giving effect to the CSD Acquisition;

(E) each contract or agreement relating to employment or consulting which provides for annual compensation in excess of $100,000 and each severance, termination, confidentiality, non-competition or indemnification agreement or arrangement with any of the directors, officers, consultants or key employees of the Company or any of its Subsidiaries;

(F) each contract or agreement to which the Company or any of its Subsidiaries or affiliates is a party limiting, in any material respect, the right of the Company or any of its Subsidiaries (x) to engage in, or to compete with any Person in, any business, including each contract or agreement containing exclusivity provisions restricting the geographical area in which, or the method by which, any business may be conducted by the Company or any of its Subsidiaries or affiliates or (y) to solicit any customer or client;

(G) all contracts or agreements between the Company or any of its Subsidiaries and any shareholder, employee, officer or director of the Company or any Subsidiary, and any Person controlling, controlled by or under common control with the Company;

(H) each contract, agreement and franchise with any municipality, county or city for waste collection, disposal, recycling or other services which provides for aggregate payments in excess of $1,000,000 and is for a term of one year or longer (whether or not subject to early termination);

(I) all other contracts or agreements which are material to the Company and its Subsidiaries taken as a whole or the CSD Business or the conduct of their respective businesses, other than those made in the ordinary course of business or those which

are terminable by the Company or any of its Subsidiaries upon no greater than 60 days prior notice and without penalty or other adverse consequence;

(J) all contracts or agreements pursuant to which the Company or any of its Subsidiaries is required to make payment of any cure amount under contract or agreement being assigned by the CSD to the Company or any of its Subsidiaries; and

(K) all other contracts or agreements obligating the Company or any of its Subsidiaries to indemnify or guarantee the indemnification of any other Person.

(iii) All the Material Contracts are valid, subsisting, in full force and effect, binding upon the Company or one of its Subsidiaries in accordance with their terms, and to the knowledge of the Company, binding upon the other parties thereto in accordance with their terms. The Company and its Subsidiaries have paid in full or accrued all amounts now due from them under

the Material Contracts (including all cure amounts due under contracts or agreements referred to in Section 3(i)(ii)(J) above) and have satisfied in full or provided for all of their liabilities and obligations under the Material Contracts which are presently required to be satisfied or provided for, and are not (with or without notice or lapse of time or both) in default in any material respect under any of the Material Contracts nor to the knowledge of the Company is any other party to any such Material Contract (with or without notice or lapse of time or both) in default in any material respect thereunder. No notice of termination or cancellation or intent to terminate or cancel has been given by the Company or any Subsidiary to any other party to any Material Contract and none of the Company nor any Subsidiary has received notice of termination or cancellation of a Material Contract or the intention to terminate or cancel any Material Contract from any other party thereto, and, to the Company's knowledge, no basis exists for any such termination or cancellation of any Material Contract.

j. Absence of Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or Governmental Authority, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company, the CSD Acquisition, the CSD Business or any of the Company's Subsidiaries or any of the Company's or the Company's Subsidiaries' officers or directors in their capacities as such, except as expressly set forth in Schedule 3(j), which seeks injunctive or declaratory relief against or affecting the Company, any of its Subsidiaries or any of their respective assets or properties or, with respect to the Company and its Subsidiaries, that if adversely determined, could have a Material Adverse Effect. To the knowledge of the Company, none of the directors or officers of the Company have been a party to any securities related litigation during the past five years.

k. Acknowledgment Regarding Buyer's Purchase of Securities. The Company acknowledges and agrees that each of the Buyers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the Certificate and the transactions contemplated hereby and thereby. The Company further acknowledges that each Buyer is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the Certificate and the transactions contemplated hereby and thereby and any advice given by any of the Buyers or any of their respective representatives or agents in connection with the Transaction Documents and the

Certificate and the transactions contemplated hereby and thereby is merely incidental to such Buyer's purchase of the Securities. The Company further represents to each Buyer that the Company's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Company and its representatives.

l. Compliance with Law. Except as set forth on Schedule 3(l), none of the Company, any of its Subsidiaries or, to the Company's knowledge, the CSD Business (i) has violated or conducted its business or operations in violation of, and has not used or occupied its properties or assets in material violation of, any statute, law, ordinance, rule, regulation, permit, order, writ, judgment, injunction, decree or award issued, enacted or promulgated by any Governmental Authority or any arbitrator ("Legal Requirements"), (ii) to the Company's knowledge, has been alleged to be in material violation of any Legal Requirement, and (iii) has received any notice of any violation or alleged material violation of, or any citation for material non-compliance with, any Legal Requirements.

m. No General Solicitation. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the 1933 Act) in connection with the offer or sale of the Securities.

n. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the issuance by the Company of any of the Securities under the 1933 Act or cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the 1933 Act or, except as set forth on Schedule 3(n), any applicable stockholder approval provisions, including, without limitation, under the rules and regulations of the Principal Market, nor will the Company or any of its Subsidiaries take any action or steps that would require registration of the issuance by the Company of any of the Securities under the 1933 Act or, except as set forth on Schedule 3(n), cause the offering of the Securities to be integrated with other offerings.

o. Employee Benefit Plans; Labor Matters. (i) Schedule 3(o) lists all "employee benefit plans," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and all material bonus, stock option, stock purchase, stock appreciation right, incentive, deferred compensation, supplemental retirement, severance and other similar material fringe or employee benefit plans, programs, policies or arrangements, any material employment, consulting or executive compensation agreements that are currently maintained or have been maintained within the last six years by the Company or any trade or business under common control with the Company (an "ERISA Affiliate"), within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the "Code"), or under which the Company or any ERISA Affiliate has, or within the last six years had, any liability or obligation to contribute, for the benefit of or relating to any employee, former employee or retiree of the Company or any ERISA Affiliate (collectively, for purposes of this Section 3(o), referred to as the "Employee Plans").

(ii) With respect to any Employee Plan, where applicable, (A) such Employee Plan has been maintained in accordance with ERISA, the Code, the terms of such Employee Plan and other applicable Legal Requirements; (B) a favorable determination letter has been obtained from the IRS, and a copy thereof delivered to each Buyer, for any such Employee Plan that is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA and which is intended to be qualified within the meaning of Section 401(a) of the Code, and since such determination letter, no event has occurred that would disqualify such Plan; (C) there has been no non-exempt "prohibited transaction" (including without limitation as a result of any of the transactions contemplated hereby) within the meaning of Section 4975(c) of the Code or Section 406 of ERISA involving the assets of any Employee Plan; and (iv) neither the Company nor any ERISA Affiliate is or was during the preceding six years obligated to contribute to any multiemployer plan and neither the Company nor any ERISA Affiliate has assumed any obligation of any predecessor of the Company with respect to any multiemployer plan.

(iii) There are no pending actions which have been asserted in writing or instituted (other than in respect of benefits due in the ordinary course which, in the aggregate are not material) against the assets of any of the Employee Plans or against the Company or any ERISA Affiliate or any fiduciary of the Employee Plans with respect to the Employee Plans.

(iv) Except as required by Section 4980B of the Code, no Employee Plan or other arrangement provides medical or death benefits with respect to current or former employees of the Company or any ERISA Affiliate beyond their retirement or other termination of employment. Any continuation coverage provided under any welfare benefits plans complies with Section 4980B of the Code and is at the expense of the participant or beneficiary.

(v) No Employee Plan has incurred an "accumulated funding deficiency" and there has not been any unpaid required installments, within the

meaning of Section 412 of the Code, nor has there been issued a waiver or variance of the minimum funding standards imposed by the Code with respect to any Employee Plan that is subject to Title IV of ERISA (a "Title IV Plan"), nor has any Lien been created under Section 302(f) of ERISA or security been required under Section 307 of ERISA, nor are any excise taxes due or hereafter to become due under Section 4971 or 4972 of the Code with respect to the funding of any such plan for any plan year or other fiscal period ending on or before the Closing Date. With respect to each Title IV Plan, there has not occurred any reportable event within the meaning of Section 4043(b) of ERISA or the regulations thereunder. The Pension Benefit Guaranty Corporation ("PBGC") has not instituted or, to the knowledge of the Company or any ERISA Affiliate, threatened a proceeding to terminate any Title IV Plan. All PBGC premiums due on or before the Closing Date with respect to any Title IV Plan have been paid in full, including late fees, interest and penalties, if and to the extent applicable. True, correct and complete copies of the most recent actuarial report which accurately reflects the funded status and contribution requirements for each Title IV Plan have been delivered to each Buyer (or its representatives). There has been no material adverse change in the assets, liabilities or financial position of each Title IV Plan since the date of the most recent actuarial report. Neither the Company nor any ERISA Affiliate has, at any time within the five year period preceding the Closing Date, entered

into any transaction the principal purpose of which was to evade liability to which the Company or such ERISA Affiliate would otherwise be subject under Title IV of ERISA. The principal purpose of the Company in entering into the transactions contemplated by this Agreement is not to evade liability to which the Company would otherwise be subject under Title IV of ERISA.

