Filing Fee: *See Page 4*

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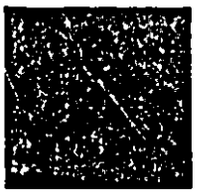

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Office of the Secretary of State
Corporations Division
100 North Main Street
Providence, Rhode Island 02903-1335

ARTICLES OF MERGER OR CONSOLIDATION INTO

(To Be Filed In Duplicate Original)

New England Treatment Company, Inc.

(Insert full name of surviving or new entity on this line.)

SECTION I: TO BE COMPLETED BY ALL MERGING OR CONSOLIDATING ENTITIES

Pursuant to the applicable provisions of the Rhode Island General Laws, 1956, as amended, the undersigned entities submit the following Articles of [x] Merger ***or*** [ ] Consolidation ***(check one box only)*** for the purpose of merging or consolidating them into one entity.

a. The name and type (for example, business corporation, non-profit corporation, limited liability company, limited partnership, etc.) of each of the merging or consolidating entities and the states under which each is organized are:

Name of entity	Type of entity	State under which entity is organized
RESTEC Acquisition Corp. N/A	business corporation	Delaware
New England Treatment Company, Inc. 52406	business corporation	Rhode Island

b. The laws of the state under which each entity is organized permit such merger or consolidation.

c. The full name of the surviving or new entity is New England Treatment Company, Inc.
which is to be governed by the laws of the state of Rhode Island

d. The attached Plan of Merger or Consolidation was duly authorized, approved, and executed by each entity in the manner prescribed by the laws of the state under which each entity is organized. **(Attach Plan of Merger or Consolidation)**

e. If the surviving entity's name has been amended via the merger, please state the new name:

f. If the surviving or new entity is to be governed by the laws of a state other than Rhode Island, and such surviving or new entity is not qualified to conduct business in the state of Rhode Island, the entity agrees that: it may be served with process in Rhode Island in any proceeding for the enforcement of any obligation of any domestic entity which is a party to the merger or consolidation; it irrevocably appoints the Secretary of State as its agent to accept service of process in any action, suit, or proceeding; and the address to which a copy of such process of service shall be mailed to it by the Secretary of State is:

N/A

g. The future effective date (which shall be a date or time certain no more than thirty (30) days after the filing of the Articles of Merger or, in the case of a subsidiary merger, on or after the 30th day after the mailing of a copy of the agreement of merger to the shareholders of the subsidiary corporation) of the merger or consolidation is (if upon filing, so state) upon filing

SECTION II: TO BE COMPLETED ONLY IF ONE OR MORE OF THE MERGING OR CONSOLIDATING ENTITIES IS A BUSINESS CORPORATION PURSUANT TO TITLE 7, CHAPTER 1.1 OF THE RHODE ISLAND GENERAL LAWS, AS AMENDED.

a. If one or more of the merging or consolidating entities is a business corporation (except one whose shareholders are not required to approve the agreement under Section 7-1.1-67, or does not require shareholder approval pursuant to the laws of the state under which the corporation is organized, in which event that fact shall be set forth), state below as to each business corporation, the total number of shares outstanding entitled to vote on the Plan of Merger or Consolidation, respectively, and, if the shares of any class are entitled to vote on the plan as a class, state below the designation and number of outstanding shares of each class:

FILED
JAN 27 2000
Cl#43
By 23782

Name of Business Corporation	Total Number of Shares Outstanding	Entitled to Vote as a Class: Designation of Class	Entitled to Vote as a Class: Number of Shares
RESTEC Acquisition Corp.	100	N/A	N/A
New England Treatment Company, Inc.	250	Voting	2
		Non-Voting	248

b. If one or more of the merging or consolidating entities is a business corporation (except one whose shareholders are not required to approve the agreement under Section 7-1.1-67, or does not require shareholder approval pursuant to the laws of the state under which the corporation is organized, in which event that fact shall be set forth), state below as to each business corporation, the total number of shares voted for and against such plan, respectively, and as to each class entitled to vote thereon as a class, state the number of shares of each class voted for and against the plan, respectively.

Name of Business Corporation	Total Voted For	Total Voted Against	Entitled to Vote as a Class: Class	Entitled to Vote as a Class: Voted For	Entitled to Vote as a Class: Voted Against
RESTEC Acquisition Corp.	100	0			
New England Treatment Company	2	0	Voting	2	0

c. If the surviving or new entity is to be governed by the laws of a state other than Rhode Island, such surviving or new entity hereby agrees that it will promptly pay to the dissenting shareholders of any domestic entity the amount, if any, to which they shall be entitled under the provisions of Title 7, Chapter 1.1 of the General Laws of Rhode Island, 1956, as amended, with respect to dissenting shareholders.

d. Complete the following subparagraphs i,ii, and iii only if the merging business corporation is a subsidiary corporation of the surviving corporation.

i) The name of the subsidiary corporation is N/A

ii) State below the number of outstanding shares of each class of the subsidiary corporation and the number of the shares of each class of the subsidiary corporation owned by the surviving corporation.

Number of Shares Outstanding of the Subsidiary Corporation	Designation of Class	Number of Shares of Subsidiary Corporation Owned by Surviving Corporation	Designation of Class

iii) A copy of the plan of merger was mailed to shareholders of the subsidiary corporation on _____

SECTION III: TO BE COMPLETED ONLY IF ONE OR MORE OF THE MERGING OR CONSOLIDATING ENTITIES IS A NON-PROFIT CORPORATION PURSUANT TO TITLE 7, CHAPTER 6 OF THE RHODE ISLAND GENERAL LAWS, AS AMENDED.

a. If the members of any merging or consolidating non-profit corporation are entitled to vote thereon, attach a statement for each such non-profit corporation which sets forth the date of the meeting of members at which the Plan of Merger or Consolidation was adopted, that a quorum was present at the meeting, and that the plan received at least a majority of the votes which members present at the meeting or represented by proxy were entitled to cast; OR attach a statement for each such non-profit corporation which states that the plan was adopted by a consent in writing signed by all members entitled to vote with respect thereto.

b. If any merging or consolidating corporation has no members, or no members entitled to vote thereon, then as to each such non-profit corporation attach a statement which states the date of the meeting of the board of directors at which the plan was adopted, and a statement of the fact that the plan received the vote of a majority of the directors in office.

SECTION IV: TO BE COMPLETED ONLY IF ONE OR MORE OF THE MERGING OR CONSOLIDATING ENTITIES IS A LIMITED PARTNERSHIP PURSUANT TO TITLE 7, CHAPTER 13 OF THE RHODE ISLAND GENERAL LAWS, AS AMENDED

a. The agreement of merger or consolidation is on file at the place of business of the surviving or resulting domestic limited partnership or other business entity and the address thereof is:

_____

b. A copy of the agreement of merger or consolidation will be furnished by the surviving or resulting domestic limited partnership or other business entity, on request and without cost, to any partner of any domestic limited partnership or any person holding an interest in any other business entity which is to merge or consolidate.

SECTION V: TO BE COMPLETED BY ALL MERGING OR CONSOLIDATING ENTITIES

RESTEC Acquisition Corp.
Print Entity Name

By: _____ Executive Vice President
Name of person signing — Title of person signing

By: _____ Secretary
Name of person signing — Title of person signing

STATE OF TEXAS
COUNTY OF HARRIS

In Houston, Texas, on this 27th day of October, 1999, before me personally appeared Mark A. Rome who, being duly sworn, declared that he/she is the Executive Vice President of the above-named entity and that he/she signed the foregoing document as such authorized agent, and that the statements herein contained are true.

PAMALA J CURLEY
MY COMMISSION EXPIRES
DECEMBER 19, 2000

_____
Notary Public
My Commission Expires: December 19, 2000

New England Treatment Company, Inc.
Print Entity Name

By: _____ President
Name of person signing — Title of person signing

By: _____ Secretary
Name of person signing — Title of person signing

STATE OF CONNECTICUT
COUNTY OF FAIRFIELD

In Greenwich, CT, on this 20th day of January, 2000, before me personally appeared Paul A. Toretta who, being duly sworn, declared that he/~~she~~ is the President of the above-named entity and that he/she signed the foregoing document as such authorized agent, and that the statements herein contained are true.

_____
Notary Public
My Commission Expires: _____

BARBARA M. HICKS
NOTARY PUBLIC
MY COMMISSION EXPIRES MAR. 31, 2000

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

SYNAGRO TECHNOLOGIES, INC.,

RESTEC ACQUISITION CORP.,

NEW ENGLAND TREATMENT COMPANY, INC.,

PAUL A. TORETTA,

FRANCES A. GUERRERA,

FRANCES A. GUERRERA,
AS EXECUTRIX OF THE ESTATE OF
RICHARD J. GUERRERA

AND

FRANCES A. GUERRERA AND ROBERT DIONNE,
AS CO-TRUSTEES OF THE
RICHARD J. GUERRERA REVOCABLE TRUST
UNDER AGREEMENT DATED NOVEMBER 2, 1998

OCTOBER 20, 1999

TABLE OF CONTENTS

EXHIBITS:

SCHEDULES:

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of October 20, 1999 (the "Agreement"), is by and among SYNAGRO TECHNOLOGIES, INC., a Delaware corporation ("Parent"), RESTEC ACQUISITION CORP., a Rhode Island corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), NEW ENGLAND TREATMENT COMPANY, INC., a Rhode Island corporation ("Company"), PAUL A. TORETTA, individually ("Mr. Toretta"), FRANCES A. GUERRERA, individually ("Mrs. Guerrera"), FRANCES A. GUERRERA, as Executrix of the Estate of Richard J. Guerrera (the "Estate"), and FRANCES A. GUERRERA and ROBERT DIONNE, as Co-Trustees of the Richard J. Guerrera Revocable Trust under agreement dated November 2, 1998 (the "Trust"). Each of Mr. Toretta and the Estate is a "Shareholder" and, collectively, they are sometimes referred to as the "Shareholders". The Parent, Merger Sub, Company and each of the other signatories to this Agreement is a "Party" and, collectively, they are sometimes referred to as the "Parties." Mrs. Guerrera, individually and in her capacity as Co-Trustee of the Trust, and Robert Dionne, in his capacity as Co-Trustee of the Trust, join this Agreement for purposes of guaranteeing the performance by the Estate and Trust, as the case may be, of their respective joint and several obligations under this Agreement, as further set forth in Section 11.11 of this Agreement.

WITNESSETH:

WHEREAS, Parent, Merger Sub, the Company and the Shareholders desire that Merger Sub merge with and into the Company (the "Merger");

WHEREAS, Parent, Merger Sub and the Company intend the Merger to qualify as a tax-free reorganization under the provisions of Section 368 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder;

WHEREAS, the Company, the Shareholders, Mrs. Guerrera and the Trust are making certain representations, warranties, covenants, agreements and indemnities herein, as inducement to Parent and Merger Sub to enter into this Agreement; and

WHEREAS, capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Glossary attached as Exhibit A.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements stated herein, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, covenant and agree as follows:

ARTICLE I
THE MERGER

Section 1.1. The Merger. Upon the terms and subject to the conditions of this Agreement, at the Effective Time (as defined in Section 1.2) in accordance with the Rhode Island Business Corporation Act, the Merger Sub shall be merged with and into the Company and the separate existence of the Merger Sub shall thereupon cease. The Company shall be the surviving corporation in the Merger and is hereinafter sometimes referred to as the "Surviving Corporation."

Section 1.2. Effective Time of the Merger. The Merger shall become effective at such time (the "Effective Time") as articles of merger are filed with the Secretary of State of the State of Rhode Island in accordance with the Rhode Island Business Corporation Act (the "Merger Filing"). The Merger Filing shall be made simultaneously with or as soon as practicable after the Closing (as defined in Section 3.8) in accordance with Article III. The Parties acknowledge that it is their mutual desire and intent to consummate the Merger as soon as practicable after the date hereof, and in any event within five (5) business days after the satisfaction, or waiver, of all conditions to Closing set forth in Article VIII hereof, subject to the terms and conditions hereof. Accordingly, subject to the provisions hereof, the Parties shall use all reasonable efforts to consummate, as soon as practicable, the transactions contemplated by this Agreement in accordance with Article VIII.

ARTICLE II
THE SURVIVING CORPORATION

Section 2.1. Certificate of Incorporation. The Articles of Incorporation of Merger Sub as in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation after the Effective Time, as the same may thereafter be amended in accordance with its terms and as provided under the Rhode Island Business Corporation Act.

Section 2.2. Bylaws. The Bylaws of Merger Sub as in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation after the Effective Time, as the same may thereafter be amended in accordance with their terms and as provided by the Articles of Incorporation of the Surviving Corporation and the Rhode Island Business Corporation Act.

Section 2.3. Directors. The directors of the Surviving Corporation shall be as designated in Schedule 2.3, and such directors shall serve in accordance with the Bylaws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified.

Section 2.4. Officers. The officers of the Surviving Corporation shall be as designated in Schedule 2.4, and such officers shall serve in accordance with the Bylaws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified.

ARTICLE III
CONVERSION OF SHARES

Section 3.1. Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Parent, Merger Sub, the Company or the Shareholders:

(a) **Conversion of Securities.** All of the Company's common stock, $1.00 par value per share (the "Company Common Stock"), issued and outstanding immediately prior to the Effective Time (excluding any shares of the Company Common Stock to be canceled pursuant to Section 3.1(b)) shall be converted, subject to Section 3.1(e), into the right to receive at Closing, in the aggregate, the sum of:

(i) the number of validly issued, fully paid and nonassessable shares of common stock, par value $.002 per share, of Parent ("Parent Common Stock"), determined by dividing (x) $2,000,000 less (1) the Company's Indebtedness as of Closing and (2) the amount, if any, by which the Company's Net Working Capital as of Closing is less than $260,000 by (y) the Average Parent Common Stock Price; and

(ii) 1,000,000 shares of Parent Common Stock; *provided, however*, for purposes of this Section 3.1(a)(ii) (1) in the event the Average Parent Common Stock Price is less than $3.00, Parent will issue to the Shareholders, in the aggregate, the number of shares of Parent Common Stock determined by dividing Three Million Dollars ($3,000,000) by the Average Parent Common Stock Price, and (2) in the event the Average Parent Common Stock Price is more than $7.50, Parent will issue to the Shareholders, in the aggregate, the number of shares of Parent Common Stock determined by dividing Seven Million Five Hundred Thousand Dollars ($7,500,000) by the Average Parent Common Stock Price.

Shares issued under Section 3.1(a)(i) and (ii) to the Shareholders are referred to herein as the "Parent Shares." Each Shareholder shall be entitled to receive one-half of the aggregate consideration issuable pursuant to this Section 3.1(a).

(b) **Cancellation.** Each share of Company Common Stock held in the treasury of the Company and each share of Company Common Stock held by any direct or indirect wholly-owned Subsidiary of the Company, if any, immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, cease to be outstanding, be canceled and retired without payment of any consideration therefor and cease to exist.

