

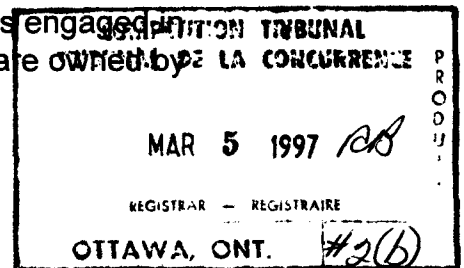
SCHEDULE "A"

CT-97101

THE COMPETITION TRIBUNAL

IN THE MATTER OF an Application by the Director of Investigation and Research under sections 104 and 105 of the *Competition Act*, R.S.C. 1985 c. C-34 as amended.

AND IN THE MATTER OF a proposed acquisition by Canadian Waste Services Inc. of the totality of shares of certain corporations engaged in the solid waste management and related businesses that are owned by Allied Waste Holdings (Canada) Ltd.



BETWEEN:

THE DIRECTOR OF INVESTIGATION AND RESEARCH

Applicant

- and -

CANADIAN WASTE SERVICES INC.

Respondent

DRAFT CONSENT INTERIM ORDER

UPON THE Application of the Director of Investigation and Research ("the Director"), pursuant to sections 104 and 105 of the *Competition Act*, R.S.C. 1985, c. C-34 as amended (the "Act"), for a Consent Interim Order directing that certain assets encompassed by the proposed acquisition be held separate and apart and independently managed pending the hearing and determination of the Application brought by the Director concurrently herewith under sections 92 and 105 of the Act and

certain other remedies;

AND UPON READING the Notice of Application for a Consent Interim Order dated the 5th day of March, 1997, the Affidavit of Lourdes DaCosta, filed and the consent of the parties filed herein;

AND CONSIDERING THAT the Director and the Respondents have reached an agreement which is reflected in this Draft Consent Interim Order;

AND CONSIDERING THAT the within Order is necessary to preserve the status quo and the ability of the Tribunal to render effective remedies should it see fit to make further orders regarding the acquisition referred to in the said affidavit of Lourdes DeCosta;

AND UPON HEARING counsel for the parties in respect of this Application;

AND IT BEING UNDERSTOOD by the parties that nothing in these proceedings shall be taken as an admission now or in the future by the Respondent or the Director of any facts, submissions or legal arguments for any other purposes, including future application under sections 92, 100, 104 or 106 of the Act;

THE TRIBUNAL ORDERS THAT:

Definitions

1. For the purposes of this Order, the following definitions shall apply:
 - (a) "Acquisition" means CWS's proposed acquisition of all of the issued and outstanding shares of Laidlaw from Allied;

- (b) "Allied" means Allied Waste Holdings (Canada) Ltd;
- (c) "Businesses" means the non-hazardous solid waste management businesses and other related businesses, carried on by Allied in the Markets and purchased or operated by CWS, to be divested hereunder, more particularly described in Appendix "A" hereto and "Business" means any one of them (identified by the context of use);
- (d) "Confidential information" means all competitively sensitive or proprietary information of the businesses, other than information which is independently known to CWS from sources other than from Allied and includes, but is not limited to, information on customer lists, price lists and marketing methods;
- (e) "CWS" means Canadian Waste Services Inc.;
- (f) "Divest" means to sell, transfer, assign, grant any option for the purchase of, pledge or otherwise dispose of or encumber;
- (g) "Divestiture period" means the period of time commencing on the earlier of the date of this Order or any other Order of the Tribunal which directs or provides for the Businesses to be held separate and apart and ending no earlier than the date of divestiture either by CWS or the Trustee;

- (h) "Independent Manager" means a person(s) appointed by the Director and the Respondent who
- (i) is not an employee of the Respondent or any person related thereto;
 - (ii) shall have the day to day management and responsibility for the operation of the Businesses;
 - (iii) shall be indemnified and remunerated by the Respondent;
- and shall act in accordance with the terms of this Order with a view to holding the assets and operations of the Businesses separate and apart during that portion of the divestiture period prior to the appointment of a Trustee hereunder;
- (i) "Laidlaw" means Laidlaw Waste Systems (Canada) Ltd. and Laidlaw Waste Systems Ltd.;
- (j) "Markets" means Sarnia and Brantford and "Market" means any one of them (identified by the context of use);
- (k) "Monitor" means the person appointed by the Director and the Respondent to monitor compliance of the Businesses within the terms of this Order, and who:
- (i) shall not be an employee of the Respondent or any person related thereto;
 - (ii) shall be indemnified and remunerated by the Respondent;