(vi) No Employee Plan or agreement, program, policy or other arrangement by its terms or in effect would or could possibly require any payment or transfer of money, property or other consideration on account of or in connection with the transactions contemplated by this Agreement, including but not limited to any employee (current, former or retired) of the Company or any ERISA Affiliate (whether or not any such payment would constitute a "parachute payment" or "excess parachute payment" within the meaning of Section 280G of the Code).

(vii) Neither the Company nor any ERISA Affiliate has incurred any obligations in connection with the termination of or withdrawal from any Foreign Pension Plan (as defined below), or has any unfunded liability with respect to benefits under any such Foreign Pension Plan. "Foreign Pension Plan" means any plan, fund or other similar program maintained outside the United States of America primarily for the benefit of employees residing outside of the United States of America, or that has been maintained within the last six years by the Company or any ERISA Affiliate or under which the Company or any ERISA Affiliate has had any liability or obligation to contribute within the past six years, which plan, fund or other similar program provides retirement income for such employees, results in a deferral of income for such employees in contemplation of retirement or provides payments to be made to such employees upon termination of employment, and which plan is not subject to ERISA or the Code.

(viii) Any terminated Employee Plan has been terminated in accordance with applicable law, all benefits under any such terminated Employee Plan have been fully paid to the participants and beneficiaries in accordance with the terms of such Employee Plan, and neither the Company nor any ERISA affiliate has any continuing liability or other obligation with respect to such Employee Plan.

(ix) Neither the Company nor its ERISA Affiliates has incurred any material liability or obligation under the Worker Adjustment and Retraining Notification Act or similar state Legal Requirements, which remains unpaid or unsatisfied

(x) Except as listed in Schedule 3(o), neither the Company nor any ERISA Affiliate is a party to any employment, labor or collective bargaining agreement. No labor organization or group of employees of the Company or any ERISA Affiliate has made a pending demand for recognition or certification to the Company or any ERISA Affiliate and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or threatened to be brought or filed with the National Labor Relations Board or any other labor relations tribunal or authority relating to the Company or any ERISA Affiliate. Except as listed in Schedule 3(o), there are no organizing activities involving the Company or any ERISA affiliate pending with any labor organization or group of employees of the Company.

(xi) There are no unfair labor practice charges, grievances or complaints pending or, to the knowledge of the Company or any ERISA Affiliate threatened in writing by or on behalf of any employee or group of employees of the Company or any ERISA Affiliate. There is no labor strike, work stoppage, or lockout pending or affecting the Company or any ERISA Affiliate.

(xii) There are no complaints, charges, or claims against the Company or any ERISA Affiliate pending, or to the knowledge of the Company or any ERISA Affiliate, threatened in writing to be brought or filed, with any authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment or any individual by the Company. The Company and each ERISA Affiliate is in material compliance with all Legal Requirements governing the employment of labor, including, but not limited to, all such laws relating to wages, hours, collective bargaining, discrimination, civil rights, safety and health, workers' compensation and the collection and payment of withholding and/or Social Security taxes and similar taxes.

p. Intellectual Property. Except as otherwise set forth on Schedule 3(p):

(i) Schedule 3(p) sets forth a true, correct and complete list and summary description of all (A) Registered or material Owned Intellectual Property (each identified as a Patent, Trademark, Trade Secret or Copyright, as the case may be), (B) material Technology Systems, and (C) material Intellectual Property Contracts.

(ii) All Business Intellectual Property is valid, subsisting and enforceable. No Owned Intellectual Property has been abandoned, canceled or adjudicated invalid (excepting any expirations in the ordinary course), or is subject to any outstanding order, judgment or decree restricting its use or adversely affecting or reflecting the Company's or the Subsidiaries' rights thereto. To the Company's knowledge, no Licensed Intellectual Property has been abandoned, canceled or adjudicated invalid (excepting any expirations in the ordinary course), or is subject to any outstanding order, judgment or decree restricting its use or adversely affecting or reflecting the Company's or the Subsidiaries' rights thereto. The Owned Intellectual Property has been used with all patent, trademark, copyright, confidential, proprietary, and other Intellectual Property notices and legends prescribed by law or otherwise permitted.

(iii) No suit, action, reissue, reexamination, public protest, interference, arbitration, mediation, opposition, cancellation or other proceeding (collectively, "Suit") is pending concerning any claim or position that the Company or the Subsidiaries have violated any Intellectual Property rights. No claim has been threatened or asserted against the Company or its Subsidiaries or any of their indemnitees for violation of any Intellectual Property rights. The Company and the Subsidiaries are not violating and have not violated any Intellectual Property rights.

(iv) No Suit is pending concerning any Intellectual Property Contract, including any Suit concerning a claim or position that the Company or the Subsidiaries or another Person has breached any Intellectual Property Contract or that any Intellectual Property Contract is invalid or unenforceable. No such claim has been threatened or asserted.

The Company and the Subsidiaries are in material compliance with, and have conducted their business so as to comply, in all material respects, with all terms of all Intellectual Property Contracts. There exists no event, condition or occurrence which, with the giving of notice or lapse of time, or both, would constitute a material breach or default by the Company or the Subsidiaries or another Person under any Intellectual Property Contract. Each Person who is a party to any Intellectual Property Contract had and has all rights, power and authority necessary to enter into, be bound by and fully perform such Intellectual Property Contract. No party to any Intellectual Property Contract has given the Company or the Subsidiaries notice of its intention to cancel, terminate or fail to renew any Intellectual Property Contract.

(v) No Suit is pending concerning the Owned Intellectual Property, including any Suit concerning a claim or position that the Owned Intellectual Property has been violated or is invalid, unenforceable, unpatentable, unregisterable, cancelable, not owned or not owned exclusively by the Company or the Subsidiaries. No such claim has been threatened or asserted. To the Company's knowledge, no valid basis for any such Suits or claims exists.

(vi) To the Company's knowledge, no Suit is pending concerning the Licensed Intellectual Property, including any Suit concerning a claim or position that the Licensed Intellectual Property has been violated or is invalid, unenforceable, unpatentable, unregisterable, cancelable, not owned or not owned exclusively by the licensor of such Intellectual Property. No Suit is pending concerning the right of the Company or the Subsidiaries to use the Licensed Intellectual Property, including any Suit concerning a claim or position that such right has been violated or is invalid, unenforceable, not owned or not owned exclusively by the Company or the Subsidiaries. To the Company's knowledge, no such claims have been threatened or asserted and no valid basis for any such Suits or claims exists.

(vii) To the Company's knowledge, no Person is violating any Business Intellectual Property.

(viii) The Company and the Subsidiaries own or otherwise hold valid rights to use all Intellectual Property used or contemplated to be used in the respective businesses of the Company and the Subsidiaries. All such rights are free of all Liens and are fully assignable by the Company and the Subsidiaries to any Person, without payment, consent of any Person or other condition or restriction. The Business Intellectual Property constitutes all Intellectual Property necessary to operate the respective businesses of the Company and the Subsidiaries as currently conducted or contemplated.

(ix) The Company and the Subsidiaries have timely made all filings and payments with the appropriate foreign and domestic agencies required to maintain in subsistence all Registered Owned Intellectual Property. No due dates for filings or payments concerning the Owned Intellectual Property (including without limitation office action responses, affidavits of use, affidavits of continuing use, renewals, requests for extension of time, maintenance fees, application fees and foreign convention priority filings) fall due within ninety (90) days of the Closing Date, whether or not such due dates are extendable. The Company and the Subsidiaries are in compliance with all applicable rules and regulations of such agencies with respect to Business Intellectual Property. All documentation necessary to confirm and effect the

Company's and the Subsidiaries' ownership of Owned Intellectual Property, if acquired from other Persons, has been recorded in the United States Patent and Trademark Office, the United States Copyright Office and other official offices.