(c) **Capital Stock of Merger Sub.** Each share of common stock, $.01 par value per share, of Merger Sub ("Merger Sub Common Stock") issued and outstanding immediately prior to the Effective Time shall be converted into and exchanged for one validly issued, fully paid and nonassessable share of common stock, $.01 par value per share, of the Surviving Corporation.

(d) **Adjustments to Merger Consideration**. The Merger Consideration (as defined in Section 3.2(a)) shall be appropriately adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend of securities convertible into Parent Common

Stock), reorganization, reclassification, recapitalization or other similar change with respect to Parent Common Stock occurring (including the record date thereof) after the date hereof and prior to the Effective Time. In no event shall the number of shares of Parent Common Stock issued pursuant to Section 3.1(a) exceed twenty percent (20%) of the total outstanding shares of Parent Common Stock at the time of Closing.

(e) **Fractional Shares.** No certificates or scrip representing less than one share of Parent Common Stock shall be issued upon the surrender for exchange of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Company Common Stock (the "Certificates"). In lieu of any such fractional share, each holder of shares of Company Common Stock who would otherwise have been entitled to a fraction of a share of Parent Common Stock upon surrender of Certificates for exchange shall be paid upon such surrender cash (without interest) in an amount equal to such fraction multiplied by the Average Parent Common Stock Price on the Closing Date.

Section 3.2. Exchange of Certificates.

(a) Immediately after the Effective Time, Parent will deliver to each Shareholder upon surrender of all such Certificates for cancellation together with such other customary documents as may be required, and the Shareholders shall be entitled to receive in exchange therefor, (A) certificates evidencing that number of whole shares of Parent Common Stock in immediately available funds which such holder has the right to receive in accordance with Section 3.1 hereof in respect of the shares of Company Common Stock formerly evidenced by such Certificate, and (B) cash in respect of fractional shares as provided in Section 3.1(e) (the shares of Parent Common Stock and cash being, collectively, the "Merger Consideration"), and the Certificates so surrendered shall forthwith be canceled.

(b) Parent shall be entitled to deduct and withhold from the Merger Consideration otherwise payable pursuant to this Agreement to any holder of Company Common Stock such amounts as Parent is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by Parent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Company Common Stock in respect of which such deduction and withholding was made by Parent.

Section 3.3. Purchase Price Adjustment.

(a) Prior to the Closing Date, Mr. Toretta shall deliver to the Parent a worksheet, in the form attached as Exhibit B hereto, setting forth a reasonable estimate of the Indebtedness and Net Working Capital as of the Closing Date, as well as a computation of the estimated Adjustment Amount (the "Estimated Adjusted Amount"). The worksheet shall be prepared by Mr. Toretta, with a copy provided to the Estate, and shall be reasonably acceptable to the Parent. If the Estimated Adjustment Amount is a positive number, the Merger Consideration payable at Closing to the Shareholders shall be decreased in an amount equal to the number of validly issued, fully paid and nonassessable shares of Parent Common Stock determined by dividing the positive Estimated

Adjustment Amount by the Average Parent Common Stock Price. If the Estimated Adjustment Amount is a negative number, the Merger Consideration payable at Closing to the Shareholders shall be increased in an amount equal to the number of validly issued, fully paid and nonassessable shares of Parent Common Stock determined by dividing the negative Estimated Adjustment Amount by the Average Parent Common Stock Price.

(b) Within 90 days after the Closing, Parent shall cause the Company to prepare a consolidated balance sheet of the Company as of the Closing Date (the "Closing Date Balance Sheet"), including a computation of the actual Adjustment Amount of the Companies as of the Closing Date (the "Actual Adjustment Amount"). If within 15 days following delivery of the Closing Date Balance Sheet the Shareholders do not object in writing thereto, then the Actual Adjustment Amount shall be as computed on such Closing Date Balance Sheet. If the Shareholders do object in writing to the computation within such 15-day period, then the Parent and the Shareholders shall negotiate in good faith and attempt to resolve their disagreement. Should such negotiations not result in an agreement within 20 days, then the matter shall be submitted to an independent accounting firm of national reputation mutually acceptable to the Parent and the Shareholders (the "Neutral Auditors"). If the Parent and the Shareholders are unable to agree on the Neutral Auditors, then they shall request the American Arbitration Association to appoint the Neutral Auditors. All fees and expenses relating to appointment of the Neutral Auditors and the work, if any, to be performed by the Neutral Auditors will be borne equally by the Parent and the Shareholders. The Neutral Auditors will deliver to the Parent and the Shareholders a written determination (such determination to include a worksheet setting forth all material calculations used in arriving at such determination and to be based solely on information provided to the Neutral Auditors by the Parent and the Shareholders, or their respective affiliates) of the disputed items within 30 days of receipt of the disputed items, which determination will be final, binding and conclusive on the Parties.

(c) Promptly following agreement on or delivery of the final, binding and conclusive Closing Date Balance Sheet setting forth the Actual Adjustment Amount, the Parent and the Shareholders shall account to each other as provided for in this Section 3.3(c). If the Estimated Adjustment Amount less the Actual Adjustment Amount is a positive number, the Shareholders shall have a right to receive a cash payment equal to such excess. If the Estimated Adjustment Amount less the Actual Adjustment Amount is a negative number, Parent shall be entitled to receive a cash payment from the Shareholders equal to such deficit. Any such excess or deficit payment shall be due and payable within three (3) business days after the Actual Adjustment Amount is determined pursuant to this Section 3.3. Any payments due from or to the Shareholders pursuant to this Section 3.3(c) shall be payable or paid fifty percent (50%) by or to each Shareholder.

(d) For purposes of determining the Net Working Capital pursuant to this Section 3.3, any cash payments made or current liabilities incurred on or after August 1, 1999, and prior to Closing with respect to the projects described on Schedule 3.3(d) hereto, up to an aggregate amount of cash and current liabilities of $260,000, shall not be deducted in the Net Working Capital computation.

Section 3.4. Stock Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed, and there shall be no further registration of transfers of the Company Common Stock thereafter on the records of the Company.

Section 3.5. No Further Ownership Rights in Company Common Stock. The Merger Consideration delivered upon the surrender for exchange of shares of Company Common Stock in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of Company Common Stock, and there shall be no further registration of transfers on the records of the Surviving Corporation of shares of Company Common Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be canceled.

Section 3.6. Tax and Accounting Consequences. It is intended by the Parties that the Merger shall constitute a reorganization within the meaning of Section 368 of the Code. The Parties hereby adopt this Agreement as a "plan of reorganization" within the meaning of Sections 1.368-2(g) and 1.368-3(a) of the United States Treasury Regulations.

Section 3.7. Taking of Necessary Action; Further Action. Each of Parent, Merger Sub, each of the Shareholders and the Company will take all such reasonable and lawful action as may be necessary or appropriate in order to effectuate the Merger in accordance with this Agreement as promptly as possible. If, at any time after the Effective Time, any such further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company and Merger Sub, the officers and directors of the Company and Merger Sub in office immediately prior to the Effective Time are fully authorized in the name of their respective corporations or otherwise to take, and will take, all such lawful and necessary action.

Section 3.8. Closing. Subject to the terms and provisions of Article IX, the closing of the transactions provided for herein (the "Closing") shall take place at the offices of RICHARDS & O'NEIL, LLP, 43 Arch Street, Greenwich, Connecticut as promptly as practicable (but in any event within five (5) business days) following the date on which the last of the conditions set forth in Article VIII is fulfilled or waived, or at such other time and place as the Parties shall agree. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date."

Section 3.9. Closing Deliveries.

(a) At the Closing, the Shareholders shall deliver to the Parent:

(i) certificates representing the Company Common Stock, duly endorsed for transfer to the Parent or accompanied by duly executed assignment documents, which shall transfer to the Parent good and valid title to the Company Common Stock, free and clear of all Liens;

(ii) Release of Claims Agreements executed by the officers, directors and stockholders of the Company releasing the Company from any and all prior claims of such officers, directors and stockholders, in the form attached hereto as Exhibit C;

(iii) all corporate, accounting, business and tax records of the Company;

(iv) a legal opinion from Richards & O'Neil, LLP, counsel to Mr. Toretta and the Company, in a form reasonably satisfactory to Parent;

(v) a legal opinion from Palmeri, Rock & Talbot, P.C., counsel to Frances Guerrera, individually, the Estate and the Trust, in a form reasonably satisfactory to Parent;

(vi) a Consulting Agreement between the Parent and Mr. Toretta, individually, in the form attached as Exhibit D hereto;

(vii) a Covenant Not to Compete Agreement between the Parent and Mr. Toretta, individually, in the form attached as Exhibit E hereto;

(viii) Covenant Not to Compete Agreements between the Parent and each of Mrs. Guerrera, individually, the Estate, the Trust and R. J. Guerrera Trucking Company, Inc. (the "Trucking Company"), in the form attached as Exhibit F hereto; and

(ix) such other documents, including certificates of the Shareholders, as may be required by this Agreement or reasonably requested by the Parent.

(b) At the Closing, the Parent shall deliver to:

(i) the Shareholders, the Merger Consideration determined in accordance with Section 3.2;

(ii) Mr. Toretta, individually, a Consulting Agreement, in the form attached as Exhibit D;

(iii) Mr. Toretta, individually, a Covenant Not to Compete Agreement, in the form attached as Exhibit E;

(iv) each of the Estate, Mrs. Guerrera, individually, the Trust and the Trucking Company, a Covenant Not to Compete Agreement, in the form attached as Exhibit F; and

(v) documents relating to the removal of the Shareholders from any and all personal guarantees and/or surety obligations in connection with the Company's debts or operations listed on Schedule 3.9; and

(vi) legal opinions from in-house legal counsel to the Parent, dated the Closing Date, in a form reasonably satisfactory to the Sellers.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub each represent and warrant to the Shareholders as follows, *except* as set forth in the Parent's Form 10-K for the fiscal year ended December 31, 1998, all quarterly reports on Form 10-Q filed with the SEC since January 1, 1999, and all amendments to any of the foregoing.

Section 4.1. Organization and Qualification. Each of Parent and Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and has the requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. Parent is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the properties owned, leased, or operated by it or the nature of the business conducted by it makes such qualification necessary, *except* where the failure to be so qualified and in good standing would not have, or could not reasonably be anticipated to have, individually or in the aggregate, a Material Adverse Effect (as defined in Exhibit A).

Section 4.2. Capitalization.

(a) As of June 30, 1999, the authorized capital stock of Parent consisted of 100,000,000 shares of Parent Common Stock, of which 17,392,790 shares were issued and outstanding, and 10,000,000 shares of preferred stock, par value $.002 per share, of which 500,000 shares have been designated as "Preferred Stock-Junior Participating Series A" and reserved for issuance upon exercise of rights evidenced by the certificates representing all outstanding shares of Parent Common Stock, but no such shares are issued and outstanding. All of the issued and outstanding shares of Parent Common Stock were validly issued and are fully paid, nonassessable and free of preemptive rights.

(b) As of June 30, 1999, *except* for 4,020,393 options granted pursuant to Parent incentive or option plans (or to current or former employees of Parent), warrants to acquire 770,000 shares of Parent Common Stock and shares issuable in connection with proposed acquisitions, if any, there are no outstanding (i) securities of Parent convertible into or exchangeable for shares of capital stock or voting securities of Parent or (ii) options or other rights to acquire from Parent or other obligations of Parent to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Parent.

(c) All of the shares of capital stock of Merger Sub are owned beneficially and of record by Parent.

(d) The shares of Parent Common Stock to be issued as part of the Merger Consideration have been duly authorized and when issued and delivered in accordance with the terms of this Agreement, will have been validly issued and will be fully paid and non-assessable, and the issuance thereof is not subject to any preemptive or other similar right.

Section 4.3. Authority; Non-Contravention; Approvals.

(a) Parent and Merger Sub each have full corporate power and authority to execute and deliver this Agreement and, subject to the Parent Required Statutory Approvals (as defined in Section 4.3(c)), to consummate the transactions contemplated hereby. This Agreement has been approved by the Board of Directors of the Parent and no other corporate proceedings on the part of Parent are necessary to authorize the execution and delivery of this Agreement or the consummation by Parent of the transactions contemplated hereby. This Agreement has been duly executed and delivered by each of Parent and Merger Sub, and, assuming the due authorization, execution and delivery hereof by the other Parties, constitutes a valid and legally binding agreement of each of Parent and Merger Sub enforceable against each of them in accordance with its terms, *except* that such enforcement may be subject to (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and (ii) general equitable principles.

(b) The execution and delivery of this Agreement by each of Parent and Merger Sub and the consummation by them of the transactions contemplated hereby do not and will not violate or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Lien, upon, any of the properties or assets of Parent or any of its Subsidiaries under any of the terms, conditions or provisions of (i) the respective charters or bylaws of Parent or any of its Subsidiaries, (ii) any statute, law, ordinance, rule, regulation, judgment, decree, order, injunction, writ, permit or license of any court or Governmental Authority applicable to Parent or any of its Subsidiaries or any of their respective properties or assets (assuming compliance with the matters referred to in Section 4.3(c)) or (iii) any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind to which Parent or any of its Subsidiaries is now a party or by which Parent or any of its Subsidiaries or any of their respective properties or assets may be bound or affected, *except*, in the case of clauses (ii) and (iii), for matters as would not have, or could not reasonably be anticipated to have, individually or in the aggregate, a Material Adverse Effect or materially impair the ability of Parent to consummate the transactions contemplated by this Agreement.

(c) Except for (i) the filing of the Registration Statements (as defined in Section 4.4) with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the declaration of the effectiveness thereof by the SEC and filings with various state blue sky authorities, and (ii) the making of the Merger Filing with the Secretary of State of Rhode Island in connection with the Merger (the filings and approvals referred to in clauses (i) and (ii) are collectively referred to as the "Parent Required Statutory Approvals"), no declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for the execution and delivery of this Agreement by Parent or Merger Sub or the consummation by Parent or Merger Sub of the transactions contemplated hereby, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not made or obtained, as the case may be, would not,

have, or could not reasonably be anticipated to have, individually or in the aggregate, a Material Adverse Effect or materially impair the ability of Parent or Merger Sub to consummate the transactions contemplated by this Agreement.

Section 4.4. Registration Statements. None of the information to be supplied by Parent or its Subsidiaries for inclusion in the Registration Statements on Form S-3 to be filed under the Securities Act with the SEC by Parent pursuant to Section 7.6 of this Agreement for the purpose of registering the Parent Shares (as amended or supplemented, the "Registration Statements") will, at the time they become effective, contain any untrue statement of a material fact or omit to state any 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 are made, not misleading.

Section 4.5. Reports and Financial Statements.

(a) Since January 1, 1999, Parent has filed with the SEC all material forms, statements, reports and documents (including all exhibits, amendments and supplements thereto) required to be filed by it under each of the Securities Act, the Securities Exchange Act of 1934, as amended, and the respective rules and regulations thereunder, all of which complied in all material respects with all applicable requirements of the appropriate acts and the rules and regulations thereunder.