- (l) "Persons" means any natural person, corporation, association, firm, partnership or other business or legal entity;
- (m) "Purchaser" means the person(s) or entity(ies) who purchase(s) the business(es) to be divested in accordance with the procedure specified herein.

Application

- 2. The provisions of this Order apply to CWS and:
 - (a) each division, subsidiary, or other person controlled by CWS and each officer, director, employee, agent or other person acting for or on behalf of CWS with respect to any matter referred to in this Order;
 - (b) CWS's successors and assigns and all other persons acting in concert or participating with any of them with respect to the matters referred to in this Order who shall have received actual notice of this Order;
 - (c) the Trustee;
 - (d) the Monitor;
 - (e) the Independent Manager; and
 - (f) the Purchaser's successors and assigns.

Interim Management

3. During the divestiture period but prior to divestiture, CWS shall forthwith nominate an Independent Manager, to be appointed in accordance with this Order for the Brantford and Sarnia Businesses to manage and operate those Businesses independently of CWS's other Businesses during the period prior to divestiture, generally on conditions specified in paragraphs 15 to 22, and in accordance with this Order during the divestiture period.

4. During the divestiture period but prior to divestiture by CWS or the Trustee, the Independent Manager shall, to the extent required or permitted in this Order, take all necessary steps and give all necessary instructions to cause the Businesses and any servants or agents of CWS operating the Businesses to:
 - (a) operate each of the Businesses as if it was independent of CWS;

 - (b) use best efforts to maintain each of the Businesses at at least the same level of competition as existed prior to the closing of the transaction.;

 - (c) take all commercially reasonable steps to honour all contracts in each market and to maintain quality and service standards for customers at the level that existed prior to the closing of the transaction;

 - (d) use best efforts to enhance the competitiveness of each of the Businesses without regard to whether its competitor is CWS; and

 - (e) not knowingly to take or allow to be taken any action that adversely affects the competitiveness, assets, operations or financial status of any Business.

5. In particular, and without limiting the generality of paragraph 15, CWS shall not cause the Businesses to, and none of the Businesses shall, other than in the ordinary course of business or with the approval of the Director:
 - (a) divest any asset of any Business;
 - (b) reduce any aspect of the Businesses' level of service to any customer;
 - (c) make any changes to the financial arrangements of the Businesses;
 - (d) curtail marketing, sales, promotional or other activities of any of the Businesses in connection with the solicitation of existing or prospective customers;
 - (e) terminate or alter any current employment, salary or benefit agreements for any employees working in any of the Businesses.

6. CWS shall, to the extent required or permitted herein:
 - (a) take all steps necessary to ensure that each of the Businesses is maintained as a separate and independent operation;
 - (b) not take any steps toward integrating the assets, management, operations or books and records of any of the Businesses with those of CWS or any other person;

- (c) where required and to the extent technologically feasible:
 - (i) segregate any books, records or other assets of the Businesses that are commingled with those of CWS or any affiliate thereof;
 - (ii) expunge any such books, records and all other commercially sensitive information (including information relating to customer contracts or relationships) from any information system of CWS or its affiliates; and
 - (d) prohibit during the divestiture period and for a period of 12 months following divestiture the solicitation of any customers of the Businesses and any use by a CWS employee or other representative of any customer information which may be known to such employee or representative for any purpose; for greater certainty, the prohibition against solicitation does not apply to business subject to tender;
 - (e) cause the Businesses to, and the Businesses shall, maintain, in accordance with generally accepted accounting principles, separate and complete financial ledger books and records of material financial information for each of the Businesses; and
 - (f) cause the Businesses to, and the Businesses shall, follow the reasonable instructions and directions of the Independent Manager given pursuant to the provisions and purposes of this Order.
7. CWS shall not directly or indirectly receive, have access to, or use any confidential information relating to the Businesses, except as is necessary to comply with the terms of this Order, and except for confidential financial

information required to permit relevant financial officers of CWS and its accountants to prepare standard financial reports, if required.