(x) The Company and the Subsidiaries have taken all reasonable measures to protect the secrecy, confidentiality and value of all Trade Secrets used in their businesses (collectively, "Business Trade Secrets") (including without limitation entering into appropriate confidentiality agreements with all officers, directors, employees, and other Persons with access to the Business Trade Secrets). To the Company's knowledge, the Business Trade Secrets have not been disclosed to any Persons other than Company and Subsidiaries employees or Company and Subsidiaries contractors who had a need to know and use such Business Trade Secrets in the ordinary course of employment or contract performance and who executed appropriate confidentiality agreements.

(xi) The Technology Systems are adequate in all material respects for their intended use and for the operation of such businesses as are currently operated and as are currently contemplated to be operated by the Companies and the Subsidiaries. The Intellectual Property Contracts set forth on Schedule 3(p) provide the Company and Subsidiaries with all necessary rights in connection with the use of the Technology Systems.

(xii) As used in this Agreement, the following terms shall have the following meanings:

(A) "Business Intellectual Property" shall mean the Owned Intellectual Property and the Licensed Intellectual Property.

(B) "Intellectual Property" shall mean all foreign and domestic (i) trademarks, service marks, brand names, certification marks, collective marks, d/b/a's, Internet domain names, logos, symbols, trade dress, assumed names, fictitious names, trade names, and other indicia of origin, all applications and registrations for all of the foregoing, and all goodwill associated therewith and symbolized thereby, including without limitation all extensions, modifications and renewals of same (collectively, "Trademarks"); (ii) inventions, discoveries and ideas, whether patentable or not, and all patents, registrations, and applications therefor, including without limitation divisions, continuations, continuations-in-part and renewal applications, and including without limitation renewals, extensions and reissues (collectively, "Patents"); (iii) confidential and proprietary information, trade secrets and know-how, including without limitation processes, schematics, databases, formulae, drawings, prototypes, models, designs and customer lists (collectively, "Trade Secrets"); (iv) published and unpublished works of authorship, whether copyrightable or not (including without limitation computer software), copyrights therein and thereto, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof (collectively, "Copyrights"); and (v) all other intellectual property or proprietary rights and claims or causes of action arising out of or related to any infringement, misappropriation or other violation of any of the foregoing, including without limitation rights to recover for past, present and future violations thereof.

(C) "Intellectual Property Contracts" shall mean all agreements concerning the Business Intellectual Property, including without limitation agreements granting

the Company and the Subsidiaries rights to use the Licensed Intellectual Property, agreements granting rights to use Owned Intellectual Property, confidentiality agreements, Trademark coexistence agreements, Trademark consent agreements and nonassertion agreements.

(D) "Licensed Intellectual Property" shall mean Intellectual Property that the Company and the Subsidiaries are licensed or otherwise

permitted by other Persons to use, including without limitation all Intellectual Property related to any Technology Systems owned by third parties.

(E) "Owned Intellectual Property" shall mean Intellectual Property owned by the Company and the Subsidiaries.

(F) "Registered" shall mean issued, registered, renewed or the subject of a pending application.

(G) "Technology Systems" means the electronic data processing, information, recordkeeping, communications, telecommunications and computer systems (including all computer programs and software, databases, firmware, hardware and related documentation) which are used by the Company and/or the Subsidiaries in their respective businesses.

q. Properties. (i) The Company and its Subsidiaries have good and marketable title to, valid leasehold interests in, or valid licenses to use, all property and assets of the Company and its Subsidiaries (including the property and assets of the CSD), free and clear of all Liens, except as described on Schedule 3(q) or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and any of its Subsidiaries. All such properties and assets are in good working order and condition, ordinary wear and tear excepted. Schedule 3(q) sets forth a complete and accurate list of the location, by state and street address, of all real property owned, licensed or leased by the Company and its Subsidiaries and identifies the interest (fee, leasehold or license) of the Company or Subsidiary therein. The Company or its Subsidiaries has valid leasehold interests in the leases described on Schedule 3(q) to which it is a party. True, complete and correct copies of each such lease have been delivered to each of the Buyers (or its representatives). Schedule 3(q) sets forth with respect to each such lease, the commencement date, termination date, renewal options (if any) and annual base rents. Each such lease is valid and enforceable in accordance with its terms in all material respects and is in full force and effect. To the best knowledge of the Company, no other party to any such lease is in default of its obligations thereunder, and none of the Company or any of its Subsidiaries (or any other party to any such lease) has at any time delivered or received any notice of default which remains uncured under any such lease and no event has occurred which, with the giving of notice or the passage of time or both, would constitute a default under any such lease.

(ii) All Permits material to the Company or its Subsidiaries required to have been issued to the Company or its Subsidiaries with respect to the real property owned, licensed or leased by the Company or any of its Subsidiaries to enable such property to be lawfully occupied and used for all of the purposes for which it is currently occupied and used (separate and apart from any other properties), have been lawfully issued and are in full force

and effect and all such real property complies with all applicable Legal Requirements and Policies covering such properties in all material respects.

(iii) Neither the Company nor any of its Subsidiaries have received any notice, nor has any knowledge, of any pending, threatened or contemplated condemnation proceeding affecting any real property owned, licensed or leased by the Company or any Subsidiary.

(iv) No portion of any real property owned, licensed or leased by the Company or any of its Subsidiaries has suffered any damage by fire or other casualty loss which has not heretofore been completely repaired and restored to its condition existing prior to such casualty. No portion of any improvements (other than paving, parking and landscaped areas) constructed on any of the real property owned, licensed or leased by the Company or any of its Subsidiaries is located in a special flood hazard area as designated by any Governmental Authority.

r. Environmental Laws. Except as set forth on Schedule 3(r),

(i) The Company's and its Subsidiaries' businesses, Facilities (as defined in the Financing Agreement), operations, properties and assets are in material compliance with Environmental Laws.

(ii) The Company and its Subsidiaries have obtained and are in material compliance with all material Environmental Permits necessary to operate, use or occupy all of the Company's and its Subsidiaries' businesses, facilities, operations, properties and assets, except for Environmental Permits relating to the SK Facilities (as defined in the Financing Agreement) which are not yet effective but for which requisite applications have been filed.

(iii) Except as provided in Section 6.01(r) of the Financing Agreement, the Company and its Subsidiaries have obtained and are in full compliance with all financial assurance requirements under RCRA and any similar Environmental Law, as specifically set forth but not limited to 40 C.F.R. 264 and 265, necessary to operate, use or occupy all of the Company's and its Subsidiaries' businesses, facilities, operations, properties and assets.

(iv) The Company and its Subsidiaries are in material compliance with all applicable writs, orders, consent decrees, judgments and injunctions by any Governmental Authority, decrees, informational requests or demands issued pursuant to, or arising under, any Environmental Laws.

(v) The Company's and its Subsidiaries' will not be required to spend more than $1,000,000 in the aggregate for any Facility or $5,000,000 for all Facilities to comply with any Environmental Laws that have been promulgated and enacted by a Governmental Authority, but will not be effective until after the date of this Agreement or the Closing Date, except to the extent those expenditures are already specifically included within the aggregate amounts described in clause (x) or (xi) below or in the capital expenditures described in Section 7.02(g) of the Financing Agreement.

(vi) Except for Releases for which the related Environmental Liabilities are specifically included within the aggregate amounts described in clauses (ix) through (xi) below, there has been no Release at any of the facilities, assets or properties owned or operated by the Company, its Subsidiaries or, to the knowledge of the Company and its Subsidiaries, a predecessor in interest.

(vii) Except for Environmental Claims specifically included within the aggregate amounts described in clauses (ix) through (xi), no Environmental Claims have been asserted against any treatment, storage or disposal facility that received or Handled Hazardous Materials generated by the Company, its Subsidiaries or any predecessor in interest which could reasonably be expected to result in any Environmental Liabilities in excess of $1,000,000 for any Facility or $5,000,000 in the aggregate for all Facilities.