(b) Parent has previously made available or delivered to the Company or the Shareholders copies of Parent's (a) Annual Reports on Form 10-K for the fiscal year ended December 31, 1998, and for the immediately preceding fiscal year, as filed with the SEC, (b) proxy and information statements relating to (i) all meetings of its shareholders (whether annual or special) and (ii) any actions by written consent in lieu of a shareholders' meeting from January 1, 1999, until the date hereof, and (c) all other reports, including quarterly reports, or registration statements filed by Parent with the SEC since January 1, 1999 (other than Registration Statements filed on Form S-8) (the documents referred to in clauses (a), (b) and (c), including the exhibits thereto, are collectively referred to as the "Parent SEC Reports").

(c) As of their respective dates, the Parent SEC Reports did not contain any untrue statement of a material fact or omit to state any 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.

(d) The audited consolidated financial statements and unaudited interim consolidated financial statements of Parent included in such reports (collectively, the "Parent Financial Statements") have been prepared in accordance with GAAP (*except* as may be indicated therein or in the notes thereto) and fairly present in all material respects the consolidated financial position of Parent and its Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended, subject, in the case of the unaudited interim financial statements, to normal year-end and audit adjustments and any other adjustments described therein.

Section 4.6. Brokers and Finders. Parent has not entered into any contract, arrangement or understanding with any Person or firm which may result in the obligation of Parent to pay any finder's fees, brokerage or agent commissions or other like payments in connection with the transactions contemplated hereby. There is no claim for payment by Parent of any investment banking fees, finder's fees, brokerage or agent commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

ARTICLE IV-A
REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS CONCERNING THE TRANSACTION

Each Shareholder and the Company, severally but not jointly, represent and warrant to the Parent and Merger Sub as follows:

Section 4A.1 Ownership.

(a) The Shareholder holds of record and beneficially all of the capital stock of the Company shown as owned by the Shareholder on Schedule 1 free and clear of any Liens (*except* for Liens arising under Federal and state securities laws and restrictions arising under the Company's organizational documents which have been waived).

(b) There are no outstanding subscriptions, options, calls, contracts, commitments, understandings, restrictions, arrangements, rights or warrants, including any right of conversion or exchange under any outstanding security, debenture, instrument or other agreement obligating the Shareholder to deliver or sell, or cause to be delivered or sold, any capital stock in the Company, or obligating the Shareholder to grant, extend or enter into any such agreement or commitment. There are no voting trusts, proxies or other agreements or understandings to which the Shareholder is a party or is bound with respect to the voting of any ownership interest of the Company.

Section 4A.2 Authority; Non-Contravention; Approvals.

(a) The Shareholder has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been approved by the Board of Directors and shareholders of the Company, and no other proceedings on the part of the Shareholder are necessary to authorize the execution and delivery of this Agreement by the Shareholder or the consummation by the Shareholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Shareholder, and, assuming the due authorization, execution and delivery hereof by the other Parties, constitutes a valid and legally binding agreement of the Shareholder, enforceable against the Shareholder in accordance with its terms, *except* that such enforcement may be subject to (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally, and (ii) general equitable principles.

(b) The execution and delivery of this Agreement by the Shareholder and the consummation by the Shareholder of the transactions contemplated hereby do not and will not violate or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Lien upon any of the properties or assets of the Shareholder under any of the terms, conditions or provisions of (i) any statute, law, ordinance, rule, regulation, judgment, decree, order, injunction, writ, permit or license of any court or Governmental Authority applicable to the Shareholder, or any of its properties or assets, or (ii) any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind to which the Shareholder is now a party or by which the Shareholder or any of the Shareholder's properties or assets may be bound or affected.

(c) No declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for the execution and delivery of this Agreement by the Shareholder or the consummation by the Shareholder of the transactions contemplated hereby.

Section 4A.3 Brokers and Finders. Except as disclosed on Schedule 4A.3, the Shareholder has not entered into any contract, arrangement or understanding with any Person or firm which may result in the obligation of the Company to pay any finder's fees, brokerage or agent commissions or other like payments in connection with the transactions contemplated hereby.

Section 4A.4 Registration Statements. None of the information to be supplied by the Shareholder for inclusion in the Registration Statements will contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

Section 4A.5 Investment Representations. The Shareholder acknowledges, represents and agrees that:

(a) (i) Parent has made available to the Shareholder the information and documents described in Section 4.5 hereof, (ii) the Shareholder understands the risks associated with ownership of Parent Common Stock, and (iii) the Shareholder is capable of bearing the financial risks associated with such ownership;

(b) The Parent Shares included within the Merger Consideration have not been registered under the Securities Act or registered or qualified under any applicable state securities laws;

(c) The Parent Shares are being issued to the Shareholder in reliance upon exemptions from such registration or qualification requirements, and the availability of such exemptions depends in part upon the Shareholder's bona fide investment intent with respect to the Parent Shares;

(d) The Shareholder's acquisition of the Parent Shares is solely for the Shareholder's own account for investment, and the Shareholder is not acquiring such Parent Shares for the account of any other Person or with a view toward resale, assignment, fractionalization, or distribution thereof;

(e) The Shareholder shall not offer for sale, sell, transfer, pledge, hypothecate or otherwise dispose of any of the Parent Shares *except* in accordance with this Agreement and (A) the registration requirements of the Securities Act and applicable state securities laws or (B) upon delivery to Parent of an opinion of legal counsel reasonably satisfactory to Parent that an exemption from registration is available or pursuant to an effective registration statement covering the Parent Shares to be sold;

(f) The Shareholder has such knowledge and experience in financial and business matters that the Shareholder is capable of evaluating the merits and risks of an investment in the Parent Shares, and to make an informed investment decision with respect thereto;

(g) The Shareholder has had the opportunity to ask questions of, and receive answers from, Parent's officers and directors concerning the Shareholder's acquisition of the Parent Shares and to obtain such other information concerning Parent and the Parent Shares, to the extent Parent's officers and directors possessed the same or could acquire it without unreasonable effort or expense, as the Shareholder deemed necessary in connection with making an informed investment decision; and

(h) In addition to any other legends required by law or the other agreements entered into in connection herewith, each certificate evidencing the Parent Shares will bear a conspicuous restrictive legend substantially as follows:

> THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), OR UNDER ANY APPLICABLE STATE SECURITIES LAWS, AND THEY CANNOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE HYPOTHECATED EXCEPT IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF THE ACT AND SUCH OTHER STATE LAWS OR UPON DELIVERY TO THIS CORPORATION OF AN OPINION OF LEGAL COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SHAREHOLDERS CONCERNING THE COMPANY

The Company and the Shareholders, jointly and severally, represent and warrant to Parent and Merger Sub as follows:

Section 5.1. Organization and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and has the requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the properties owned, leased, or operated by it or the nature of the business conducted by it makes such qualification necessary, *except* where the failure to be so qualified and in good standing would not have, or could not reasonably be anticipated to have, individually or in the aggregate, a Material Adverse Effect. True, accurate and complete copies of the Company's articles or certificates of incorporation, as amended, and the Company's bylaws, in each case as in effect on the date hereof, including all amendments thereto, have heretofore been delivered to Parent.

Section 5.2. Capitalization.

(a) The authorized capital stock of the Company consists of 8,000 shares of Company Common Stock. As of the date of this Agreement there are, and as of Closing there will be, 250 shares of Company Common Stock issued and outstanding and no other shares of capital stock of the Company issued and outstanding. All of such issued and outstanding shares of Company Common Stock are validly issued and are fully paid, nonassessable and free of preemptive rights and are owned beneficially and of record as set forth on Schedule 1, free and clear of all Liens. No Subsidiary of the Company, other than as described on Schedule 1, holds any shares of the capital stock of the Company.

(b) Except as set forth on Schedule 5.2(b), there are no outstanding (i) subscriptions, options, calls, contracts, commitments, understandings, restrictions, arrangements, rights or warrants, including any right of conversion or exchange under any outstanding security, debenture, instrument or other agreement obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of the capital stock of the Company, or obligating the Company to grant, extend or enter into any such agreement or commitment or (ii) obligations of the Company to repurchase, redeem or otherwise acquire any securities referred to in clause (i) above. There are no voting trusts, proxies or other agreements or understandings to which the Company is a party or is bound with respect to the voting of any shares of capital stock of the Companies.

Section 5.3. Authority; Non-Contravention; Approvals.

(a) The Company has full corporate power and authority to execute and deliver this Agreement and, subject to the Company Required Statutory Approvals (as defined in Section

5.3(c), to consummate the transactions contemplated hereby. This Agreement has been approved by the Board of Directors and Shareholders of the Company, and no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of this Agreement or the consummation by the Company and the Shareholders of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company, and, assuming the due authorization, execution and delivery hereof by the other Parties, constitutes a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms.

(b) Except as disclosed on Schedule 5.3 hereto, the execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby do not and will not violate or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Lien upon any of the properties or assets of the Company under any of the terms, conditions or provisions of (i) charters or bylaws of the Company, (ii) any statute, law, ordinance, rule, regulation, judgment, decree, order, injunction, writ, permit or license of any court or Governmental Authority applicable to the Company, or any of its respective properties or assets, or (iii) any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind to which the Company is now a party or by which any of the Company or any of its respective properties or assets may be bound or affected.

(c) Except for the Merger Filing with the Secretary of State of the State of Rhode Island in connection with the Merger (the "Company Required Statutory Approval") or as disclosed on Schedule 5.3 hereto, no declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for the execution and delivery of this Agreement by the Company or the Shareholders or the consummation by the Company or the Shareholders of the transactions contemplated hereby.

Section 5.4. Subsidiaries. Except as set forth on Schedule 5.4, the Company does not have any Subsidiaries, nor does the Company hold any equity interest in or control (directly or indirectly, through the ownership of securities, by contract, by proxy, alone or in combination with others, or otherwise) any corporation, limited liability company, partnership, business organization or other Person.

Section 5.5. Financial Statements. The audited financial statements of the Company for the fiscal year ended December 31, 1998, attached as part of Schedule 5.5, have been prepared in accordance with GAAP (*except* as may be indicated therein or in the notes thereto) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended. The unaudited interim financial statements of the Company for the seven (7) months ended July 31, 1999, also attached as part of Schedule 5.5 (and together with the audited financial statements described in the preceding sentence, the "Company's Financial Statements"), have been prepared in accordance with the accrual method of accounting and fairly present in all material respects the financial position of the Company as of

the dates thereof and the results of its operations and cash flows for the seven (7) month period then ended, subject to normal year-end adjustments and any other adjustments described therein.

Section 5.6. Absence of Undisclosed Liabilities. Except as disclosed on Schedule 5.6, the Company has not incurred any liabilities or contingencies (whether absolute, accrued, contingent or otherwise) of any nature, *except* liabilities (i) which are accrued or reserved against the Company's Financial Statements or reflected in the notes thereto or (ii) which were incurred after December 31, 1998, and were incurred in the ordinary course of business and consistent with past practices.

Section 5.7. Absence of Certain Changes or Events. Since July 31, 1999, and *except* as described on Schedule 5.7, (i) the Company has not declared or set aside or paid any dividend or made any other distribution with respect to any outstanding securities or ownership interests, or, directly or indirectly, purchased, redeemed or otherwise acquired any of its securities or ownership interests and (ii) the Company has not granted any general increase in the compensation of any of its officers, directors or employees (including any increase pursuant to any bonus, pension, profit-sharing or other plan or commitment) and has not paid any bonuses to any officers, directors or employees. Since December 31, 1998, and *except* as described on Schedule 5.7, (i) the Company has not adopted, entered into or amended any bonus, profit sharing, compensation, stock option, pension, retirement, deferred compensation, health care, employment or other employee benefit plan, agreement, trust fund or arrangement for the benefit or welfare of any employee or retiree, *except* as required to comply with changes in applicable law; (ii) the Company has not made any amendment to any of the articles of incorporation, certificates of partnership, regulations, bylaws, partnership agreements, operating agreements or other similar documents or changed the character of any of its businesses in any manner; (iii) the businesses of the Company have been conducted in the ordinary course of business consistent with past practices; and (iv) there has not been any event, occurrence, development or state of circumstances or facts which has had, or could reasonably be anticipated to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.8. Litigation. Except as described on Schedule 5.8, there are no claims, suits, actions, Environmental Claims, inspections, investigations or proceedings pending or, to the knowledge of the Company, threatened against, relating to or affecting the Company before any court, governmental department, commission, agency, instrumentality, authority, or any mediator or arbitrator. Except as described on Schedule 5.8, the Company is not subject to any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality, authority, or any mediator or arbitrator.

Section 5.9. Accounts Receivable. All accounts receivable reflected on the Company's Financial Statements represent sales actually made in the ordinary course of business and are collectible in the ordinary course of business.

Section 5.10. No Violation of Law; Compliance with Agreements.

(a) Except as disclosed on Schedule 5.10, the Company is not in violation of and has been given notice or been charged with any violation of, any law, statute, order, rule, regulation, ordinance or judgment (including, without limitation, any applicable Environmental Law) of any

governmental or regulatory body or authority. To the knowledge of the Shareholders, no investigation or review by any governmental or regulatory body or authority is pending or threatened, nor has any governmental or regulatory body or authority indicated an intention to conduct the same. Except as disclosed on Schedule 5.10, the Company has all permits (including without limitation Environmental Permits), licenses, franchises, variances, exemptions, orders and other governmental authorizations, consents and approvals required or necessary to conduct its business as presently conducted (collectively, the "Company Permits"). The Company is not in violation of the terms of the Company Permits.

(b) Except as disclosed on Schedule 5.10, the Company is not in breach or violation of or in default in the performance or observance of any term or provision of, and no event has occurred which, with lapse of time or action by a third party, could result in a default under, (i) the charter, bylaws or similar organizational instruments of the Company or (ii) any contract, commitment, agreement, indenture, mortgage, loan agreement, note, lease, bond, license, approval or other instrument to which the Company is a party or by which it is bound or to which any of its property is subject.

Section 5.11. Insurance. The Shareholders have heretofore delivered to the Parent true and correct copies of all insurance policies owned by the Company or by which the Company or any of its properties or assets is covered against present losses, all of which are now in full force and effect. No insurance has been refused with respect to any operations, properties or assets of the Company nor has coverage of any insurance been limited by any insurance carrier that has carried, or received any application for, any such insurance during the last three years. No insurance carrier has denied any claims made against any of the Company's policies.

Section 5.12. Taxes.