8. None of the Businesses shall divulge any confidential information relating to the Businesses to any person including CWS, except as is necessary to comply with the terms of this Order and except for confidential information required to permit relevant financial officers of CWS, who shall be identified to the Director and shall be approved by him and its accountants, upon executing a reasonable form of undertaking to hold such information in confidence, to prepare standard financial reports, if required.

9. Neither CWS or any of the Businesses shall:
 - (a) enter into or withdraw from any contracts or arrangements in regard to the Businesses or make any changes to their operation that would have the effect of materially inhibiting or unreasonably delaying the divestiture of the Businesses or materially reducing the value of the Businesses;

 - (b) without the consent of the Director, relocate, destroy or dismantle any fixed assets of any of the Businesses unless, due to circumstances beyond the control of CWS or the Businesses, a business is forced to move, relocate or dismantle any of its assets to preserve such assets and CWS has notified the Director; or

 - (c) enter into any agreement to lease or otherwise encumber any assets of the Businesses, or real property occupied by the Businesses, to any other person, without the consent of the Director.

10. CWS and the Businesses shall not alter, or cause to be altered, the management of the Businesses as existed prior to the closing of the transaction.
11. CWS shall provide a copy of this Order to the managers of the Businesses and to the managers of the other CWS operations in the markets and CWS shall direct such managers to operate and manage such Businesses and operations in accordance with the terms of this Order.
12. Subject to paragraphs 18 and 19, CWS shall not directly or indirectly seek any confidential information in connection with, or (without the consent of the Director acting reasonably) exert or attempt to exert any influence, direction or control over, the Businesses or their managers or operational, sales, distribution, marketing or financial decisions.

Monitor

13. CWS shall forthwith nominate a Monitor to be appointed in accordance with this Order for each of the respective Businesses of the acquired companies. The Monitor (or any replacement) shall be responsible for monitoring each such Business as is necessary to ensure compliance with this Order during the divestiture period.
14. In the event that the Monitor is unable to perform his duties under this Order because of death, disability, termination for cause, or other reason, CWS shall appoint, subject to the approval of the Director, a new Monitor who may be an employee of CWS or of any of its affiliates for each Business within five business days. The same individual or different individuals may be appointed to act as Monitor for each of the Businesses. Should a new Monitor not be so appointed,

the Tribunal, upon application of the Director, may appoint a new Monitor on behalf of each of the Businesses.

15. If, in the reasonable opinion of the Director, a Monitor is not fulfilling the duties of the Monitor under this Order, the Director may request that the Businesses for which such Monitor is acting appoint a new Monitor who shall be appointed subject to the reasonable approval of the Director. If a new Monitor has not been appointed within five business days, the Director may apply to the Tribunal to make such an appointment.
16. Each of the Businesses shall give its Monitor
 - (a) unlimited access to its premises and its business,
 - (b) any information relating to its operations and assets and its Business, and
 - (c) access and records relating to all meetings of its management and other committees as may be required by the monitor to fulfill his duties under this Order.
17. CWS shall not exert or attempt to exert any influence, direction or control over the Monitor which has or could have the effect of adversely affecting the discharge of his duties under this Order.
18. The Monitor shall discharge his duties on the following terms:
 - a) if the Monitor determines, in his reasonable opinion, that CWS or a Business is in default of any of the terms of this Order, the Monitor shall notify the Director and CWS of such breach;