(viii) Except for Environmental Claims specifically included within the aggregate amounts described in clauses (ix) through (xi) below, no Environmental Claims have been asserted against the Company, its Subsidiaries or, to the knowledge of the Company and its Subsidiaries, any predecessor in interest nor does the Company or its Subsidiaries have knowledge or notice of any threatened or pending Environmental Claims against the Company, its Subsidiaries or any predecessor in interest which could reasonably be expected to result in any Environmental Liabilities in excess of $1,000,000 individually or $5,000,000 in the aggregate.

(ix) The Company and its Subsidiaries will not assume any Environmental Liabilities related to the acquisition of CSD that are more than ten percent above $265,000,000, calculated in accordance with GAAP.

(x) Excluding any Environmental Liabilities related to the

CSD Acquisition assumed by the Company and its Subsidiaries, the Company's and its Subsidiaries will not spend more than ten percent above $29,250,000 for closure, post closure and post closure care of the CH Facilities (as defined in the Financing Agreement), as those terms are used in RCRA and any similar Environmental Law, as specifically set forth but not limited to 40 C.F.R. 264 and 265.

(xi) Excluding any Environmental Liabilities of CSD assumed by the Company and its Subsidiaries, to the knowledge of the Company's and its Subsidiaries, there are no Remedial Actions that will cost, in the aggregate, more than $1,000,000 per calendar year for the foreseeable future.

(xii) All representations, including without limitation applications, warranty statements and accompanying materials provided in support of such representations, provided by the Company and its Subsidiaries to obtain any Policies, are truthful and complete in all respects, and the Company and its Subsidiaries have done nothing to prejudice it's rights to obtain the benefits of it's Policies by failing to comply with any of the provisions, conditions or requirements of its Polices.

(xiii) there are no Environmental Liens associated or, to the best knowledge of the Company, threatened to be associated with any of the CSD Acquisition Assets

or the Company's or any of its Subsidiaries' businesses, Facilities, operations, properties and assets.

(xiv) except for work, repairs, contributions and Capital Expenditures (as defined in the Financing Agreement) specifically included in the aggregate amounts set forth in clauses (ix) through (xi) above or Section 7.02(g) of the Financing Agreement, to the best knowledge of the Company, (A) no work, repairs, construction or Capital Expenditures are required to be made as a condition of continued compliance of the Facilities or the Company's or any of its Subsidiaries' business with any Environmental Laws, or any license, Environmental Permit or approval issued pursuant thereto or (B) no license, Environmental Permit or approval referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated.

(xv) As used in this Agreement, the following terms shall have the following meanings:

(A) "Environmental Claims" refers to any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, notice of violation, judicial or administrative proceeding, judgment, letter or other communication from any Governmental Authority, or any third party involving violations of Environmental Laws, Handling of Hazardous Materials or Releases of Hazardous Materials from (i) any assets, properties or businesses of the Company or any predecessor in interest; (ii) from adjoining properties or businesses; or (iii) from or onto any facilities which received Hazardous Materials generated or Handled by the Company, its Subsidiaries or any predecessor in interest.

(B) "Environmental Laws" includes the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. 9601 et seq., as amended; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. 6901 et seq., as amended; the Clean Air Act ("CAA"), 42 U.S.C. 7401 et seq., as amended; the Clean Water Act ("CWA"), 33 U.S.C. 1251 et seq., as amended; the Occupational Safety and Health Act ("OSHA"), 29 U.S.C. 655 et seq., as amended; Toxic Substances Control Act ("TOSCA"), 15 U.S.C. 2601 et seq., as amended; Hazardous Materials Transportation Act, 49 U.S.C. 5101 et seq., as amended; the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), 7 U.S.C. 136-136y et seq., as amended; the Emergency Planning and Community Right-to-Know Act of 1986 (Title III of SARA or "EPCRA"); 42 U.S.C. 11001, et seq., as amended, and any other foreign, federal, state, local or municipal

laws, statutes, regulations, guidance documents, rules or ordinances imposing liability or establishing standards of conduct for Handling of Hazardous Materials and the protection of the health, safety and the environment.

(C) "Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities.

(D) "Environmental Liabilities" means any monetary obligations, losses, liabilities (including strict liability), damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable out-of-pocket fees, disbursements and expenses of counsel, out-of-pocket expert and consulting fees and out-of-pocket costs for environmental site assessments, remedial investigation and feasibility

studies), fines, penalties, sanctions and interest incurred as a result of any Environmental Claim filed by any Governmental Authority, Person or any third party which relate to the CSD Acquisition Assets or any violations of Environmental Laws, Handling of Hazardous Materials, Remedial Actions, Releases or threatened Releases of Hazardous Materials from or onto (i) any property presently or formerly owned by the Corporation or any of its Subsidiaries or a predecessor in interest, or (ii) any facility that received Hazardous Materials that were generated or Handled by the Company or any of its Subsidiaries or a predecessor in interest.

(E) "Environmental Permits" means any permits, licenses, certificates, exemptions, authorizations, registrations or approvals required by any Governmental Authority or under Environmental Laws.

(F) "Governmental Authority" means any nation or government, any foreign, federal, state, city, town, municipality, county, local or other political subdivision thereof or thereto and any department, commission, board, bureau, instrumentality, agency, organization, self-regulatory authority or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

(G) "Handle" means any manner of generating, accumulating, storing, treating, disposing of, transporting, transferring, labeling, handling, manufacturing or using, as any of such terms may further be defined in any Environmental Law, of any Hazardous Materials.

(H) "Hazardous Materials"- shall include, without regard to amount and/or concentration (i) any element, compound, or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substances, extremely hazardous substance or chemical under Environmental Laws; (ii) any wastes regulated, defined, listed or otherwise classified by Environmental Laws, including but not limited to hazardous waste, agricultural wastes, biological waste, medical waste, biohazardous or infectious waste, special waste, recyclable materials, sludge, used oils, construction and demolition debris and solid waste; (iii) petroleum, petroleum-based or petroleum-derived products; (iv) polychlorinated biphenyls; (v) any substance exhibiting a hazardous waste characteristic including but not limited to corrosivity, ignitibility, toxicity or reactivity as well as any radioactive or explosive materials; and (vi) any raw materials, building components, including but not limited to asbestos-containing materials and manufactured products containing Hazardous Materials.

(I) "Release" means any spilling, leaking, pumping, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping, or disposing of Hazardous Materials (including the abandonment or discarding of barrels, containers or other closed receptacles containing Hazardous Materials) into the environment.

(J) "Remedial Action" means all actions taken to (i) clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way

address Hazardous Materials in the indoor or outdoor environment; (ii) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-

remedial studies and investigations and post-remedial operation and maintenance activities; or (iv) any other actions authorized by 42 U.S.C. 9601.

s. Insurance. Schedule 3(s) contains a list of all Policies and sets forth, with respect to each such Policy, a description of the insured loss coverage, the expiration date and time of coverage, the dollar limitations of coverage, and a general description of each deductible feature. For purposes of this Section 3(s), the term "Policies" means all insurance policies, bonds and guarantees (including, without limitation, all performance and warranty bonds required under outstanding contracts or purchase orders and otherwise required pursuant to all Legal Requirements) and self insurance arrangements that cover or purport to cover risks or losses to or associated with the business, operations, premises, properties, assets, employees, agents and directors (including, without limitation, those arising with respect to environmental matters) to which the Company or any of its Subsidiaries (including the CSD Business) is a party, a named insured or a beneficiary thereof. The Company and its Subsidiaries maintain Policies (the "Required Policies") with financially sound and reputable insurance companies against risks of liability, product liability, environmental liability, casualty and fire, theft and other losses and liabilities as required by any Legal Requirements and as are customarily obtained to cover comparable businesses and assets in amounts, scope and coverage which are consistent with industry practice and adequate for the Company and its Subsidiaries (including the CSD Business). The Required Policies are in full force and effect, and neither the Company nor any of its Subsidiaries is in material default under any of them. Except as set forth on Schedule 3(s), neither the Company nor any of its Subsidiaries has received any notice of cancellation or intent to cancel or increase the premiums with respect to any of the Policies, nor, to the Company's knowledge, is there any basis for such action. None of the Company, any of its Subsidiaries or, to the Company's knowledge, the CSD Business, has incurred any material loss, damage, expense or liability covered by any Required Policy for which it has not asserted a claim under such Required Policy. Except as set forth on Schedule 3(s), none of the Company, any of its Subsidiaries or, to the Company's knowledge, the CSD Business, has been refused any bonds, financial assurance or insurance with respect to their respective assets or properties, nor has its coverage been limited below usual and customary limits by any bonding company, financial guarantor or insurance provider or with which it has carried insurance during the last three years, except where such Person has been able to obtain substitute bonds, guarantees or insurance, as applicable, providing similar coverage at comparable costs, premiums and deductibles.