(a) Except as set forth on Schedule 5.12, (i) the Company has (x) duly filed (or there has been filed on its behalf) with the appropriate taxing authorities all Tax Returns (as hereinafter defined) required to be filed by it on or prior to the date hereof, and (y) duly paid in full or made adequate provision therefor on the Company's Financial Statements in accordance with GAAP (or there has been paid or adequate provision has been made on its behalf) for the payment of all Taxes (as hereinafter defined) for all periods ending through the date hereof; (ii) all such Tax Returns filed by or on behalf of the Company are true, correct and complete in all material respects; (iii) the Company is not the beneficiary of any extension of time within which to file any Tax Return; (iv) no claim has been made since January 1, 1997 by any authority in a jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction; (v) the liabilities and reserves for Taxes reflected in the most recent balance sheet included in the Company's Financial Statements to cover all Taxes for all periods ending at or prior to the date of such balance sheet have been determined in accordance with GAAP, and there is no material liability for Taxes for any period beginning after such date other than Taxes arising in the ordinary course of business; (vi) there are no Liens for Taxes upon any property or assets of the Company, *except* for Liens for Taxes not yet due; (vii) the Company has not made any change in accounting methods since December 31, 1998; (viii) the Company has not received a ruling from any taxing authority or signed an agreement with any taxing authority; (ix) the Company has complied in all respects with

all applicable laws, rules and regulations relating to the payment and withholding of Taxes (including, without limitation, withholding of Taxes pursuant to Sections 1441 and 1442 of the Code, as amended or similar provisions under any foreign laws) and has, within the time and the manner prescribed by law, withheld and paid over to the appropriate taxing authority all amounts required to be so withheld and paid over under all applicable laws in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, partner, member or other third party; (x) no federal, state, local or foreign audits or other administrative proceedings or court proceedings are presently pending with regard to any Taxes or Tax Returns of the Company, and as of the date of this Agreement the Company has not received a written notice of any pending audits or proceedings; (xi) no partner, stockholder, member, director or officer (or employee responsible for Tax matters) of the Company expects any authority to assess any additional Taxes with respect to the Company for any period for which Tax Returns have been filed; (xii) the federal income Tax Returns of the Company have been examined by the Internal Revenue Service ("IRS") (which examination has been completed) or the statute of limitations for the assessment of federal income Taxes of the Company has expired, for all periods through and including December 31, 1994, and no deficiencies were asserted as a result of such examinations which have not been resolved and fully paid; (xiii) no adjustments or deficiencies relating to Tax Returns of the Company have been proposed, asserted or assessed by any taxing authority, *except* for such adjustments or deficiencies which have been fully paid or finally settled; and (xiv) the Company has delivered to the Parent true, correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by the Company since December 31, 1993.

(b) There are no outstanding requests, agreements, consents or waivers to extend the statute of limitations applicable to the assessment of any Taxes or deficiencies against the Company, and no power of attorney granted by the Company with respect to any Taxes is currently in force. The Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code. The Company is not a party to any agreement providing for the allocation or sharing of Taxes with an entity that is not directly or indirectly a wholly-owned Subsidiary of the Company. The Company has not, with regard to any assets or property held, acquired or to be acquired by it, filed a consent to the application of Section 341(f) of the Code, or agreed to have Section 341(f)(2) of the Code apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by the Company. The Company (i) has not been a member of an affiliate group filing a consolidated federal income Tax Return (other than a group the common parent of which was the Company) and (ii) has no liability for Taxes of any Person (other than any of the Company and its Subsidiaries) under Section 1.1502-6 of the United States Treasury Regulations (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise.

Section 5.13. Employee Benefit Plans.

(a) Each Plan and each Benefit Program (as such terms are defined below) is listed on Schedule 5.13 hereto. No Plan or Benefit Program is or has been (i) covered by Title IV of the Employer Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) subject to the minimum funding requirements of Section 412 of the Code or (iii) a "multi-employer plan" as

defined in Section 3(37) of ERISA, nor has the Company contributed to, or ever had any obligation to contribute to, any multi-employer plan. Each Plan and Benefit Program intended to be qualified under Section 401(a) of the Code is designated as a tax-qualified plan on Schedule 5.13 and is so qualified. No Plan or Benefit Program provides for any retiree health benefits for any employees or dependents of the Company other than as required by the Consolidated Budget Reconciliation Act of 1985, as amended ("COBRA"). There are no claims pending with respect to, or under, any Plan or any Benefit Program, other than routine claims for benefits, and there are no disputes or litigation pending or, to the knowledge of the Companies, threatened, with respect to any such Plans or Benefit Programs.

(b) The Shareholders have heretofore delivered to Parent true and correct copies of the following, if any:

(i) each Plan and each Benefit Program listed on Schedule 5.13, all amendments thereto as of the date hereof and all current summary plan descriptions provided to employees regarding the Plans and Benefit Programs;

(ii) each trust agreement and annuity contract (or any other funding instruments) pertaining to any of the Plans or Benefit Programs, including all amendments to such documents to the date hereof;

(iii) each management or employment contract or contract for personal services and a complete description of any understanding or commitment between the Company and any officer, consultant, director, employee or independent contractor of the Company; and

(iv) a complete description of each other plan, policy, contract, program, commitment or arrangement providing for bonuses, deferred compensation, retirement payments, profit sharing, incentive pay, commissions, hospitalization or medical expenses or insurance (including, without limitation, health, dental, life and disability insurance) or any other benefits for any officer, consultant, director, annuitant, employee or independent contractor of the Company as such or members of their families (other than directors' and officers' liability policies), whether or not insured (a "Benefit Program"). For purposes of this Agreement, "Plan" means an "employee benefit plan" (as defined in Section 3(3) of ERISA) which is or has been established or maintained, or to which contributions are or have been made, by the Company or by any trade or business, whether or not incorporated, which, together with the Company, is under common control, as described in Section 414(b) or (c) of the Code.

(c) Except as disclosed on Schedule 5.13, to the best knowledge of the Shareholders, each Plan and Benefit Program has been maintained and administered in compliance with its terms and in accordance with all applicable laws, rules and regulations. The Company has no commitment or obligation to establish or adopt any new or additional Plans or Benefit Programs or to increase the benefits under any existing Plan or Benefit Program.

(d) Except as set forth on Schedule 5.13, neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby will (i) result in any

payment to be made by the Company, including, without limitation, severance, unemployment compensation, golden parachute (defined in Section 280G of the Code) or otherwise, becoming due to any employee of the Company, or (ii) increase any benefits otherwise payable under any Plan or any Benefit Program.

(e) As of the date hereof, the Company does not sponsor any simplified employee pension plans as described in Section 408(k) of the Code and there are no claims against the Company for benefits relating to any such plans.

Section 5.14. Employee and Labor Matters.

(a) Schedule 5.14 hereto includes a true and complete list, dated as of August 19, 1999, of all employees of the Company, listing the title or position held, base salary or wage rate and, for the period since July 31, 1999, any bonuses, commissions or profit sharing payable to such employees.

(b) Except as set forth on Schedule 5.14, the Company is not a party to or bound by any written employment agreements or commitments, other than on an at-will basis. The Company is in compliance with all applicable laws respecting the employment and employment practices, terms and conditions of employment and wages and hours of its employees and are not engaged in any unfair labor practice. To the best knowledge of the Shareholders, all employees of the Company who work in the United States are lawfully authorized to work in the United States according to federal immigration laws. There is no labor strike or labor disturbance pending or, to the knowledge of the Company or the Shareholders, threatened against the Company with respect to the Business and, during the past five years, the Company has not experienced a work stoppage.

(c) Except as set forth on Schedule 5.14, (i) the Company is not a party to or bound by the terms of any collective bargaining agreement or other union contract applicable to any employee of the Company and no such agreement or contract has been requested by any employee or group of employees of the Company, nor has there been any discussion with respect thereto by management of the Company with any employees of any of the Companies, (ii) neither the Company nor either of the Shareholders is aware of any union organizing activities or proceedings involving, or any pending petitions for recognition of, a labor union or association as the exclusive bargaining agent for, or where the purpose is to organize, any group or groups of employees of the Company, or (iii) there is not currently pending, with regard to any of its facilities, any proceeding before the National Labor Relations Board, wherein any labor organization is seeking representation of any employees of the Company.

Section 5.15. Environmental Matters. Except as set forth on Schedule 5.15 to this Agreement:

(a) Neither the Company nor any of its Business Facilities (as defined in Exhibit A) is in violation of, or has violated, or has been or is in non-compliance with, any Environmental Law, including, but not limited to, the conduct of the business of the Company or the ownership, use, maintenance or operation of any of the Business Facilities by the Company.

(b) Except in compliance with Environmental Laws (including, without limitation, by obtaining necessary Environmental Permits), (i) no Materials of Environmental Concern (as defined in Exhibit A) have been used, generated, extracted, mined, beneficiated, manufactured, stored, treated, or disposed of, or in any other way released (and no release is threatened) by the Company, on, under or about any Business Facility or transferred or transported by the Company to or from any Business Facility, and (ii) to the knowledge of the Shareholders no Materials of Environmental Concern have been generated, manufactured, stored or treated or disposed of, or in any other way released (and no release is threatened) by the Company, on, under, about or from any property adjacent to any current Business Facility;

(c) There are no Environmental Claims known, pending or, to the knowledge of the Shareholders, threatened against the Company or any of its Business Facilities, and, to the knowledge of the Shareholders, there is no basis for same;

(d) The Company and all of its Business Facilities have obtained all Environmental Permits applicable to the operation of the business of the Company as presently conducted, and the Company and its Business Facilities are in compliance with all terms and conditions of such Environmental Permits. The Company and all of its Business Facilities have timely filed applications for renewal of all such Environmental Permits. Regarding all Environmental Permits for which renewal, amendment, or modification is sought or pending, no material expenditures, capital improvements, or changes in operation will be necessary as a condition or as a result of such renewal, amendment, or modification;

(e) The Company has all environmental and pollution control equipment necessary to comply with all Environmental Laws (including, without limitation, to comply with all applicable Environmental Permits applicable to the operation of the business of the Company as presently conducted);

(f) To the knowledge of the Shareholders, there are no Materials of Environmental Concern on any Business Facility of the Company exceeding any standard or limitation established, published or promulgated pursuant to Environmental Laws, or which would require reporting to any Governmental Authority or Remediation to comply with the Requirements of Environmental Laws (as defined in Exhibit A);

(g) To the knowledge of the Shareholders, none of the off-site locations where Materials of Environmental Concern generated from any Business Facility of the Company, or for which the Company has arranged for their disposal, treatment or application, has been nominated or identified as a facility which is subject to an existing or potential claim under Environmental Laws;

(h) The Company has not been named as a potentially responsible party under, and no Business Facility of the Company has been nominated or identified as a facility which is subject to, an existing or potential claim under CERCLA or comparable Environmental Laws, and,

to the knowledge of the Shareholders, no Business Facility of the Company is subject to any Lien arising under Environmental Laws;

(i) The Company has not received any notice of any release or threatened release of Materials of Environmental Concern, or remedial obligation under, Environmental Laws or Permits, relating to the ownership, use, maintenance, operation of any Business Facility of the Company or in connection with the business of the Company, nor, to the knowledge of the Shareholders, is there any basis for any of the foregoing, nor has the Company voluntarily undertaken Remediation or other decontamination or cleanup of any facility or site or entered into any agreement for the payment of costs associated with such activity;

(j) To the knowledge of the Shareholders, there is no Environmental Law or Requirement of Environmental Laws that will require future compliance costs on the part of the Company in excess of One Hundred Thousand Dollars ($100,000) above costs currently expended in the ordinary course of business;

(k) The Company has filed all notices, notifications, financial security, waste managements plans, or applications which are required to be filed by the Company for the operation of its business or the use or operation of any Business Facility of the Company; and

(l) Except for sludge and processed by-products, no current Business Facility (or equipment thereon) of the Company contains any lead containing materials, asbestos containing materials or polychlorinated biphenyls in any form.

For purposes of this Section, the "Company" shall include any entity which is, in whole or in part, a predecessor of the Company and all of its present and former Subsidiaries and their successors of predecessors.

Section 5.16. Non-Competition Agreements. Except as disclosed on Schedule 5.16 hereto, neither the Company nor either of the Shareholders is a party to any agreement which purports to restrict or prohibit any of them from, directly or indirectly, engaging in any business currently engaged in by the Company. None of the Shareholders is a party to any agreement which, by virtue of such person's relationship with the Company, restricts the Company or any Subsidiary of the Company from, directly or indirectly, engaging in any of the businesses described above.

Section 5.17. Title to Assets. Except as disclosed on Schedule 5.17, the Company has good and indefeasible title to its assets and valid leasehold interests in its leased assets and properties, as reflected in the most recent balance sheet included in the Company's Financial Statements, *except* for properties and assets that have been disposed of in the ordinary course of the conduct of the Business since the date of the latest balance sheet included therein, free and clear of all Liens, *except* (i) Liens for current taxes, payments of which are not yet delinquent, (ii) such imperfections in title and easements and encumbrances, if any, as are not substantial in character, amount or extent and do not interfere with the present use of the property subject thereto or affected thereby, or otherwise impair the Company's business operations (in the manner presently carried on by the Company), or (iii) any Lien securing any debt or obligation described on Schedule 5.17 which is expressly

referenced as being secured. All leases under which the Company leases any real property have been delivered to Parent and are in good standing, valid and effective in accordance with their respective terms, and there is not, under any of such leases, any existing default or event which, with notice or lapse of time or both, would become a default by or on behalf of the Company or its Subsidiaries, or by or on behalf of any third party.

Section 5.18. Contracts, Agreements, Plans and Commitments. Schedule 5.18 hereto sets forth a complete list of the following contracts, agreements, plans and commitments (collectively, the "Contracts") to which the Company is a party or by which the Company or any of its assets is bound as of the date hereof:

(a) any contract, commitment or agreement that involves aggregate expenditures by the Company of more than Fifty Thousand Dollars ($50,000) per year;

(b) any contract or agreement (including any such contracts or agreements entered into with any Governmental Authority) relating to the maintenance or operation of the Business that involves aggregate expenditures by the Company of more than Fifty Thousand Dollars ($50,000);

(c) any indenture, loan agreement or note under which the Company has outstanding indebtedness, obligations or liabilities for borrowed money;

(d) any lease or sublease for the use or occupancy of real property;

(e) any non-competition agreement described in Section 5.16;

(f) any guarantee, direct or indirect, by any Person of any contract, lease or agreement entered into by the Company;

(g) any partnership, joint venture or construction and operation agreement;

(h) any agreement of surety, guarantee or indemnification with respect to which the Company is the obligor, outside of the ordinary course of business;

(i) any contract that requires the Company to pay for goods or services substantially in excess of its estimated needs for such items or the fair market value of such items;

(j) any contract, agreement, agreed order or consent agreement that requires the Company to take any actions or incur any expenses to remedy non-compliance with any Environmental Law; and

(k) any other contract material to the Company or its business.

True, correct and complete copies of each of such contracts, agreements, plans and commitments have been delivered to or made available for inspection by Parent. All such contracts, agreements, plans and commitments (i) were duly and validly executed and delivered by the Company and (ii)

to the knowledge of the Shareholders, are valid and in full force and effect. Except as set forth on Schedule 5.18, the Company has fulfilled all material obligations required of the Company under each such contract, agreement, plan or commitment to have been performed by it prior to the date hereof, including timely paying all interest on its debt as such interest has become due and payable. Except as set forth on Schedule 5.18, there are no counterclaims or offsets under any of such contracts, agreements, plans and commitments.

