



Department of Justice

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JUSTICE DEPARTMENT REQUIRES RESTRUCTURING OF WASTE MANAGEMENT AND ALLIED WASTE INDUSTRIES DEAL

Settlement Ensures Lower Prices and Better Service in 7 Metropolitan Areas

WASHINGTON, D.C. -- The Department of Justice today required Waste Management, Inc. and Allied Waste Industries, Inc. -- the nation's two largest commercial waste hauling and disposal companies -- to divest commercial waste hauling and disposal assets, and to agree to contract modifications, affecting a total of seven metropolitan areas, in order to proceed with their proposed multi-million dollar sale of voting securities and assets. The Department said the transaction, as originally proposed, would have resulted in higher prices for waste collection or disposal, or both, in these areas.

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the Department's competitive concerns and the lawsuit. The New Jersey Attorney General's Office joined in the lawsuit and proposed consent decree.

"If the original transaction had been allowed to proceed, consumers in seven areas throughout the United States would have lost a competitive alternative," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "This settlement ensures that the benefits of competition -- lower prices and better service -- will be preserved in these areas."

According to the Department's complaint, the transaction, as originally proposed, would have substantially lessened competition in commercial waste hauling or disposal services in Pitkin County, Colorado; Garfield County, Colorado; Augusta, Georgia; Myrtle Beach, South Carolina; Morris County, New Jersey; Bergen and Passaic Counties, New Jersey; and Tulsa and Muskogee, Oklahoma. In each of these areas, Waste Management and Allied are two of only a few significant firms, or the only two significant firms, providing commercial waste hauling or municipal solid waste disposal services. The acquisition would have eliminated a major competitor in each of these areas and resulted in higher prices for consumers.

Commercial waste hauling is the collection and transportation of trash from establishments such as office and apartment buildings and retail businesses. Companies offering municipal solid waste disposal services accept trash collected by waste haulers in disposal facilities such as landfills, incinerators, and transfer stations, which process and legally dispose of waste for a fee.

Under the proposed consent decree, Waste Management must divest waste collection operations in Pitkin County, Colorado; Garfield County, Colorado; Augusta, Georgia; Myrtle Beach, South Carolina; Morris County, New Jersey; and Bergen and Passaic Counties, New Jersey. Waste Management will also be required to divest waste disposal operations serving Bergen and Passaic Counties, New Jersey. In addition, Waste Management will abandon its purchase of Allied's waste collection assets and Porter Landfill in Tulsa, Oklahoma. Under the proposed agreement, Waste Management is required to provide the Department prior notification if it proposes to acquire any disposal assets in the Tulsa and Muskogee area.

Waste Management has further agreed to alter its existing and future contracts for commercial waste hauling services in Augusta, Georgia and Myrtle Beach, South Carolina. The

contract modification will make it easier for customers in these areas to switch to other commercial waste haulers, thereby encouraging competition from other haulers. Waste Management, based in Houston, is the largest waste hauling and disposal company in the U.S. Waste Management reported revenues of \$11.1 billion in 2002.

Allied, headquartered in Scottsdale, Arizona, is the second largest waste hauling and disposal company in the United States. In 2002, Allied had sales of approximately \$5.5 billion.

As required by the Tunney Act, the proposed Final Judgment will be published in the *Federal Register*, along with the Department's competitive impact statement. Any person may submit written comments concerning the consent decree during a 60-day comment period to J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, NW, Suite 3000, Washington, D.C. 20530 (202-307-0924). At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the Final Judgment upon finding that it serves the public interest.

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