t. Regulatory Permits. Each of the Company and its Subsidiaries has, and is in compliance with, all permits, licenses, authorizations, approvals, entitlements and accreditations (collectively, "Permits") required for the Company and its Subsidiaries lawfully to own, lease, manage or operate, or to acquire, each business currently owned, leased, managed or operated, or to be acquired, by such Person, except for certain Environmental Permits relating to the SK Facilities (as defined in the Financing Agreement) for which applications have been filed on or prior the Effective Date but which are not yet effective as described in Section 6.01(r) of the Financing Agreement. Except as set forth in Section 6.01(r) of the Financing Agreement, no condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such permit, license, authorization, approval, entitlement or accreditation, and there is no claim that any thereof is not in full force and effect. Schedule 3(t) contains a true, complete and

correct list of all material Permits of the Company and its Subsidiaries indicating thereon the expiration date of each such Permit. To the Company's knowledge, each material Permit of the Company and its Subsidiaries that is scheduled to expire within 24 months of the Closing Date will be renewable by the Company or the applicable Subsidiary without undue cost or expense to the Company or the applicable Subsidiary.

u. Internal Accounting Controls. Except as set forth on Schedule 3(u), the Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

v. Unconditional Obligation. The Company understands and acknowledges that the number of Conversion Shares issuable upon conversion of the Preferred Shares will increase in certain circumstances. The Company further acknowledges that its obligation to issue shares upon conversion of the Preferred Shares in accordance with this Agreement and Certificate is, in each case, absolute and unconditional (except to the extent set forth in Section 11 of the Certificate) regardless of the dilutive effect that such issuance may have on the ownership interests of other stockholders of the Company.

w. No Materially Adverse Contracts, Etc. Neither the Company nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Company's officers has or is expected in the future to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Company's officers has or is expected to have a Material Adverse Effect.

x. Customers and Suppliers. There exists no actual or threatened termination, cancellation or limitation of, or modification to or change in, the business relationship between (i) any of the Company or any of its Subsidiaries, on the one hand, and any customer or any group thereof, on the other hand, whose agreements with any of the Company or any of its Subsidiaries are individually or in the aggregate material to the business or operations of the Company and/or any of its Subsidiaries, or (ii) any of the Company or any of its Subsidiaries, on the one hand, and any material supplier thereof, on the other hand; and there exists no present state of facts or circumstances that could give rise to or result in any such termination, cancellation, limitation, modification or change (including without limitation, the transactions contemplated hereby, pursuant to the Financing Agreement, the Congress Loan or the CSD Acquisition). Schedule 3(x) lists the top fifty customers that are common to the Company and its Subsidiaries (before giving effect to the CSD Acquisition) showing the total revenues received during the most recently completed fiscal year by the Company and its Subsidiaries (before giving effect to the CSD Acquisition), on the one hand, and CSD, on the other hand. The Company is not aware of any facts or circumstances that might give rise to a material reduction or loss of business for the Company and its Subsidiaries (after giving effect to

the CSD Acquisition) from any customers listed on Schedule 3(x) as a result of the CSD Acquisition or otherwise.

y. Tax Status. The Company and each of its Subsidiaries (i)

has made or filed all federal, foreign, state, local and municipal income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes), (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and for which the Company has made appropriate reserves for on its books, and (iii) has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations (referred to in clause (i) above) apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the Company knows of no basis for any such claim.

z. Transactions With Affiliates. Except as set forth on Schedule 3(z), and other than the grant of stock options described on Schedule 3(c), none of the officers, directors, stockholders or employees of the Company or any Subsidiary, any Person controlling, controlled by or under common control with the Company, is presently a party to any transaction with the Company or any of its Subsidiaries, including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such officer, director or employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any such officer, director, or employee has a substantial interest or is an officer, director, trustee or partner.

aa. Application of Takeover Protections. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement), including, without limitation, pursuant to any shareholder rights plan or similar agreement or instrument or other similar anti-takeover provision under the Articles of Organization or the laws of the state of its incorporation which is or could become applicable to the Buyers as a result of the transactions contemplated by this Agreement, including, without limitation, the Company's issuance of the Securities and the Buyers' ownership of the Securities.

bb. Shareholder's Rights Plan. The Company has not adopted a shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of Common Stock or a change in control of the Company.

cc. CSD Acquisition Documents. (i) (A) The Company and each Subsidiary (before giving effect to the CSD Acquisition), and to the Company's knowledge, each other party to the Acquisition Agreement governing the CSD Acquisition, each bill of sale, each assignment agreement, each assumption agreement and all other agreements, instruments and documents entered into or delivered in connection with the CSD Acquisition (including, without limitation the final executed versions of each agreement attached as an exhibit to the CSD acquisition agreement, each as amended, modified and supplement to date (collectively, the

"CSD Acquisition Documents"), is not in default on any of its obligations under such CSD Acquisition Document, (B) all representations and warranties made by the Company in the CSD Acquisition Documents and in the certificates delivered in connection therewith are true and correct in all material respects as of the date hereof and, to the best knowledge of the Company, all material representations and warranties made in the Acquisition Documents by or on behalf of the sellers thereunder, or any other party thereto other than the Company, are true and correct in all material respects as of the date hereof, (C) all written information with respect to the Company and the CSD Acquisition, and, to the best knowledge of the Company, the business and all of the property and assets (tangible and intangible) sold, assigned or otherwise transferred to, or

assumed or otherwise acquired by, the Company and certain of its Subsidiaries pursuant to the Acquisition Documents (the "CSD Acquisition Assets"), furnished to the Buyers by the Company or on behalf of the Company, were, at the time the same were so furnished, complete and correct in all material respects, or have been subsequently supplemented by other written information, to the extent necessary to give each Buyer a true and accurate knowledge of the subject matter of each of them in relation to the Company, its Subsidiaries, the CSD Acquisition, the CSD Business and the CSD Acquisition Assets acquired in connection with the CSD Acquisition, in all material respects, (D) no representation, warranty or statement made by the Company or, to its best knowledge, the sellers or any other party thereto other than the Company, at the time they were made in any CSD Acquisition Document, or any agreement, certificate, statement or document required to be delivered pursuant to any CSD Acquisition Document contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements contained in such CSD Acquisition Documents not misleading in light of the circumstances in which they were made, and (E) in connection with the CSD Acquisition, the Company and certain of its Subsidiaries are acquiring the CSD Acquisition Assets and, on the date hereof, after giving effect to the transactions contemplated by this Agreement and the Financing Agreement, by the CSD Acquisition Documents, and the Sale Order (as defined herein), will have good title to such CSD Acquisition Assets free and clear of all Liens other than the Liens created by the Financing Agreement and the agreements and instruments entered into in connection therewith and other than Liens permitted by such documents.