The consummation of the Merger will vest in the Surviving Corporation all rights and benefits under the Contracts and the right to operate the Company's business and assets under the terms of the Contracts and the manner currently operated and used by the Company.

Section 5.19. Supplies. To the knowledge of the Shareholders, the Supplies of the Company are of a quantity and quality that have been normal for the Company in the ordinary course of business of the Company.

Section 5.20. Brokers and Finders. Except as disclosed on Schedule 5.20, the Company has not entered into any contract, arrangement or understanding with any Person or firm which may result in the obligation of the Company to pay any finder's fees, brokerage or agent commissions or other like payments in connection with the transactions contemplated hereby. There is no claim for payment by the Company of any investment banking fees, finder's fees, brokerage or agent commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

Section 5.21. Intellectual Property. To the knowledge of the Shareholders, *except* as disclosed on Schedule 5.21 hereto, the Company has rights to use, whether through ownership, licensing or otherwise, all patents, trademarks, service marks, trade names, copyrights, software, trade secrets and other proprietary rights and processes that are material to its business as now conducted (collectively, the "Company Intellectual Property Rights"). Except as set forth on Schedule 5.21, the Company does not own any patents. The Company has no knowledge of any infringement by any other Person of any of the Company Intellectual Property Rights, and, other than within the ordinary course of business, the Company has not entered into any agreement to indemnify any other party against any charge of infringement of any of the Company Intellectual Property Rights. To the knowledge of the Shareholders, the Company has not and does not violate or infringe any intellectual property right of any other Person, and the Company has not received any communication alleging that they violated or infringed the intellectual property right of any other person. The Companies have not been sued for infringing any intellectual property right of another person. There is no claim or demand of any Person pertaining to, or any proceeding which is pending or, to the knowledge of the Company, threatened, that challenges the rights of the Company in respect of any Company Intellectual Property Rights, or that claims that any default exists under any Company Intellectual Property Rights. None of the Company Intellectual Property Rights is subject to any outstanding order, ruling, decree, judgment or stipulation by or with any court, tribunal, arbitrator, or other Governmental Authority.

Section 5.22. Relationships. Except as set forth on Schedule 5.22, since January 1, 1999, the Company has not received notice from any customer, supplier or any party to any Contract involving more than Fifty Thousand Dollars ($50,000) annually with the Company (each a "Contract Party") that such Contract Party intends to discontinue doing business with the Company, and, since such date, no Contract Party has indicated any intention (a) to terminate its existing business relationship with any of the Companies or (b) not to continue its business relationship with the Company, whether as a result of the transactions contemplated hereby or otherwise. Except as set forth on Schedule 5.22, the Company has not entered into or participated in any related party transaction during the past year.

Section 5.23. Year 2000. To the knowledge of the Shareholders, after reasonable investigation by the Shareholders and except as disclosed on Schedule 5.23 hereto, all emissions monitors and computers controlling the operation of incinerators used by the Company are Year 2000 Compliant. "Year 2000 Compliant" means as to any device (including, without limitation, all software, firmware, microprocessing chips and/or other data processing devices related to such device) utilized by and material to the business operations of the Company, that such device will be able to accurately process date data from, into and between the twentieth and twenty-first centuries when used in accordance with the applicable documentation setting forth the requirements for the use of the specific item.

Section 5.24. Certain Payments. To the best knowledge of the Shareholders, neither the Company nor any stockholder, officer, director or employee of the Company has paid or received or caused to be paid or received, directly or indirectly, in connection with any of the business of the Company (a) any bribe, kickback or other similar payment to or from any domestic or foreign government or agency thereof or any other Person or (b) any contribution to any domestic or foreign political party or candidate (other than from personal funds of such stockholder, officer, director or employee not reimbursed by the Company or as permitted by applicable law).

Section 5.25. Books and Records. To the knowledge of the Shareholders, the corporate minute books and other organizational records of the Company are correct and complete in all material respects and the signatures appearing on all documents contained therein are the true signatures of the person purporting to have signed the same. To the knowledge of the Shareholders, all actions reflected in said books and records were duly and validly taken in compliance with the laws of the applicable jurisdiction and no meeting of the Board of Directors of the Company or any committee thereof has been held for which minutes have not been prepared and are not contained in the minute books. All such books and records are located in the offices of the Company.

Section 5.26. Condition and Sufficiency of Assets. To the knowledge of the Shareholders and the Company, *except* as disclosed on Schedule 5.26 hereto, all buildings, improvements and equipment owned or leased by the Company is structurally sound, in good operating condition and repair (subject to normal wear and tear) and adequate for the uses to which they are being put, and none of the buildings, improvements and equipment owned or leased by the Company is in need of maintenance or repairs *except* for ordinary, routine maintenance and repairs not in excess of $100,000 per repair.

ARTICLE VI
CONDUCT OF BUSINESS PENDING CLOSING

Section 6.1. Conduct of Business by the Company Pending the Merger. After the date hereof and prior to the Closing Date, unless Parent shall otherwise agree in writing, the Company shall, and the Shareholders shall cause the Company to:

(a) conduct its businesses in the ordinary and usual course of business and consistent with past practice;

(b) not (i) amend or propose to amend its charter or bylaw, (ii) split, combine, reorganize, reclassify, recapitalize or take any similar action with respect to its outstanding capital stock or (iii) declare, set aside or pay any dividend or distribution payable in cash, stock, property or otherwise;

(c) not issue, sell, pledge or dispose of, or agree to issue, sell, pledge or dispose of, any additional share of, or any options, warrants or rights of any kind to acquire any share of, its capital stock of any class or any debt or equity securities convertible into or exchangeable for such capital stock;

(d) not (i) incur or become contingently liable with respect to any indebtedness for borrowed money, (ii) redeem, purchase, acquire or offer to redeem, purchase or acquire any shares of its capital stock or any options, warrants or rights to acquire any of its capital stock or any security convertible into or exchangeable for its capital stock, (iii) make any acquisition of any assets or businesses other than expenditures for fixed or capital assets described on Schedule 3.3(d) hereto or in the ordinary course of business not exceeding $100,000 in any instance or $200,000 in the aggregate, (iv) sell, pledge, dispose of or encumber any assets or businesses other than sales in the ordinary course of business or (v) enter into any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(e) use all reasonable efforts to preserve intact its business organization and goodwill, keep available the services of its respective present officers and key employees, and preserve the goodwill and business relationships with customers and others having business relationships with them and not engage in any action, directly or indirectly, with the intent to adversely impact the transactions contemplated by this Agreement;

(f) not enter into or amend any employment, severance, special pay arrangement with respect to termination of employment or other similar arrangements or agreements with any directors, officers or key employees;

(g) not adopt, enter into or amend any bonus, profit sharing, compensation, stock option, pension, retirement, deferred compensation, health care, employment or other employee benefit plan, agreement, trust fund or arrangement for the benefit or welfare of any employee or retiree, *except* as required to comply with changes in applicable law or as contemplated hereunder;

(h) use commercially reasonable efforts to maintain with financially responsible insurance companies insurance on its tangible assets and its businesses in such amounts and against such risks and losses as are consistent with past practice;

(i) not make, change or revoke any material Tax election or make any material agreement or settlement regarding Taxes with any taxing authority;

(j) not make any change in the Company's financial, Tax or accounting methods, practices or policies, or in any assumption underlying such a method, practice or policy;

(k) give prompt written notice to Parent of the commencement of any Environmental Claim, or non-routine inspection by any Governmental Authority with responsibility for enforcing or implementing any applicable Environmental Laws, and provide to Parent such information as Parent may reasonably request regarding any such Environmental Claim, any developments in connection therewith, and, as applicable, any anticipated or actual response thereto;

(l) not enter into or assume any contracts or agreements having a value or imposing an obligation upon the Company in excess of $100,000 annually and all contracts or agreements having a value to or imposing an obligation on the Company that have remaining obligations of $200,000 or more, regardless of the annual payment;

(m) maintain its books of account and records in the usual, regular and ordinary manner consistent with past policies and practice;

(n) not compromise, settle, grant any waiver or release relating to or otherwise adjust any litigation or claims of any nature whatsoever pending against the Company; and

(o) not take any action or omit to take any action, which action or omission would result in a breach of any of the representations and warranties set forth in this Agreement.

Section 6.2. Other Offers. Except in connection with the transactions contemplated by this Agreement, from and after the date hereof, and continuing through the earlier of Closing or the termination of this Agreement in accordance with the terms hereof, the Shareholders and the Company shall not, and shall not permit the Company's officers, directors, employees, Affiliates, representatives or agents to, directly or indirectly, (i) solicit, initiate or knowingly encourage any offer or proposal for, or any indication of interest in, a merger or business combination involving the Company or the acquisition of an equity interest in, or any substantial portion of the assets of the Company or (ii) engage in negotiations with or disclose any nonpublic information relating to the Company or Parent, or afford access to the properties, books or records of the Company, to any Person. The Company shall promptly notify and provide copies to Parent of any offer, proposal, solicitation or indication of interest, or communication with respect thereto, delivered to or received from any third party.

Section 6.3. Access to Information. The Shareholders and the Company shall give the Parent and Merger Sub, and their respective accountants, counsel, financial advisors, and other representatives (the "Parent Representatives") full access (and shall otherwise fully cooperate, including by making available copies of all of the following documents which are susceptible to photostatic reproduction) during normal business hours throughout the period prior to Closing to all of the Company's respective properties, books, records (including, but not limited to, Tax Returns and any and all records or documents which are within the possession of governmental or regulatory authorities, agencies or bodies, and the disclosure of which the Company can facilitate or control), Contracts, premises, permits, Environmental Permits, licenses, Governmental Authorizations, commitments of any nature (whether written or oral) and records, and shall permit the Parent, Merger Sub and/or Parent Representatives to make such inspections (including without limitation environmental inspections, sampling, and analysis) as they may require and furnish to the Parent, Merger Sub and/or Parent Representatives during such period all such information concerning the Company and its affairs as the Parent may reasonably request.

Section 6.4. Commercially Reasonable Efforts. The Shareholders and Company will use all reasonable commercial efforts to cause the representations and warranties contained in Articles IV-A and V hereof to continue to be true and correct through the Closing Date and to obtain the satisfaction of the conditions to Closing set forth in Section 8.1 and 8.3 hereof.

ARTICLE VII
CERTAIN UNDERSTANDINGS AND AGREEMENTS OF THE PARTIES

Section 7.1. Consents. Subsequent to the Closing Date, the Shareholders will use all reasonable commercial efforts, at the request of the Parent or Merger Sub provided that the Parent reimburses the Shareholders for all out of-pocket costs and expenses, to assist the Parent or Merger Sub in obtaining all necessary, proper, appropriate or advisable consents, novations, approvals or waivers which the Parent or Merger Sub may reasonably seek from time to time in order to effect, confirm or document the transactions contemplated by this Agreement, including using their reasonable commercial efforts to obtain all necessary, proper, appropriate or advisable consents, novations, approvals or waivers of third parties required in order to preserve material contractual relationships of the Company.

Section 7.2. Further Assurances. The Parties shall execute and deliver to the others, after the Closing Date, any other instrument which may be requested by another Party and which is reasonably appropriate to perfect or evidence any of the sales, assignments, transfers or conveyances contemplated by this Agreement or to obtain any consents or licenses necessary to operate the Business in the manner operated by the Company prior to the date hereof.

Section 7.3. Expenses and Fees. The Company shall pay all costs and expenses incurred by the Company in connection with this Agreement and the transactions contemplated hereby, including, without limitation, any and all broker's commissions, employee bonuses, and the fees and expenses of the Company' attorneys and accountants. The Company will make all necessary arrangements so that Parent or Merger Sub will not be charged with any such costs or expenses, and all such costs and expenses shall be accrued on the financial books and records of the Company prior

to Closing and shall be included in the calculation of Net Working Capital. Each Shareholder shall be responsible for all costs and expenses incurred by such Shareholder in connection with this Agreement and the transactions contemplated hereby, including, without limitation, the fees and expenses of the Shareholder's attorneys. Parent shall pay all costs and expenses incurred by Parent and Merger Sub in connection with this Agreement and the transactions contemplated hereby, including without limitation, the fees and expenses of their attorneys and accountants.

Section 7.4. Agreement to Cooperate. Subject to the terms and conditions herein provided, the Parties shall use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including using its reasonable efforts to obtain all necessary, proper or advisable waivers, consents and approvals under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including using its reasonable efforts to obtain all necessary or appropriate waivers, consents or approvals of third parties required in order to preserve material contractual relationships of the Company.

Section 7.5. Notification of Certain Matters. Each of the Parties agrees to give prompt notice to each other Party of, and to use their respective reasonable best efforts to prevent or promptly remedy, (i) the occurrence or failure to occur or the impending or threatened occurrence or failure to occur, of any event which occurrence or failure to occur would be likely to cause any of its representations or warranties in this Agreement to be untrue or inaccurate in any material respect (or in all respects in the case of any representation or warranty containing any materiality qualification) at any time from the date hereof to the Closing and (ii) any material failure (or any failure in the case of any covenant, condition or agreement containing any materiality qualification) on its part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder. The Shareholders shall give prompt written notice to Parent of the commencement of any Environmental Claim, or inspection by any Governmental Authority with responsibility for enforcing or implementing any applicable Environmental Laws, and provide to Parent such information as Parent may reasonably request regarding such Environmental Claim, any developments in connection therewith, and, as applicable, the Company' anticipated or actual response thereto. Notwithstanding the other provisions of this Section 7.5 and except for those supplements to the Disclosure Schedules permitted in Section 7.10 hereof, the delivery of any notice pursuant to this Section shall not limit or otherwise affect the remedies available hereunder to the Party receiving such notice.

Section 7.6. Registration Statements.

(a) Parent shall use reasonable efforts to file with the SEC promptly upon receipt of a written request from all of the Shareholders as a group (*provided* that such request may be made or delivered no earlier than August 31, 2000), the Registration Statement registering all of the Parent Shares and shall use reasonable efforts to have the Registration Statement declared effective by the SEC as promptly as reasonably practicable. Parent shall also take any action required to be taken under applicable state blue sky or securities laws in connection with the issuance and registration of Parent Shares pursuant hereto. Parent and the Shareholders shall promptly furnish to each other all

information, and take such other actions, as may reasonably be requested in connection with any action by any of them in connection with this Section. Except as otherwise provided in this Section 7.6, no Parent Shares may be transferred or sold during the twelve (12) months following Closing. The Registration Statement shall cover the resale of the Parent Shares on Form S-3, if available, and the Parent may combine registrations of Parent Shares under this Section 7.6 with registrations of Parent Common Stock required under the Purchase and Sale Agreement. The Parent shall use its commercially reasonable efforts to cause such shelf Registration Statement to become effective as soon as practical after such filing, and to cause the Parent Shares to be qualified in such state jurisdictions as the Shareholders may reasonably request. The Parent shall use commercially reasonable efforts to keep the shelf Registration Statement current and effective for one year after it is first declared effective.