- b) the Monitor shall not consult with CWS except as is necessary to ensure compliance with this Order, and for greater certainty, the Monitor shall not disclose to CWS any opinion referred to in paragraph (a) prior to giving notice to the Director;
 - c) the Monitor shall not communicate confidential information about the acquired companies or the Businesses to any person except to the extent required or permitted by this Order;
 - d) the Director shall have the right to request from the Monitor from time to time and forthwith upon such request the Monitor shall provide to the Director and to CWS a written report relating to Businesses compliance with this Order;
 - e) the Monitor shall not be subject to personal liability for any breach of this Order by him or by CWS or any of the Businesses.
19. Notices, reports or other communications required or permitted pursuant to this Order shall be in writing and shall be considered to be given if dispatched by personal delivery to the party to whom such notice is to be given or by registered mail or telecopier to the address or telecopier number below:

If to the Director:

Director of Investigation and Research
Bureau of Competition Policy
50 Victoria Street
Hull, Quebec
K1A 0C9
Attention: D. Martin Low, Q.C.
Tel: (819) 997-3325
Fax:(819) 953-9267

If to the Respondent:

Blake, Cassels & Graydon
Box 25
191 Bay Street
Commerce Court West
Suite 2800
Toronto, Ontario M5L 1A9
Attention: Mark J. Nicholson

Tel:(416) 863-2967
Fax:(416) 863-2653

20. If the Director's approval is sought pursuant to this Order and such approval is not granted, or if a decision of the Director is unreasonably delayed or withheld, the Respondent may apply to the Tribunal for approval.

DATED AT OTTAWA, Ontario, this ____ day of March, 1997.

SIGNED on behalf of the Tribunal by the presiding judicial member.

APPENDIX "A"

I BRANTFORD BUSINESS

1. All assets of the Brantford Business operated prior to the acquisition by CWS, to be sold as a going concern, including all contracts relating to customers currently being served by the Brantford Business, and more specifically, the following:

- Location of Depot: 779 Powerline Rd., Brantford, Ontario - OWNED
- Phone: (519) 759-4370
- Municipal Waste Collection Contracts: 3
- Municipal Recycling Collection Contracts: 1
- No. of Containers:
 - ▶ FL - 842
 - ▶ RO - 123
- Number of vehicles:
 - ▶ RL - 12
 - ▶ RO - 4
 - ▶ FL - 1
 - ▶ Recycling - 1
 - ▶ Trailer - 1
 - ▶ Pick up - 1
 - ▶ TOTAL - 20
- Employees:
 - ▶ RL - 9
 - ▶ Recycling - 1
 - ▶ RO - 3
 - ▶ Office - 3
 - ▶ Maintenance - 2
 - ▶ Other - 1
 - ▶ TOTAL - 19

II. SARNIA BUSINESS

1. The Sarnia operation is located at 396 McGregor Road, Sarnia, Ontario. This is a leased property and contains a small office, and yard for parking and container storage. The property is leased from Sarnia Truck Centre which is utilized for truck maintenance.

2. The Sarnia operation mainly services the County of Lambton and the towns of Wallaceburg and Strathroy.

3. The services provided from this location are:
- (a) Front-load service of 2, 3, 4, 6 and 8 cubic yard containers.
 - (b) Roll-off service of 20, 30, and 40 cubic yard containers.
 - (c) Office Recycling Service is also provided through the London operation.

The number of containers utilized in providing the above services are:

(a) Front End:

2 yarders	-	102
3 yarders	-	43
4 yarders	-	344
6 yarders	-	358
8 yarders	-	95
TOTAL:		942

(b) Roll Off:

15 yarders	-	6
20 yarders	-	40
27 yarders	-	1
30 yarders	-	14
40 yarders	-	26
50 yarders	-	1
TOTAL:		88

4. The truck used for the Sarnia operation are as follows:

- FRONT LOAD:**
- (a) 769287 - 1996 Volvo White - this is an Owner Operator Unit
 - (b) 783584

ROLL OFF:

(a) 674159

(b) 600071

PAL BODY

(a) 190451

5. The associates that work at the Sarnia Operation are as follows:
 - (a) Jason Archer Front End Owner Operator
 - (b) Richard Gibb Roll Off and Pal Body Operator
 - (c) Pete St. Pierre Front End and Roll Off Operator

6. All customer contracts and other assets which have been assigned or sold by Allied or Laidlaw to CWS in the Proposed Acquisition.