(ii) The Company (or its representatives) has delivered to each Buyer a complete and correct copy of the CSD Acquisition Documents, including all schedules and exhibits thereto and the Sale Order as currently in effect, (B) each CSD Acquisition Document sets forth the entire agreement and understanding of the parties thereto relating to the subject matter thereof, and there are no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby, (C) none of the CSD Acquisition Documents nor the Sale Order has been amended or otherwise modified without the prior written consent of the Buyers, (D) the execution, delivery and performance of the CSD Acquisition Documents have been duly authorized by all necessary action on the part of each such person or entity, (E) the CSD Acquisition has been effected in accordance with the terms of the Sale Order, the Acquisition Documents and all applicable law (including, without limitation, the United States Bankruptcy Code (11 U.S.C. ss. 101, et seq.) (the "Bankruptcy Code"), as amended, and any successor statute), (F) at the time of consummation of the CSD Acquisition, there does not exist any judgment, order or injunction prohibiting or imposing any material adverse condition upon the consummation of the CSD Acquisition, (G) at the time of consummation thereof, all consents and approvals of, and filings and registrations with, and all other actions in respect of, all

Legal Requirements required in order to consummate the CSD Acquisition shall have been obtained, given, filed or taken and shall be in full force and effect, (viii) all actions taken by the Company and its Subsidiaries pursuant to or in furtherance of the CSD Acquisition have been taken in compliance in all material respects with respective Acquisition Documents, the Bankruptcy Code and the Sale Order, (ix) the Company and its Subsidiaries did not incur or assume any liabilities or obligations pursuant to or in connection with the CSD Acquisition other than those liabilities and obligations set forth on Schedule 3(cc)(ii), and (x) each Acquisition Document is the legal, valid and binding obligation of the parties thereto, enforceable against such parties in accordance with its terms.

dd. Investment Company Status. The Company is not, and upon consummation of the sale of the Securities and after giving effect to the CSD Acquisition, will not be, an "investment company," a company controlled by an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

ee. Foreign Corrupt Practices. Neither the Company nor any of its Subsidiaries, nor any director, officer, agent, employee or other person acting on behalf of the Company or any Subsidiary has, in the course of his actions for, or on behalf of, the Company or any Subsidiary used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

ff. Solvency. The Company individually and together with its Subsidiaries on a consolidated basis (both before and after giving effect to the CSD Acquisition, the transactions contemplated by this Agreement, the Financing Agreement and the Congress Loan Documents) is solvent (i.e., its assets have a fair market value in excess of the amount required to pay its probable liabilities on its existing debts as they become absolute and matured) and currently the Company has no information that would lead it to reasonably conclude that the Company would not have, nor does it intend to take any action that would impair, its ability to pay its debts from time to time incurred in connection therewith as such debts mature.

gg. Broker's or Finder's Commissions. Except as set forth on Schedule 3(gg), no broker's or finder's fee or commission will be payable by or on behalf of the Company or any of its Subsidiaries with respect to the issuance and sale of the Securities.

4. COVENANTS.

a. Reasonable Best Efforts. Each party shall use its reasonable best efforts to timely satisfy each of the conditions to be satisfied by it as provided in Sections 6 and 7 of this Agreement.

b. Use of Proceeds. The Company will use the proceeds from the sale of the Preferred Shares as described with particularity on Schedule 4(b).

c. Financial Information.

(i) So long as any of the Securities remain outstanding, the Company will provide the following information to each Buyer:

(A) as soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, consolidated statements of operations, stockholders' equity and cash flows of the Company and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year, and certified by the Chief Financial Officer of the Company, subject to changes resulting from year-end adjustments;

(B) as soon as practicable and in any event within 90 days after the end of each fiscal year, consolidated statements of operations, stockholders' equity and cash flows of the Company and its Subsidiaries for such year, and the consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit and certified to the Company by independent public accountants of recognized national standing selected by the Company;

(C) promptly after their becoming available, copies of all

registration statements and reports which the Company or any of its Subsidiaries shall have filed with the SEC or any national securities exchange or quotation system;

(D) promptly after the mailing thereof to the holders of Common Stock of the Company, copies of all financial statements, reports and proxy statements so mailed;

(E) promptly after their becoming available, copies of all reports and compliance certificates filed in connection with the Financing Agreements and the Congress Facility; and

(F) true, complete and correct copies of all documents, reports, financial data and other information that each Buyer may reasonably request.

(ii) The Company shall permit the authorized representatives designated by each Buyer to visit and inspect any of the properties of the Company or any of its Subsidiaries, including their books of account, and to discuss their affairs, finances and accounts with their officers, all at such times as each Buyer may reasonably request.

(iii) Each Buyer shall have the right to consult with and advise the management of the Company and its subsidiaries, upon reasonable notice at reasonable times from time to time, on all matters relating to the operation of the Company and its Subsidiaries.

d. Reservation of Shares. The Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance of shares of

Common Stock needed to provide for the issuance of the Conversion Shares issuable upon conversion of all outstanding Preferred Shares (without regard to any limitations on conversions) in accordance with the terms of the Certificate.

e. Listing. The Company shall promptly secure the listing of all of the Registrable Securities (as defined in the Investors Rights Agreement) upon each national securities exchange and automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance) and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Registrable Securities from time to time issuable under the terms of the Transaction Documents and the Certificate. So long as any Securities are outstanding, the Company shall maintain the Common Stock's authorization for quotation on the Nasdaq National Market or for listing on the New York Stock Exchange (as applicable, the "Principal Market"). So long as any Preferred Shares are outstanding and other than in connection with Organic Changes (as defined in the Certificate) that have been properly authorized by the holders of Preferred Shares in accordance with the Certificate, neither the Company nor any of its Subsidiaries shall take any action which would be reasonably expected to result in the delisting or suspension of the Common Stock from the Principal Market. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 4(f).

f. Proxy Statement. The Company shall provide each stockholder entitled to vote at the next meeting of stockholders of the Company, which meeting shall occur on or before April 30, 2003 and the record date for such meeting shall be established by the Company's Board of Directors on or before March 15, 2003; a proxy statement, together with a form of proxies, which have been previously approved by the Buyers and a counsel of their choice, soliciting each such stockholder's affirmative vote at such stockholder meeting for approval for the issuance of a number of Conversion Shares greater in the aggregate than 19.99% of the number of shares of Common Stock outstanding immediately prior to the Closing Date pursuant to applicable law, the rules of

the NASD and any other rules and regulations of the Principal Market (such affirmative approval being referred to herein as the "Stockholder Approval"), and the Company shall use its best efforts to solicit proxies to vote in favor of such issuance and to cause the Board of Directors of the Company to recommend to the stockholders that they approve such proposal.

g. Compliance with Law. The Company shall, and shall cause its Subsidiaries, to comply in all material respects with all applicable Legal Requirements (including, without limitation, all Environmental Laws).

5. TRANSFER AGENT INSTRUCTIONS.

The Company shall issue irrevocable instructions to its transfer agent, and any subsequent transfer agent, to issue certificates or credit shares to the applicable balance accounts at the Depository Trust Company ("DTC"), registered in the name of each Buyer or its respective nominee(s), for the Conversion Shares in such amounts as specified from time to time by each Buyer to the Company upon conversion of the Preferred Shares (the "Irrevocable Transfer Agent Instructions"), a form of which is attached as Exhibit D hereto. Prior to registration of the Conversion Shares under the 1933 Act, all such certificates shall bear the

restrictive legend specified in Section 2(g) of this Agreement. The Company warrants that no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5 and stop transfer instructions to give effect to Section 2(f) hereof (in the case of the Conversion Shares, prior to registration of the Conversion Shares under the 1933 Act) will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement, the Certificate and the Investors Rights Agreement. If a Buyer provides the Company with an opinion of counsel, in a form reasonably acceptable to the Company, to the effect that a public sale, assignment or transfer of Securities may be made without registration under the 1933 Act or the Buyer provides the Company with reasonable assurances that the Securities can be sold pursuant to Rule 144 without any restriction as to the number of securities acquired as of a particular date that can then be immediately sold, the Company shall permit the transfer, and, in the case of the Conversion Shares, promptly instruct its transfer agent to issue one or more certificates, or credit shares to one or more balance accounts at DTC, in such name and in such denominations as specified by such Buyer and without any restrictive legend. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyers by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 5, that the Buyers shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

6. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL.

The obligation of the Company to issue and sell the Preferred Shares to each Buyer at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion by providing each Buyer with prior written notice thereof:

a. Such Buyer shall have executed each of the Transaction Documents to which it is a party and delivered the same to the Company.

b. Such Buyer shall have delivered to the Company the Purchase

Price for the Preferred Shares being purchased by such Buyer at the Closing by wire transfer of immediately available funds pursuant to the wire instructions provided by the Company at least two (2) Business Days prior to the Closing.

c. The representations and warranties of such Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and such Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by such Buyer at or prior to the Closing Date.