(b) If Parent proposes to register for its own account any of its securities under the Securities Act for sale (other than a registration statement on Form S-4 or S-8, a registration statement filed in connection with an exchange offer or an offering of securities solely to Parent's existing shareholders, or a registration statement filed in connection with an exchange offer or an offering of securities by any of the Parent's shareholders), Parent shall give written notice to the Shareholders of the Parent's intention to effect such a registration not later than 15 days prior to the anticipated date of filing with the SEC of a Registration Statement, which notice shall offer the Shareholders the opportunity to include in such Registration Statement any of the Parent Shares held by the Shareholders that the Shareholders may request be included therein (a "Piggyback Registration"). Notwithstanding the preceding sentence, Parent's obligation under this Section 7.6(b) shall be limited to registrations as to which a Registration Statement is to be filed (i) during the period beginning on the first anniversary of the Closing Date and ending on the fifth anniversary of the Closing Date, and (ii) only if the Shareholders are subject to the volume restrictions set forth in Rule 144 of the Securities Act. Subject to the provisions of this Agreement, Parent will use its reasonable efforts to cause all the Parent Shares for which the Shareholders have requested registration to be registered under the Securities Act to the extent required to permit the sale by the Shareholders of such Parent Shares; *provided*, that if a Piggyback Registration relates to an underwritten public offering and the managing underwriter or underwriters believe that the inclusion of all shares requested to be included in the proposed registration would adversely affect the marketing of such shares, Parent may first include in such registration all securities Parent proposes to sell, and The Shareholders shall accept a reduction (including a total elimination) in the number of shares to be included in such registration, pro rata with the other holders of Parent Common Stock making requests for registration, on the basis of the number of shares of Parent Common Stock so requested to be included by the Shareholders and the other selling shareholders. Nothing in this Section 7.6(b) shall limit Parent's ability to withdraw a Registration Statement it has filed either before or after effectiveness.

(c) Parent shall pay the expenses incurred in connection with any proposed registration of securities by Parent under this Section 7.6, whether or not effected or consummated, including, without limitation, all registration and filing fees, printing expenses, and fees and disbursements of counsel and accountants for Parent.

Section 7.7. Purchaser's Liquidity Program. Notwithstanding any other provision set forth herein, with respect to all sales by the Shareholders of Parent Shares through the NASDAQ or any such other exchange, the Shareholders may only sell such shares on any day after the first sale of Parent Common Stock has occurred through the NASDAQ or such other exchange and on such day, the Shareholders may only sell 1,000 Parent Shares in the aggregate for each 1,000 shares of Parent Common Stock sold by unrelated third parties through the NASDAQ or such other exchange on such day. In no event shall the plan of distribution of Parent Shares include the use of a contractual underwriter, nor shall Parent have any obligation to enter into an underwriting agreement with any investment banking firm participating as a broker in the execution of any such resales. Parent agrees that it will furnish to the Shareholders such number of prospectuses, prospectus supplements, or other documents incident to any registration, qualification or compliance referred to herein as the Shareholders from time to time may reasonably request.

Section 7.8. Exchange Listing. Parent shall use its reasonable efforts to effect, at or before the effective date of a Registration Statement, authorization for listing on NASDAQ, upon official notice of issuance, of the shares of Parent Common Stock to be issued pursuant to the transactions contemplated by this Agreement.

Section 7.9. Public Statements. Except as required by law or the National Association of Securities Dealers ("NASD"), the Parties shall obtain the written consent of the other Parties prior to issuing any press release or any written public statement with respect to this Agreement or the transactions contemplated hereby and shall not issue any such press release or written public statement prior to such consent, which will not be unreasonably withheld.

Section 7.10. Supplements to Disclosure Schedules. From time to time prior to the date ten (10) days prior to Closing, the Shareholders may update the Disclosure Schedules to this Agreement in order to make the information set forth therein complete and accurate, so long as such an update does not disclose an event, fact or condition which could have a Material Adverse Effect on the Company. In the event such an update discloses an event or condition which could have a Material Adverse Effect on the Company, then Parent may terminate this Agreement if (i) the Parent notified the Shareholders that Parent believed, in its reasonable business judgment, that the updated information disclosed an event, fact or condition which could have a Material Adverse Effect on the Company, (ii) the Parent negotiated in good faith with the Shareholders with respect to adjustments, if any, to the terms of this Agreement as a result of the updated information, and (iii) the Parties failed to agree on any such adjustments.

ARTICLE VIII
CONDITIONS TO CLOSING

Section 8.1. Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each Party to effect the Merger shall be subject to the fulfillment or waiver, if permissible, of the following conditions on or prior to the Effective Time:

(a) no preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the Merger shall have been issued and remain in

effect (each Party agreeing to use its reasonable efforts to have any such injunction, order or decree lifted); and

(b) no action shall have been taken, and no statute, rule or regulation shall have been enacted, by any state or federal government or governmental agency in the United States which would prevent the consummation of the Merger or make the consummation of the Merger illegal; and

(c) the transactions contemplated by the Purchase and Sale Agreement dated the same date as this Agreement by and among Parent, Mr. Toretta, Mrs. Guerrera, the Estate, the Trust and Eileen Toretta, as Trustee of the Paul A. Toretta 1998 Grat (the "Purchase and Sale Agreement"), shall have been consummated.

Section 8.2. Conditions to Obligation of the Company and the Shareholders to Effect the Merger. Unless waived by the Company and the Shareholders, the obligations of the Company and the Shareholders to effect the Merger shall be subject to the fulfillment of the following additional conditions on or prior to the Closing Date:

(a) Parent and Merger Sub shall have performed in all material respects (or in all respects in the case of any agreement containing any materiality qualification) their agreements contained in this Agreement required to be performed on or prior to the Effective Time;

(b) the representations and warranties of Parent and Merger Sub contained in this Agreement shall be true and correct in all material respects (or in all respects in the case of any representation or warranty containing any materiality qualification) on and as of the date made and on and as of the Closing Date as if made at and as of such date;

(c) the Shareholders shall have received certificates executed on behalf of Parent and Merger Sub by the President or a Vice President of the Parent and Merger Sub with respect to (a) and (b) above;

(d) the Shareholders shall have received legal opinions from in-house legal counsel to the Parent, dated the Closing Date, in a form reasonably satisfactory to the Sellers; and

(e) the Parent shall have entered into a Consulting Agreement with Mr. Toretta, in the form attached hereto as Exhibit D.

Section 8.3. Conditions to Obligations of Parent to Effect the Merger. Unless waived by Parent and Merger Sub, the obligations of Parent and Merger Sub to effect the Merger shall be subject to the fulfillment of the following additional conditions on or prior to the Effective Time:

(a) the Shareholders and the Company shall have performed in all material respects (or in all respects in the case of any agreement containing any materiality qualification) their agreements contained in this Agreement required to be performed on or prior to the Closing Date;

(b) the representations and warranties of the Shareholders and the Company contained in this Agreement shall be true and correct in all material respects (or in all respects in the case of any representation or warranty containing any materiality qualification) on and as of the date made and on and as of the Closing Date as if made at and as of such date;

(c) since the date hereof, there shall have been no changes that constitute, and no event or events shall have occurred which have resulted in or constitute, a Material Adverse Effect;

(d) Parent shall have received legal opinions from legal counsel to the Shareholders and the Company, dated the Closing Date, in a form reasonable satisfactory to Parent, and as described in Section 3.8(a);

(e) the Shareholders shall have executed Release of Claims Agreements, in the form attached hereto as Exhibit C;

(f) Mr. Toretta, individually, shall have entered into a Consulting Agreement, in the form attached hereto as Exhibit D;

(g) Mr. Toretta, individually, shall have entered into a Covenant Not to Compete Agreement, in the form attached hereto as Exhibit E;

(h) the Estate, Mrs. Guerrera, individually, the Trust and the Trucking Company shall have entered into Covenant Not to Compete Agreements, in the form attached hereto as Exhibit F;

(i) Parent shall have received certificates representing the Company Common Stock duly endorsed for transfer as described in Section 3.8(a)(i);

(j) Parent shall have received a certificate executed by each of the Shareholders with respect to (a) and (b) above; and

(k) Parent shall have entered into employment agreements with Mark McCormick and Terry Szczesiul.

ARTICLE IX
TERMINATION, AMENDMENT AND WAIVER

Section 9.1. Termination. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Effective Time in the following manner:

(a) Any Shareholder shall have the right to terminate this Agreement:

(i) if the representations and warranties of Parent and Merger Sub shall fail to be true and correct in all material respects (or in all respects in the case of any representation or warranty containing any materiality qualification) on and as of the date made or, *except* in the case

of any such representations and warranties made as of a specified date, on and as of any subsequent date as if made at and as of such subsequent date and such failure shall not have been cured in all material respects (or in all respects in the case of any representation or warranty containing any materiality qualification) within 15 days after written notice of such failure is given to Parent by the Shareholders;

(ii) if the Merger is not completed by November 1, 1999 (*provided* that (a) the right to terminate this Agreement under this Section 9.1(a)(ii) shall not be available to the Shareholder if the failure of the Shareholder to fulfill any obligation to Parent or Merger Sub under or in connection with this Agreement has been the cause of or resulted in the failure of the Merger to occur on or before such date and (b) Parent has not exercised its option to extend under Section 9.4);

(iii) if the Merger is enjoined by a final, unappealable court order; or

(iv) if Parent or Merger Sub (A) fails to perform in any material respect (or in all respects in the case of any covenant containing any materiality qualification) any of its covenants in this Agreement and (B) does not cure such default in all material respects (or in all respects in the case of any covenant containing any materiality qualification) within 15 days after notice of such default is given to Parent by the Shareholder.

(b) Parent shall have the right to terminate this Agreement;

(i) if the representations and warranties of the Company or the Shareholders shall fail to be true and correct in all material respects (or in all respects in the case of any representation or warranty containing any materiality qualification) on and as of the date made or, *except* in the case of any such representations and warranties made as of a specified date, on and as of any subsequent date as if made at and as of such subsequent date and such failure shall not have been cured in all material respects (or in all respects in the case of any representation or warranty containing any materiality qualification) within 15 days after written notice of such failure is given to the Shareholders by Parent;

(ii) if the Merger is not completed by November 1, 1999, as such date may be extended pursuant to Section 9.4 below (*provided* that the right to terminate this Agreement under this Section 9.1(b)(ii) shall not be available to Parent if the failure of Parent to fulfill any obligation to the Shareholders under or in connection with this Agreement has been the cause of or resulted in the failure of the Merger to occur on or before such date);

(iii) if the Shareholders or the Company (A) fail to perform in any material respect (or in all respects in the case of any covenant containing any materiality qualification) any of their covenants in this Agreement and (B) do not cure such default in all material respects (or in all respects in the case of any covenant containing any materiality qualification) within 15 days after notice of such default is given to the Shareholders by Parent; or

(iv) pursuant to Section 7.10.

(c) The Shareholders and Parent mutually agree in writing.

Section 9.2. Effect of Termination. The following provisions shall apply in the event of a termination of the Agreement:

(a) If this Agreement is terminated by either Parent or the Shareholders pursuant to the provisions of Section 9.1, this Agreement shall forthwith become void and there shall be no further obligations on the part of the Shareholders, Parent, Company or Merger Sub, or their respective stockholders, directors, officers, employees, agents or representatives. Notwithstanding the preceding sentence or any other provision set forth herein, nothing in this Section 9.2 shall relieve any Party from liability for any breach of this Agreement, including, without limitation, any breach of the prohibition in Section 7.10 against updating the Disclosure Schedules with information which could have a Material Adverse Effect on the Company.

(b) The Parties acknowledge and agree that Parent, as a result of the actual damages Parent would sustain by reason of such negligent or willful failure of the Company or the Shareholders to perform their obligations hereunder, could not be made whole by monetary damages, and it is accordingly agreed that Parent shall have the right to elect, in addition to any and all other remedies at law or in equity, to enforce specific performance under this Agreement and the Company or the Shareholders waive the defense in any such action for specific performance that a remedy at law would be adequate.

Section 9.3. Extensions; Waiver. At any time prior to the Effective Time, the Parties may (a) extend the time for the performance of any of the obligations or other acts of the other Parties, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant thereto and (c) waive compliance with any of the agreements or conditions herein. Any agreement on the part of a Party to any such extension or waiver shall be valid if set forth in an instrument in writing signed on behalf of such Party.

Section 9.4. Parent's Option to Extend. At Parent's option (exercised by providing written notice to the Shareholders prior to November 1, 1999), the deadline of November 1, 1999 set forth in Sections 9.1(a)(ii) and 9.1(b)(ii), above, may be extended to December 31, 1999; *provided, however*, that if the transactions contemplated hereby fail to close by the expiration of such extended period, Parent shall pay the reimbursement payment set forth in Section 9.4 of the Purchase and Sale Agreement as reimbursement for the costs and expenses incurred by the Company in connection with the negotiation and execution of this Agreement, as well as the Purchase and Sale Agreement, unless the Shareholders have breached this Agreement or the failure of any Shareholder to fulfill any obligation to Purchaser under or in connection with this Agreement has been the cause of or resulted in the failure of the transactions contemplated hereby to close before the expiration of such extended period.

ARTICLE X
INDEMNIFICATION AND LIMITATION ON LIABILITY

Section 10.1. The Shareholders' Indemnity Obligations.

(a) Each Shareholder shall, severally but not jointly, indemnify and hold harmless the Company (after the Closing), Parent and the Company's (after the Closing) and the Parent's respective officers, directors, stockholders, employees, agents, representatives and Affiliates (each a "Parent Indemnified Party") from and against any and all claims, actions, causes of action, arbitrations, proceedings, losses, damages, remediations, liabilities, strict liabilities, judgments, fines, penalties and expenses (including, without limitation, reasonable attorneys' fees) (collectively, the "Indemnified Amounts") paid, imposed on or incurred by a Parent Indemnified Party, directly or indirectly, (i) relating to, resulting from or arising out of (x) any breach or misrepresentation in any of the representations and warranties made by such Shareholder in Article IV-A of this Agreement, or any certificate or instrument delivered by such Shareholder in connection with this Agreement, or (y) any violation or breach by such Shareholder of, or default by such Shareholder under, the terms of this Agreement or any certificate or instrument delivered by such Shareholder in connection with this Agreement, or (ii) relating to, resulting from or arising out of any allegation of a third party of the events described in Sections 10.1(a)(i), above.

(b) The Shareholders shall, jointly and severally, indemnify and hold harmless the Parent and the Company (after the Closing) and the other Parent Indemnified Parties from and against any and all Indemnified Amounts paid, imposed on or incurred by a Parent Indemnified Party, directly or indirectly, (i) relating to, resulting from or arising out of (x) any breach or misrepresentation in any of the representations and warranties made by the Company or the Shareholders in Article V of this Agreement, including without limitation with respect to environmental matters, or any certificate or instrument delivered in connection with this Agreement, or (y) any violation or breach by the Company of, or default by the Company under, the terms of this Agreement or any certificate or instrument delivered by the Company in connection with this Agreement, or (ii) relating to, resulting from or arising out of any allegation of a third party of the events described in Sections 10.1(b)(i), above.