7. A contractual licence to access Landfills in Sarnia owned and/or operated by CWS on a "most favoured nation" basis, which shall include the following terms:
 - (i) For a period of ten years from the date of this Order, CWS shall offer, or shall cause to be offered, a tipping fee for the disposal of non-hazardous solid waste collected from the Sarnia Business ("the Sarnia Tipping Fee") which shall be equal to the tipping fee charged to CWS by the County of Lambton at the Sarnia Landfill from time to time.

 - (ii) The Sarnia Tipping Fee shall apply to the following disposal sites:
 - (a) Blackwell Road Landfill;
 - (b) Sarnia Landfill;
 - (c) Unitec Landfill; and
 - (d) Warwick Landfill.

 - (iii) Should the Sarnia Landfill close, the Sarnia Tipping Fee at the other sites listed in paragraph (ii) shall continue at the tipping fee charged to CWS by the County of Lambton immediately prior to such closure, subject to an annual price increase of 3%.

(iv) **Definitions:**

- (a) **“Sarnia Landfill” means the landfill owned by the County of Lambton, located at 5162 Blackwell Side Road, Sarnia, Ontario.**
- (b) **“Blackwell Road Landfill” means the landfill owned by CWS, located at Parts of Lots 47-51, Front Concession, Sarnia, Ontario.**
- (c) **“Unitec Landfill” means the landfill owned by CWS, located at Part of Lot 22, 12th Concession, Township of Moore, Ontario.**
- (d) **“Warwick Landfill” means the landfill formerly owned by Allied and acquired by CWS, located at the east half of Lot 20, Concession 3 SCR, Township of Warwick, Ontario.**

(III) OTTAWA AND OUTAOUAIS BUSINESSES

1. All customer contracts and other assets which have been assigned or sold by Allied or Laidlaw to CWS in the Proposed Acquisition which were acquired by Laidlaw from WMI in September 1996, as follows:

WMI ACQUISITION				
CUSTOMERS (per aquisition Details)				
Service				
Type	Description	Number	Sub-total	
CE	Commercial	1842		
CF	Commercial	595	2437	
HE	Residential	6		
HF	Residential	12	18	
RE	Roll Off	1488		
RF	Roll Off	341	1829	
			4284	
Vehicles				
Front Load		7		
Roll Off		6		
Commercial Recycling		5		
Residential Rear Load		23		
Service Vehicles		4		
Trailer		1	46	
			46	

Containers (per acquisition details)				
Type	Size	Quantity	Sub-total	
Roll Off - Recycling	40 yd	2		
Roll Off - Recycling	22 ft	6		
Roll Off - w/compart.	28 yd	1		
3 compart. recyc.		2		
Roll Off - 15 yd		26		
Roll Off - 20 yd		244		
Roll Off - 30 yd		92		
Roll Off - 40 yd		4	377	
Front load / Rear load	1 yd	36		
Front load / Rear load	2 yd	549		
Front load	3 yd comp.	6		
Front load / Rear load	4 yd	680		
Front load / Rear load	6 yd	1045		
Front load / Rear load	8 yd	143		
Front load	10 yd	2	2461	
Steel carts	½ yd	555	555	
Side load - Ottos	64 & 96 Gal	608	608	
Recycling		77		

2. A contractual licence to access landfills in the Ottawa Market owned and operated by CWS on a “most favoured nation” basis, which shall include the following terms:

- (i) For a period of ten years from the date of this Order, CWS shall provide to the purchaser of the Ottawa Business a tipping fee for the disposal of non-hazardous solid waste collected by the Ottawa Business at the West Carleton Landfill (“the Ottawa Tipping Fee”) at a price that is equal to \$63.50, subject to an annual increase equal to the annual increase imposed by the Trail Road Landfill.
- (ii) Definitions:
 - (a) “West Carleton Landfill” means the landfill formerly owned by Allied and acquired by CWS, located at the South half of Lot 4, Concession 3, Township of West Carleton, Ontario.
 - (b) “Trail Road Landfill” means the landfill owned by the Municipality of Ottawa-Carleton and located at 4475 Trail Road, RR#2, Richmond, Ontario, K0A 2Z0.