7. CONDITIONS TO EACH BUYER'S OBLIGATION TO PURCHASE.

The obligation of each Buyer hereunder to purchase the Preferred Shares from the Company at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for each Buyer's sole benefit and may be waived by such Buyer at any time in its sole discretion by providing the Company with prior written notice thereof:

a. (i) The Company shall have executed each of the Transaction Documents and copies of the agreements and documents evidencing or otherwise relating to the Financing Agreement (all certified as true, complete and correct by the Chief Executive Officer or Chief Financial Officer of the Company) and delivered the same to such Buyer, (ii) McKim shall have executed and delivered to the Buyers the Investors Rights Agreement and (iii) each party to the Voting Agreement shall have executed and delivered to the Buyers the Voting Agreement.

b. The Certificate shall have been filed with and made effective by the Secretary of State of the Commonwealth of Massachusetts, and a copy thereof stamped as filed by the Secretary of State of the Commonwealth of Massachusetts shall have been delivered to such Buyer.

c. The order of the United States Bankruptcy Court approving the CSD Acquisition (the "Sale Order") shall be in the form attached hereto as Exhibit E and (i) shall continue to be in full force and effect without modification, amendment or supplement, (ii) no appeal shall have been filed within the time period specified by Rule 8002(a) of the Federal Rules of Bankruptcy Procedure ("FRBP"), (iii) in the event a timely appeal has been filed, the effectiveness of the Sale Order shall not have been stayed in accordance with Rule 8005 of the FRBP and (iv) in the event such order was stayed pending appeal, such stay shall have been terminated by a subsequent court order.

d. The Company shall have consummated the CSD Acquisition pursuant to the Acquisition Documents (without any further amendment or modification thereto that has not been approved in writing by the Buyers). All conditions precedent to the obligations of all parties to the Acquisition Documents to the consummation of the CSD Acquisition shall have been satisfied (or, with the prior written consent of the Buyers, waived) in the reasonable judgment of such Buyer.

e. The Company and its Subsidiaries shall have obtained all required licenses, waivers, consents and approvals, governmental and otherwise in connection with the transactions contemplated by the Financing Agreement, this Agreement and the operation of the Company's business (including the CSD Acquisition), and such licenses, waivers and consents and approvals shall be in full force and effect.

f. Such Buyer shall have determined, in its sole discretion, that no event or development shall have occurred since June 30, 2002 which could have a Material Adverse Effect and that no material disruption or adverse developments in the financial markets

generally or affecting the securities of companies in the Company's industry which makes it inadvisable for such Buyer to proceed with the purchase of the Preferred Shares has occurred.

g. There shall exist no claim, action, suit, investigation, litigation or proceeding, pending or threatened in any court or before any arbitrator or Governmental Authority which relates to the CSD Acquisition, the Sale Order, the Acquisition Documents, this Agreement or the Financing Agreement or which, in the opinion of such Buyer, has any reasonable likelihood of having a Material Adverse Effect.

h. The Company and its Subsidiaries shall have received the proceeds of the advance under the $100,000,000 revolving credit facility (the "Congress Loans") to be provided by Congress Financial Corporation ("Congress") and there shall be not less than $25 million in excess borrowings available under the Congress Loan Documents as of the Closing Date, after giving effect to the CSD Acquisition, the transactions contemplated hereby, under the Financing Agreement and the Congress Loan Documents, and such Buyer shall have received copies of the loan agreement, promissory note and other agreements, instrument, certificates and documents securing, evidencing or otherwise relating to the Congress Loans (the "Congress Loan Documents"), which shall be in form and substance satisfactory to such Buyer and which shall be true, correct and complete, as certified by the Chief Executive Officer or the Chief Financial Officer of the Company.

i. The Common Stock (x) shall be designated for quotation or listed on the Principal Market and (y) shall not have been suspended by the SEC or the Principal Market from trading on the Principal Market nor shall suspension by the SEC or the Principal Market have been threatened either (A) in writing by the SEC or the Principal Market or (B) by falling below the minimum listing maintenance requirements of the Principal Market.

j. The representations and warranties of the Company (both before and after giving effect to the CSD Acquisition) shall be true, complete and correct in all material respects (except for representations and warranties qualified by materiality or Material Adverse Effect or such similar qualification, which shall not be further qualified) as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the Company at or prior to the Closing Date. Such Buyer shall have received a certificate, executed by the Chief Executive Officer or the Chief Financial Officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by such Buyer, including, without limitation, an update as of the Closing Date regarding the representation contained in Section 3(c) above.

k. Such Buyer shall have received the opinion of Davis, Malm & D'Agostine, P.C., dated as of the Closing Date, in form, scope and substance satisfactory to such Buyer and in substantially the form attached hereto as Exhibit F.

l. The Company shall have executed and delivered to such Buyer the Preferred Stock Certificates (in such denominations as such Buyer shall request) for the Preferred Shares being purchased by such Buyer at the Closing.

m. The Board of Directors of the Company shall have adopted resolutions consistent with Section 3(b) above and in a form reasonably

acceptable to such Buyer (the "Resolutions").

n. As of the Closing Date, the Company shall have reserved out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Preferred Shares, at least 2,380,953 shares of Common Stock.

o. The Irrevocable Transfer Agent Instructions, in the form of Exhibit D attached hereto, shall have been delivered to such Buyer, duly executed by the Company and acknowledged in writing by the Company's transfer agent.

p. The Company shall have delivered to such Buyer a certificate evidencing the incorporation and good standing of the Company and each Subsidiary in such entity's state of incorporation or organization issued by the Secretary of State of such state of incorporation or organization as of a date within five days of the Closing Date.

q. The Company shall have delivered to such Buyer a certified copy of the Articles of Organization as certified (or, in the case of the Certificate, stamped as filed) by the Secretary of State of the Commonwealth of Massachusetts as of a date within five (5) days of the Closing Date.

r. The Company shall have delivered to such Buyer a secretary's certificate, dated as of the Closing Date, certifying as to (A) the Resolutions, (B) the Articles of Organization and (C) the By-laws, each as in effect at the Closing.

s. The Company shall have made all filings under all applicable federal and state securities laws necessary to consummate the issuance of the Securities pursuant to this Agreement in compliance with such laws.

t. The Company shall have delivered to such Buyer a letter from the Company's transfer agent certifying the number of shares of Common Stock outstanding as of a date within five days of the Closing Date.

u. Such Buyer shall be satisfied, in its sole discretion, with the terms, amount and scope of all Policies in effect with respect to the Company and its Subsidiaries (both before and after giving effect to the CSD Acquisition).

v. Such Buyer shall be satisfied, in its sole discretion, with all ERISA, environmental, tax and labor matters relating to the Company and its Subsidiaries (both before and after giving effect to the CSD Acquisition).

w. Such Buyer shall be satisfied, in its sole discretion, with the terms, conditions and indemnities of each contract, agreement or instrument being assumed or guaranteed by the Company in connection with the CSD Acquisition.

x. After giving effect to the payment of the purchase price for the CSD Acquisition and all expenses of the Company and its Subsidiaries in connection therewith, the Financing Agreement and the Congress Loans, there shall be not less than $25,000,000 of unrestricted borrowing availability under the Congress Loan Documents, as certified to such Buyer in writing by the Chief Executive Officer or Chief Financial Officer of the Company.

y. Such Buyer shall have received such other agreements, instruments, certificates and other documents as it may determine are customary for the transactions contemplated by the Transaction Documents, in each case in form and substance satisfactory to such Buyer.

8. INDEMNIFICATION.

In consideration of each Buyer's execution and delivery of the Transaction Documents and acquiring the Securities thereunder and in addition to all of the Company's other obligations under the Transaction Documents and the Certificate, the Company shall defend, protect, indemnify and hold harmless each Buyer and each other holder of Preferred Shares and all of their stockholders, officers, directors, managers, members, employees and direct or indirect investors and any of the foregoing persons' agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by any Indemnitee as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in the Transaction Documents, the Certificate or any other certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in the Transaction Documents, the Certificate or any other certificate, instrument or document contemplated hereby or thereby, (c) any cause of action, suit or claim brought or made against such Indemnitee (other than a cause of action, suit or claim which is (x) brought or made by the Company and (y) is not a shareholder derivative suit) and arising out of or resulting from (i) the execution, delivery, performance or enforcement of the Transaction Documents, the Certificate or any other certificate, instrument or document contemplated hereby or thereby, (ii) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Securities or (iii) the status of such Buyer or holder of Securities as an investor in the Company. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. Except as otherwise set forth herein, the mechanics and procedures with respect to the rights and obligations under this Section 8 shall be the same as those set forth in Section 5 of the Investors Rights Agreement, including, without

limitation, those procedures with respect to the settlement of claims and the Company's rights to assume the defense of claims.