(c) For purposes of Section 10.1(a) and (b), Indemnified Amounts shall include without limitation those Indemnified Amounts ARISING OUT OF THE STRICT LIABILITY (INCLUDING BUT NOT LIMITED TO STRICT LIABILITY ARISING PURSUANT TO ENVIRONMENTAL LAWS) OR NEGLIGENCE OF ANY OF THE PARTIES, INCLUDING ANY PARENT INDEMNIFIED PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE.

Section 10.2. Parent's Indemnity Obligations. Parent shall indemnify and hold harmless the Shareholders and the Shareholders' agents, representatives and Affiliates (each a "Shareholders Indemnified Party") from and against any and all Indemnified Amounts incurred by a Shareholders Indemnified Party as a result of (a) any breach or misrepresentation in any of the representations and warranties made by or on behalf of Parent in this Agreement or any certificate or instrument delivered in connection with this Agreement, or (b) any violation or breach by Parent or Merger Sub

of or default by Parent or Merger Sub under the terms of this Agreement or any certificate or instrument delivered in connection with this Agreement.

Section 10.3. Indemnification Procedures. All claims for indemnification under this Agreement shall be asserted and resolved as follows:

(a) Promptly after receipt by an indemnified party under Section 10.1 or 10.2 of notice of the commencement of any third party claim or claims asserted against it ("Third-Party Claim"), such indemnified party will, if a claim is to be made against an indemnifying party under such Section, give notice to the indemnifying party of the commencement of such claim, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to any indemnified party, *except* to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the indemnifying party's failure to give such notice.

(b) If any Third-Party Claim referred to in Section 10.3(a) is brought against an indemnified party and it gives notice to the indemnifying party of the commencement of such Third-Party Claim, the indemnifying party will, unless the claim involves Taxes, be entitled to participate in such Third-Party Claim and, to the extent that it wishes (unless (i) the indemnifying party is also a party to such Third-Party Claim and the indemnified party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying party fails to provide reasonable assurance to the indemnified party of its financial capacity to defend such Third-Party Claim and provide indemnification with respect to such Third-Party Claim), to assume the defense of such Third-Party Claim with counsel satisfactory to the indemnified party and, after notice from the indemnifying party to the indemnified party of its election to assume the defense of such Third-Party Claim, the indemnifying party will not, as long as it diligently conducts such defense, be liable to the indemnified party under this Article X for any fees of other counsel or any other expenses with respect to the defense of such Third-Party Claim, in each case subsequently incurred by the indemnified party in connection with the defense of such Third-Party Claim, other than reasonable costs of investigation. If the indemnifying party assumes the defense of a Third-Party Claim, (i) it will be conclusively established for purposes of this Agreement that the claims made in that Third-Party Claim are within the scope of and subject to indemnification; (ii) no compromise or settlement of such claims may be effected by the indemnifying party without the indemnified party's consent unless (A) there is no finding or admission of any violation of law, rule, regulation or other legal requirement or any violation of the rights of any Person and no effect on any other claims that may be made against the indemnified party, (B) the indemnified party receives as part of such settlement a legal, binding and enforceable unconditional satisfaction and/or release, in form and substance reasonably satisfactory to it, providing that such Third-Party Claim and any claimed liability of the indemnified party with respect thereto is being fully satisfied by reason of such compromise or settlement and that the indemnified party is being released from any and all obligations or liabilities it may have with respect thereto, and (C) the sole relief provided is monetary damages that are paid in full by the indemnifying party; and (iii) the indemnified party will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to an indemnifying party of the commencement of any Third-Party Claim and the indemnifying party does not, within ten days after the indemnified party's notice is given, give notice to the indemnified party of its election to assume the defense of such Third-Party Claim, the indemnifying party will

be bound by any determination made in such Third-Party Claim or any compromise or settlement effected by the indemnified party.

(c) Notwithstanding the foregoing, if an indemnified party determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it or its Affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the indemnified party may, by notice to the indemnifying party, assume the exclusive right to defend, compromise, or settle such Third-Party Claim, but the indemnifying party will not be bound by any determination of a Third-Party Claim so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(d) Shareholders hereby consent to the non-exclusive jurisdiction of any court in which a Third-Party Claim is brought against any indemnified party for purposes of any claim that an indemnified party may have under this Agreement with respect to such Third-Party Claim or the matters alleged therein, and agree that process may be served on Shareholders with respect to such a claim anywhere in the world.

(e) In the event any indemnified party should have a claim against any indemnifying party hereunder that does not involve a Third-Party Claim, the indemnified party shall transmit to the indemnifying party a written notice (the "Indemnity Notice") describing in reasonable detail the nature of the claim, an estimate of the amount of damages attributable to such claim to the extent feasible (which estimate shall not be conclusive of the final amount of such claim) and the basis of the indemnified party's request for indemnification under this Agreement.

(f) The Shareholders may satisfy any claim for indemnification hereunder by the delivery of Parent Shares to the Parent which Parent Shares shall be valued at the average of the Daily Per Share Prices for the twenty (20) consecutive trading days beginning on the twenty-first (21st) trading day prior to delivery by the Shareholders to the Parent pursuant to this Article X.

Section 10.4. Limitation of Shareholders' Liability.

(a) Notwithstanding anything to the contrary contained in Article X, the aggregate liability of the Estate for any event or occurrence giving rise to the Estate being required to indemnify Parent Indemnified Parties pursuant to Section 10.1 of this Agreement shall be limited to $3,500,000.

(b) Notwithstanding anything to the contrary contained in Article X, the aggregate liability of Mr. Toretta for any event or occurrence giving rise to Mr. Toretta being required to indemnify Parent Indemnified Parties pursuant to Section 10.1 of this Agreement shall be limited to $3,500,000.

(c) Parent Indemnified Parties are entitled to indemnification pursuant to Section 10.1 as follows:

(i) until and including the first anniversary of the Closing Date, only if the amount of any Indemnified Amount, individually or in the aggregate with all other Indemnified Amounts hereunder and under the terms of the Purchase and Sale Agreement, exceeds Two Hundred Fifty Thousand Dollars ($250,000), and then only to the extent of such excess; and

(ii) after the first anniversary of the Closing Date, only if the amount of any Indemnified Amount, individually or in the aggregate with all other Indemnified Amounts hereunder and under the terms of the Purchase and Sale Agreement since the Closing Date, exceeds Five Hundred Thousand Dollars ($500,000), and then only to the extent of such excess.

Section 10.5. Limitation of Parent's Liability. Shareholders Indemnified Parties are entitled to indemnification pursuant to Section 10.2 as follows:

(i) until and including the first anniversary of the Closing Date, only if the amount of any Indemnified Amount, individually or in the aggregate with all other Indemnified Amounts hereunder and under the terms of the Purchase and Sale Agreement, exceeds Two Hundred Fifty Thousand Dollars ($250,000), and then only to the extent of such excess; and

(ii) after the first anniversary of the Closing Date, only if the amount of any Indemnified Amount, individually or in the aggregate with all other Indemnified Amounts hereunder and under the terms of the Purchase and Sale Agreement since the Closing Date, exceeds Five Hundred Thousand Dollars ($500,000), and then only to the extent of such excess.

ARTICLE XI
GENERAL PROVISIONS

Section 11.1. Survival. The representations, warranties, covenants and agreements (including, but not limited to, indemnification obligations) set forth in this Agreement and in any certificate or instrument delivered in connection herewith shall be continuing and shall survive the Closing for a period of two years following the date of Closing; *provided, however*, that in the case of all such representations, warranties, covenants and agreements (including, but not limited to, indemnification obligations) there shall be no such termination with respect to any such representation, warranty, covenant or agreement as to which a bona fide claim has been asserted by written notice of such claim delivered to the Party or Parties making such representation, warranty, covenant or agreement prior to the expiration of the survival period; *provided, further,* that (i) the representations and warranties set forth in Sections 4A.1 (Ownership), 4A.2 (Authority; Non-Contravention; Approvals) and 5.2 (Capitalization) hereof shall survive the Closing indefinitely, (ii) Section 5.12 (Taxes) shall survive the Closing for the greater of two years or the statutory survival period applicable to Taxes, (iii) the covenants contained in this Agreement to be performed after the Closing shall survive until fully performed; and (iv) the indemnification obligations of the Shareholders set forth in Section 10.1(a) and Section 10.1(b) shall survive the Closing until the termination of the respective representations and warranties.

Section 11.2. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by a nationally recognized overnight delivery service, mailed by registered or certified mail (return receipt requested) or sent via facsimile to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

(a) If to Parent, Merger Sub or the Company (on or after Closing), to:

Synagro Technologies, Inc.
1800 Bering Drive, Suite 1000
Houston, Texas 77057
Attention: Mark A. Rome
Telecopy: 713/369-1760

with a copy to:

Locke Liddell & Sapp LLP
600 Travis, Suite 3200
Houston, Texas 77002
Attention: Michael T. Peters
Telecopy: 713/223-3717

(b) If to Mr. Toretta or the Company (prior to Closing), to:

Paul A. Toretta
30 Lakewood Circle
Greenwich, Connecticut 06830
Telecopy: 203/622-9064

with a copy to:

Edward M. Kane, Esq.
Richards & O'Neil, LLP
43 Arch Street
Greenwich, Connecticut 06830
Telecopy: 203/869-6565

(c) If to Frances A. Guerrera, as Executrix of the Estate of Richard J. Guerrera or as Co-Trustee of the Richard J. Guerrera Revocable Trust, to:

Frances A. Guerrera
31 Munson Road
Middlebury, Connecticut 06762

with a copy to:

John J. Palmeri, Esq.
Palmeri, Rock & Talbot, P.C.
100 Hinman Street
P.O. Box 277
Cheshire, Connecticut 06410
Telecopy: 203/250-1795

and

Donald F. Dwyer
c/o Astra Zeneca
725 Chesterbrook Blvd.
Wayne, Pennsylvania 19087
Telecopy: 610/695-4491

(d) If to Frances A. Guerrera, individually, to:

Frances A. Guerrera
31 Munson Road
Middlebury, Connecticut 06762

with a copy to:

Shipman & Goodwin, LLP
One Landmark Square
Stamford, Connecticut 06901
Attention: Steven M. Gold, Esq.
Telecopy: 203/324-8191

and

Donald F. Dwyer
c/o Astra Zeneca
725 Chesterbrook Blvd.
Wayne, Pennsylvania 19087
Telecopy: 610/695-4491

(e) If to Robert Dionne, as Co-Trustee of the Richard J. Guerrera Revocable Trust, to:

Robert Dionne (Personal and Confidential)
c/o R. J. Guerrera, Inc.
P.O. Box 700
Naugatuck, Connecticut 06770
Telecopy: 203/723-5640

with a copy to:

John J. Palmeri, Esq.
Palmeri, Rock & Talbot, P.C.
100 Hinman Street
P.O. Box 277
Cheshire, Connecticut 06410
Telecopy: 203/250-1795

Section 11.3. Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the interpretation of this Agreement. In this Agreement, unless a contrary intention is specifically set forth, (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision and (ii) reference to any Article or Section means such Article or Section hereof. No provision of this Agreement shall be interpreted or construed against any Party solely because such Party or its legal representative drafted such provision.

Section 11.4. Miscellaneous. This Agreement (including the documents and instruments referred to herein and the Schedules and Exhibits attached hereto) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the Parties, or any of them, with respect to the subject matter hereof. Neither this Agreement nor the rights, interests and obligations arising pursuant to this Agreement (including the documents and instruments referred to herein and the Schedules and Exhibits attached hereto) shall not be assigned by operation of law or otherwise *except* that Merger Sub or Parent may assign this Agreement to any other wholly-owned Subsidiary of Parent, but no such assignment shall relieve the Parent or the Merger Sub, as the case may be, of its obligations hereunder.

Section 11.5. Governing Law. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING VALIDITY, INTERPRETATION AND EFFECT, BY THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS EXECUTED AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE.

Section 11.6. Binding Arbitration.

(a) General. Notwithstanding any provision of this Agreement to the contrary, upon the request of any Party (defined for the purpose of this provision to include Affiliates, principals and agents of any such Party), any dispute, controversy or claim arising out of, relating to, or in connection with, this Agreement or any agreement executed in connection herewith or contemplated hereby, or the breach, termination, interpretation, or validity hereof or thereof (hereinafter referred to as a "Dispute"), shall be finally resolved by mandatory and binding arbitration in accordance with the terms hereof. Any Party may bring an action in court to compel arbitration of any Dispute. Any Party who fails or refuses to submit any Dispute to binding arbitration following a lawful demand by the opposing Party shall bear all costs and expenses incurred by the opposing Party in compelling arbitration of such Dispute.

(b) Governing Rules. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of the arbitration, *except* as they may be modified herein or by mutual agreement of the Parties. The seat of the arbitration shall be New York, New York. Notwithstanding Section 11.6, the arbitration and this clause shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. (the "Federal Arbitration Act"). The arbitrator shall award all reasonable and necessary costs (including the reasonable fees and expenses of counsel) incurred in conducting the arbitration to the prevailing Party in any such Dispute. The Parties expressly waive all rights whatsoever to file an appeal against or otherwise to challenge any award by the arbitrators hereunder; *provided*, that the foregoing shall not limit the rights of any Party to bring a proceeding in any applicable jurisdiction to confirm, enforce or enter judgment upon such award (and the rights of the other Party, if such proceeding is brought to contest such confirmation, enforcement or entry of judgment, but only to the extent permitted by the Federal Arbitration Act).

(c) No Waiver; Preservation of Remedies. No provision of, nor the exercise of any rights under this Agreement shall limit the right of any Party to apply for injunctive relief or similar equitable relief with respect to the enforcement of this Agreement or any agreement executed in connection herewith or contemplated hereby, and any such action shall not be deemed an election of remedies. Such rights can be exercised at any time *except* to the extent such action is contrary to a final award or decision in any arbitration proceeding. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof. The institution and maintenance of an action for injunctive relief or similar equitable relief shall not constitute a waiver of the right of any Party, including without limitation the plaintiff, to submit any Dispute to arbitration nor render inapplicable the compulsory arbitration provisions of this Agreement.

(d) Arbitration Proceeding. In addition to the authority conferred on the arbitration tribunal by the rules specified above, the arbitration tribunal shall have the authority to order reasonable discovery, including the deposition of party witnesses and production of documents. The arbitral award shall be in writing, state the reasons for the award, and be final and binding on the Parties with no right of appeal. All statutes of limitations that would otherwise be applicable shall apply to any arbitration proceeding. Any attorney-client privilege and other protection against disclosure of confidential information, including without limitation any protection afforded the work-product of any attorney, that could otherwise be claimed by any Party shall be available to and may be claimed by any such Party in any arbitration proceeding. No Party waives any attorney-client privilege or any other protection against disclosure of confidential information by reason of anything contained in or done pursuant to or in connection with this Agreement. Each Party agrees to keep all Disputes and arbitration proceedings strictly confidential, *except* for disclosures of information to the Parties' legal counsel or auditors or those required by applicable law. The arbitrators shall determine the matters in dispute in accordance with the substantive law of the State of Delaware, without regard to conflict of law rules. The obligation to arbitrate any dispute shall be binding upon the successors and assigns of each of the Parties.

(e) Appointment of Arbitrators. The arbitration shall be conducted by three (3) arbitrators. The Party initiating arbitration (the "Claimant") shall appoint its arbitrator in its request for arbitration (the "Request"). The other Party (the "Respondent") shall appoint its arbitrator within 30 days after receipt of the Request and shall notify the Claimant of such appointment in writing. If the Respondent fails to appoint an arbitrator within such 30-day period, the arbitrator named in the Request shall decide the controversy or claim as sole arbitrator. Otherwise, the two (2) arbitrators appointed by the Parties shall appoint a third (3rd) arbitrator within 30 days after the Respondent has notified Claimant of the appointment of the Respondent's arbitrator. When the third (3rd) arbitrator has accepted the appointment, the two (2) Party-appointed arbitrators shall promptly notify the Parties of the appointment. If the two (2) arbitrators appointed by the Parties fail to appoint a third (3rd) arbitrator or so to notify the Parties within the time period prescribed above, then the appointment of the third (3rd) arbitrator shall be made by the American Arbitration Association, which shall promptly notify the Parties of the appointment. The third (3rd) arbitrator shall act as Chair of the panel.

(f) Other Matters. This arbitration provision constitutes the entire agreement of the Parties with respect to its subject matter and supersedes all prior discussions, arrangements, negotiations and other communications on dispute resolution. This arbitration provision shall survive any termination, amendment, renewal, extension or expiration of this Agreement or any agreement executed in connection herewith or contemplated hereby unless the Parties otherwise expressly agree in writing. The obligation to arbitrate any dispute shall be binding upon the successors and assigns of each of the Parties.

Section 11.7. Amendment. This Agreement may not be amended *except* by an instrument in writing signed on behalf of all of the Parties.

Section 11.8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

Section 11.9. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

Section 11.10. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect.

Section 11.11. Guarantee. Frances Guerrera, individually and as Co-Trustee of the Trust, and Robert Dionne, as Co-Trustee of the Trust, jointly and severally, unconditionally and irrevocably guarantee the full, prompt and complete performance of all obligations of the Estate and Trust, as the case may be, under this Agreement and the documents executed and delivered by the Estate and Trust in connection with the transactions contemplated in this Agreement.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement effective as of the date first written above.

SYNAGRO TECHNOLOGIES, INC.

By:_____
Ross M. Patten, Chairman and Chief Executive Officer

RESTEC ACQUISITION CORP.

By:_____
Ross M. Patten, Chairman and Chief Executive Officer

NEW ENGLAND TREATMENT COMPANY, INC.

By:_____
Paul A. Toretta, President

_____
Frances A. Guerrera, individually

THE RICHARD J. GUERRERA REVOCABLE TRUST

By:_____
Frances A. Guerrera, Co-Trustee

By:_____
Robert Dionne, Co-Trustee

THE SHAREHOLDERS:

_____
Paul A. Toretta, individually

THE ESTATE OF RICHARD J. GUERRERA

By:_____
Frances A. Guerrera, Executrix

SYNAGRO

A Residuals Management Company

Friday, January 07, 2000

Paul A. Toretta
Don F. Dwyer
Residual Technologies
55 Old Field Point Road
Greenwich, CT 06830

Subject: *Termination Extensions*

Dear Paul and Don:

This letter (the "Letter Agreement") is intended to amend the following agreements:

- *Purchase and Sale Agreement (the "Sale Agreement"), dated as of October 20, 1999, by and among Synagro Technologies, Inc. (the "Purchaser"), Paul A. Toretta, Eileen Toretta as Trustee of the Paul A. Toretta 1998 GRAT (the "GRAT"), Frances A. Guerrera, Frances A. Guerrera as Executrix of the Estate of Richard J. Guerrera, and Frances A. Guerrera and Robert Dionne as Co-Trustees of the Richard J. Guerrera Revocable Trust Under Agreement dated November 2, 1998 (collectively, the "Shareholders"), and*

- *Agreement and Plan of Merger (the "Merger Agreement"), dated October 20, 1999, by and among Synagro Technologies, Inc., ResTec Acquisition Corp., New England Treatment Company, Inc. ("NETCO"), Paul A. Toretta, Frances A. Guerrera, Frances A. Guerrera, Frances A. Guerrera as Executrix of the Estate of Richard J. Guerrera, and Frances A. Guerrera and Robert Dionne as Co-Trustees of the Richard J. Guerrera Revocable Trust Under Agreement dated November 2, 1998*

This Letter Agreement is to confirm and give effect to the following agreements between the Purchaser and the Shareholders:

1. The optional extension date of December 31, 1999 set forth in Section 9.4 of the Sale Agreement and Section 9.4 of the Merger Agreement, including the obligation to pay the $300,000 breakup fee referred to therein, is hereby extended to January 31, 2000. It is anticipated that the actual closings of the Sale Agreement and the Merger Agreement will take place during the week of January 10, 2000.

In consideration for this extension, the Purchaser and the Shareholders agree to the following:

2. It is hereby agreed that the number of shares of Parent Common Stock to be issued in accordance with Section 3.1(a)(i) of the Merger Agreement shall be fixed at 325,000. However, this number shall be reduced by the amount of any Indebtedness that NETCO has at closing and the amount, if any, by which NETCO's Net Working Capital as of closing is less than $910,000. The reduction in shares shall be calculated by dividing the sum of NETCO's Indebtedness at closing and the shortfall in Net Working Capital by 6.1538. It is also agreed that (i) the "amount of cash and liabilities" in Section 3.3(d) of the Merger Agreement shall be changed to $910,000 from $260,000, (ii) the "amount of cash and liabilities" in Section 3.3(d) of the Sale Agreement shall be changed to $400,000 from $1,050,000, and (iii) the "Net Working Capital" amount in Section 3.2(i) of the Sale Agreement shall be changed to $490,000 from $1,140,000.

3. The Purchaser agrees to permit NETCO to issue shares of its nonvoting common stock to Janet Cordano, Mark McCormick, and Terry Szczieul, in lieu of a portion of the bonus payments otherwise payable to such employees in connection with the consummation of the transactions contemplated by the Merger Agreement. These shares of nonvoting common stock shall be subject to exchange pursuant to the terms of the Merger Agreement on a pro rata basis.

4. Section 3.2(i) of the Sale Agreement shall be amended to increase the initial cash amount to Forty-Four Million Six Hundred Thousand Dollars ($44,600,000) to reflect the parties' estimate of the difference in the tax payable by the Shareholders as a result of closing the Sale Agreement and the Merger Agreement in 2000 rather than in 1999 (the "Tax Payment"). If the actual Tax Payment is less than $600,000, the Shareholders shall remit such excess to the Purchaser.

5. The Purchaser agrees, if requested by Mr. Toretta, to work with GTCR Golder Rauner, LLC to provide a $3 million loan to Mr. Toretta and the GRAT three days prior to the closing day for payment of bonuses to selected ResTec employees. The loan shall be repaid prior to funding the Sale Agreement or shall be netted against the cash consideration due under the Sale Agreement.

6. Section 2(e) of the Covenant Not to Compete Agreement to be entered into by Mr. Toretta and the Purchaser shall be amended to read, in its entirety, as follows:

> (e) "Business" means the management of municipal sewage sludge, including, but not limited to, the collection, treatment, transportation, land application, incineration, disposal, and/or composting of such municipal sewage sludge.

7. Notwithstanding Section 7.14 of the Sale Agreement and Section 7.14 of the Merger Agreement, the Shareholders and NETCO may deliver updates to the Disclosure Schedules to the Sale Agreement and Merger Agreement at least through January 17, 2000.

8. The Purchaser hereby consents to ResTec's transfer of its recently acquired centrifuges to NETCO.

9. The Purchaser hereby consents to Providence Soils, LLC's entry into agreements with the Rhode Island Resource Recovery Corporation and the Narragansett Bay Commission for the construction and operation of a facility in Rhode Island.

10. To the extent any provision in this Letter Agreement is inconsistent with the Sale Agreement or the Merger Agreement, this Letter Agreement shall control and shall constitute an amendment to those Agreements. As amended by this Letter Agreement, both the Sale Agreement and the Merger Agreement shall continue in full force and effect. Capitalized terms used, but not defined, herein shall have the meanings ascribed to them in those Agreements.

Please indicate your agreement with the foregoing by executing this letter in the space provided below and returning it to me.

Synagro Technologies, Inc.

By: Mark A. Rome, Executive Vice President

ACCEPTED AND AGREED TO:

Paul A. Toretta, Individually

THE PAUL A. TORETTA 1998 GRAT

Eileen Toretta, Trustee

THE RICHARD J. GUERRERA REVOCABLE TRUST

Frances A. Guerrera, Co-Trustee

Robert Dionne, Co-Trustee

THE ESTATE OF RICHARD J. GUERRERA

Frances A. Guerrera, Executrix

Francis A. Guerrera, Individually

SECOND AMENDMENT
TO AGREEMENT AND PLAN OF MERGER

THIS SECOND AMENDMENT ("Amendment") is entered into as of _____, 2000, by and between SYNAGRO TECHNOLOGIES, INC., a Delaware corporation ("Parent"), RESTEC ACQUISITION CORP., a Rhode Island corporation and a wholly-owned subsidiary of Parent ("Rhode Island Merger Sub"), NEW ENGLAND TREATMENT COMPANY, INC., a Rhode Island corporation ("Company"), PAUL A. TORETTA, individually ("Mr. Toretta"), FRANCES A. GUERRERA, individually ("Mrs. Guerrera"), FRANCES A. GUERRERA, as Executrix of the Estate of Richard J. Guerrera (the "Estate"), FRANCES A. GUERRERA and ROBERT DIONNE, as Co-Trustees of the Richard J. Guerrera Revocable Trust under agreement dated November 2, 1998 (the "Trust") (collectively, the "Merger Parties") and RESTEC ACQUISITION CORP., a Delaware corporation and a wholly-owned subsidiary of Parent ("Delaware Merger Sub").

RECITALS

WHEREAS, the Merger Parties entered into that certain Agreement and Plan of Merger dated October 20, 1999, as amended by a letter agreement dated January 7, 2000 (as amended, the "Agreement"), under the terms of which Rhode Island Merger Sub was, upon satisfaction or waiver of the conditions to Closing set forth in the Agreement, and at the Effective Time, to merge with and into the Company (the "Merger");

WHEREAS, the Merger Parties now desire to amend the Agreement to provide, among other things, that Delaware Merger Sub, rather than Rhode Island Merger Sub, will, upon satisfaction or waiver of the conditions to Closing set forth in the Agreement, and at the Effective Time, merge with and into the Company, and that the Company will issue shares of nonvoting stock prior to the Merger, as more fully set forth herein; and

WHEREAS, capitalized terms used herein shall have the meanings ascribed to them herein or in the Agreement, and references to Sections herein shall mean the corresponding Sections of the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable and consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Adoption of Letter Agreement. The parties hereto hereby consent to, confirm, approve and adopt the letter agreement dated January 7, 2000, among Parent, Mr. Toretta, the Grat, the Trust, the Estate, and Mrs. Guerrera.

2. Amendments to Agreement.

   a. Any and all references in the Agreement (including any Exhibits or Schedules thereto, any documents required for the consummation of the transactions contemplated by the Agreement, and any amendments to the

Agreements other than this Amendment) to RESTEC Acquisition Corp., a Rhode Island corporation, are hereby amended to be references to RESTEC Acquisition Corp., a Delaware corporation, and, as a result of this Amendment, the defined term "Merger Sub" as used in the Agreement (including any Exhibits or Schedules thereto, any documents required for the consummation of the transactions contemplated by the Agreement, and any amendments to the Agreements other than this Amendment) for RESTEC Acquisition Corp., a Rhode Island corporation, is now a reference to RESTEC Acquisition Corp., a Delaware corporation.

b. The first complete sentence of Section 1.1 of the Agreement is hereby amended to read:

> Upon the terms and subject to the conditions of this Agreement, at the Effective Time (as defined in Section 1.2) in accordance with the Rhode Island Business Corporation Act and the General Corporation Law of the State of Delaware, the Merger Sub shall be merged with and into the Company and the separate existence of the Merger Sub shall thereupon cease.

c. The first complete sentence of Section 1.2 of the Agreement is hereby amended to read:

> The Merger shall become effective at such time (the "Effective Time") as (i) articles of merger are filed with the Secretary of State of the State of Rhode Island in accordance with the Rhode Island Business Corporation Act and (ii) a certificate of merger is filed with the Secretary of State of the State of Delaware in accordance with the General Corporation Law of the State of Delaware (collectively, the "Merger Filing").

d. Section 2.1 of the Agreement is hereby amended to read in its entirety:

> **Section 2.1. Certificate of Incorporation.** The Articles of Incorporation of the Company as in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation after the Effective Time, as the same may thereafter be amended in accordance with its terms and as provided under the Rhode Island Business Corporation Act.

e. The last sentence of Section 3.1(a) of the Agreement is hereby amended to read in its entirety:

> Each Shareholder and each of Mark McCormick, Terry Szczesiul and Janet Cordano (as new shareholders of the Company) shall be

entitled to receive the percentages of the aggregate consideration issuable pursuant to this Section 3.1(a) as set forth on Schedule 1 to this Amendment.

3. No Other Amendments to Agreement. Except as specifically set forth in this Amendment, the Agreement shall remain in full force and effect, without any amendment or modification thereto.

4. Counterparts and Facsimile Signatures. This Amendment may be executed in any number of counterparts, and signature pages may be delivered by telecopy, with the original executed signature pages to be furnished promptly thereafter.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day first written above.

SYNAGRO TECHNOLOGIES, INC.

By: _____
Mark A. Rome, Executive Vice President

RESTEC ACQUISITION CORP.,
a Rhode Island corporation

By: _____
Mark A. Rome, Vice President

RESTEC ACQUISITION CORP.,
a Delaware corporation

By: _____
Mark A. Rome, Vice President

NEW ENGLAND TREATMENT COMPANY, INC.

By: _____
Paul A. Toretta, President

_____
Frances A. Guerrera, individually

_____
Paul A. Toretta, individually

THE RICHARD J. GUERRERA REVOCABLE TRUST

By: _____
Frances A. Guerrera, Co-Trustee

By: _____
Robert Dionne, Co-Trustee

THE ESTATE OF RICHARD J. GUERRERA

By: _____
Frances A. Guerrera, Executrix

Schedule 1 to Second Amendment to Agreement and Plan of Merger

Paul A. Toretta	46%
Estate of Richard J. Guerrera	46%
Mark McCormick	4%
Terry Szczesiul	2.5%
Janet Cordano	1.5%