9. MISCELLANEOUS.

a. Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO

REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

b. Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; provided that a facsimile signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original, not a facsimile signature.

c. Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

d. Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

e. Entire Agreement; Amendments. This Agreement supersedes all other prior oral or written agreements between each Buyer, the Company, their affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein,

neither the Company nor any Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended or waived other than by an instrument in writing signed by the Company and the holders of at least a majority of the Preferred Shares then outstanding. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Preferred Shares then outstanding. No consideration shall be offered or paid to any person to amend or consent to a waiver or modification of any provision of any of the Transaction Documents or the Certificate unless the same consideration also is offered to all of the parties to the Transaction Documents or holders of Preferred Shares, as the case may be.

f. Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one (1) Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

Clean Harbors, Inc.
1501 Washington Street
Braintree, MA 02185
Attention: Chief Financial Officer
Telephone: 781-849-1800, Ext. 4450
Facsimile: 781-848-1632

With a copy to:

Davis, Malm & D'Agostine, P.C.

One Boston Place
Boston, Massachusetts 02108
Attention: C. Michael Malm, Esq.
Telephone: 617-365-2500
Facsimile: 617-525-6215

If to the Transfer Agent:

American Stock Transfer & Trust Company
6201 15/th/ Avenue
Brooklyn, NY 11219
Attention: Fran Noftel or Donna Ansbro
Telephone: 718-921-8200
Facsimile: 718-921-8337

If to a Buyer, to it at the address and facsimile number set forth on the Schedule of Buyers, with copies to such Buyer's representatives as set forth on the Schedule of Buyers, or at such other address and/or facsimile number and/or to the attention of such other person as the recipient party has specified by written notice given to each other party five days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

g. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, including any purchasers of the Preferred Shares. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the holders of at least a majority of the Preferred Shares then outstanding, including by merger or consolidation. A Buyer may assign some or all of its rights hereunder without the consent of the Company; provided, however, that the transferee has agreed in writing to be bound by the applicable provisions of this Agreement.

h. No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

i. Survival. The representations and warranties of the Company and the Buyers contained in Sections 2 and 3, the agreements and covenants set forth in Sections 4, 5 and 9, and the indemnification provisions set forth in Section 8, shall survive the Closing. Each Buyer shall be responsible only for its own representations, warranties, agreements and covenants hereunder.

j. Publicity. The Company and each Buyer shall have the right to approve before issuance any press releases or any other public statements with respect to the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of any Buyer, to make any press release or other public disclosure with respect to such transactions as is required by applicable law and regulations (although each Buyer shall be consulted by the Company in connection with any such press release or other public disclosure prior to its release and shall be provided with a copy thereof and in no event may the Company disclose publicly the identity of any Buyer or their nominees or affiliates without the prior consent of such Buyer).

k. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute

and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

l. Placement Agent. Except as disclosed in writing to the Buyers, the Company acknowledges that it has not engaged any Person as placement agent or broker in connection with the sale of the Preferred Shares. The Company shall be responsible for the payment of any placement agent's fees, financial advisory fees, or brokers' commissions (other than for persons engaged by or on behalf of any Buyer) relating to or arising out of the transactions contemplated hereby. The Company shall pay, and hold each Buyer harmless against, any liability, loss or expense (including, without limitation, attorney's fees and out-of-pocket expenses) arising in connection with any such claim.

m. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

n. Remedies. Each Buyer and each holder of the Securities shall have all rights and remedies set forth in the Transaction Documents and the Certificate and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights which such holders have under any law. Any person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

o. Payment Set Aside. To the extent that the Company makes a payment or payments to any Buyer hereunder or pursuant to the Investors Rights Agreement, the Certificate or the Buyers enforce or exercise their rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

[signature page follows]

IN WITNESS WHEREOF, the Buyers and the Company have caused this Securities Purchase Agreement to be duly executed as of the date first written above.

COMPANY:

CLEAN HARBORS, INC.

By: /s/ Stephen H. Moynihan

Name: Stephen H. Moynihan
Title: Senior Vice President

BUYERS:

CERBERUS CH LLC

By: Cerberus Partners, L.P.
its Managing Member

By: Cerberus Associates, L.L.C.
its General Partner

By: /s/ Kevin Genda

Name: Kevin P. Genda
Title: Senior Vice President

OAK HILL SECURITIES FUND, L.P.

By: Oak Hill Securities GenPar, L.P.
its General Partner

By: Oak Hill Securities MGP, Inc.
its General Partner

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Vice President

OAK HILL SECURITIES FUND II, L.P.

By: Oak Hill Securities GenPar II, L.P.
its General Partner

By: Oak Hill Securities MGP II, Inc.
its General Partner

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Vice President

LERNER ENTERPRISES, L.P.

By: Oak Hill Asset Management, Inc.
As advisor and attorney-in-fact to
Lerner Enterprises, L.P.

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Vice President

P&PK FAMILY LTD. PARTNERSHIP

By: Oak Hill Asset Management, Inc.
As advisor and attorney-in-fact to

P&PK Family Ltd. Partnership

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Vice President

CARDINAL INVESTMENT PARTNERS I, L.P.

By: Oak Hill Advisors, L.P.
As advisor and attorney-in-fact to
Cardinal Investment Partners I, L.P.

By: Oak Hill Advisors MGP, Inc.
its General Partner

By: /s/ William H. Bohmsack, Jr.

Name: William H. Bohmsack, Jr.
Title: Managing Director

SCHEDULE A

Investor Address and Facsimile Number	Number of Preferred Shares	Amount of Commitment of Preferred Shares	Investor's Representatives' Address and Facsimile Number
Cerberus CH LLC 450 Park Avenue, 28/th/ Floor New York, NY 10022 Telephone: (212) 891-2100 Facsimile: (212) 891-1540 Attention: Kevin Genda and Daniel Wolf	16,750	$16,750,000	Schulte Roth & Zabel LLP 919 Third Avenue New York, NY 10022 Attn: Stuart Freedman, Esq. Telephone: (212) 756-2000 Facsimile: (212) 593-5955
Oak Hill Securities Fund, L.P. 65 East 55/th/ Street New York, New York 10022 Telephone: (212) 326-1552 Facsimile: (212) 838-8411 Attention: William H. Bohnsack, Jr.	3,465	$ 3,465,000	Paul, Weiss, Rifkind, Wharton & Garrison 1285 Avenue of the Americas New York, NY 10019 Telephone: (212) 373-3000 Facsimile: (212) 757-3990 Attention: Eric Goodison
Oak Hill Securities Fund II, L.P. 65 East 55/th/ Street New York, New York 10022 Telephone: (212) 326-1552 Facsimile: (212) 838-8411 Attention: William H. Bohnsack, Jr.	3,465	$ 3,465,000	Paul, Weiss, Rifkind, Wharton & Garrison 1285 Avenue of the Americas New York, NY 10019 Telephone: (212) 373-3000 Facsimile: (212) 757-3990 Attention: Eric Goodison
Lerner Enterprises, L.P. 65 East 65/th/ Street New York, New York 10022 Telephone: (212) 326-1552 Facsimile: (212) 838-8411 Attention: William H. Bohnsack, Jr.	730	$ 730,000	Paul, Weiss, Rifkind, Wharton & Garrison 1285 Avenue of the Americas New York, NY 10019 Telephone: (212) 373-3000 Facsimile: (212) 757-3990 Attention: Eric Goodison
P&PK Family Ltd. Partnership 65 East 55/th/ Street New York, New York 10021 Telephone: (212) 326-1552 Facsimile: (212) 838-8411 Attention: William H. Bohnsack, Jr.	165	$ 165,000	Paul, Weiss, Rifkind, Wharton & Garrison 1285 Avenue of the Americas New York, NY 10019 Telephone: (212) 373-3000 Facsimile: (212) 757-3990 Attention: Eric Goodison
Cardinal Investment Partners I, L.P. 65 East 55/th/ Street New York, New York 10021 Telephone: (212) 326-1552 Facsimile: (212) 838-8411 Attention: William H. Bohnsack, Jr.	425	$ 425,000	Paul, Weiss, Rifkind, Wharton & Garrison 1285 Avenue of the Americas New York, NY 10019 Telephone: (212) 373-3000 Facsimile: (212) 757-3990 Attention: Eric Goodison