

**IRREVOCABLE OFFER RELATING  
TO THE COMPREHENSIVE AGREEMENT**

**THIS IRREVOCABLE OFFER RELATING TO THE COMPREHENSIVE AGREEMENT** (this "Irrevocable Offer"), made and entered into this 9th day of September, 2009, by **WHEELABRATOR TECHNOLOGIES INC.**, a Delaware corporation (the "Company"), and being delivered to **SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA**, a public body politic and corporate of the Commonwealth of Virginia ("SPSA"). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Purchase and Sale Agreement (as defined below).

**WHEREAS**, SPSA owns and operates an integrated solid waste disposal system in the geographic area of its member localities in Hampton Roads, Virginia, including a refuse-derived fuel facility and a waste-to-energy facility (together the "Facilities");

**WHEREAS**, on May 28, 2008, Covanta Energy Corporation ("Covanta") submitted an unsolicited proposal under the Virginia Public-Private Education Facilities and Infrastructure Act of 2002 ("PPEA") to SPSA to purchase SPSA's Facilities;

**WHEREAS**, SPSA's Board in response to such unsolicited offer, determined that it may be in SPSA's economic and business interest to sell the Facilities to the private sector and accordingly, consistent with the PPEA and SPSA's implementing guidelines, issued a public notice on June 5, 2008 encouraging interested parties to submit unsolicited bids/proposals for the acquisition and operation of the Facilities (the "Procurement");

**WHEREAS**, pursuant to such public notice, SPSA, on August 27, 2008, received proposals from additional parties, including Wheelabrator Technologies Inc. ("Wheelabrator"), and together with Covanta, the "Vendors", or each a "Vendor";

**WHEREAS**, based on such proposals, including the Vendors' professed experience, qualifications and interest, the Vendors were selected by SPSA to participate in meetings and simultaneous competitive negotiations relative to a draft purchase and sale agreement with respect to the acquisition of the Facilities and a draft service agreement with respect to the management, operation and maintenance of the Facilities, in each case, as prepared by SPSA;

**WHEREAS**, pursuant to such meetings and negotiations, the draft purchase and sale agreement and the draft service agreement were finalized and the final purchase and sale agreement, in the form attached hereto as Exhibit A (the "Purchase and Sale Agreement"), and a final service agreement, in the form attached hereto as Exhibit B (the "Service Agreement"), and together with the Purchase and Sale Agreement, the "Comprehensive Agreement", were submitted to the Vendors for final negotiation and pricing;

**WHEREAS**, the Company is submitting a binding and irrevocable offer with respect to the Purchase and Sale Agreement and Service Agreement, which may not be revoked, modified or rescinded by the Company prior to March 1, 2010 (the "Irrevocable Offer Expiration Date");

**WHEREAS**, following the receipt of the offers by each Vendor, SPSA's Board may tentatively select a Vendor, in reliance on (a) the Vendor's submissions and representations in its original proposal to SPSA, and (b) the Vendor's final pricing as contained in this Irrevocable Offer in response to the negotiated and finalized Purchase and Sale Agreement and Service Agreement;

**WHEREAS**, pursuant to the Procurement, in the event the transactions contemplated by the Comprehensive Agreement are terminated prior to the Irrevocable Offer Expiration Date, SPSA may, following written notice to the other Vendor participating in the Procurement, accept the irrevocable offer submitted by such other Vendor;

**WHEREAS**, the Company acknowledges that SPSA is relying on this Irrevocable Offer in connection with the Procurement and would suffer significant damages in the event that the Company was permitted to terminate this Irrevocable Offer prior to the Irrevocable Offer Expiration Date; and

**WHEREAS**, the Company acknowledges that its participation in the Procurement as one of only two Vendors requested to submit final offers for the sale and operation of the Facilities and other good and valuable consideration is being given by SPSA for the Company's delivery of this Irrevocable Offer.

**NOW, THEREFORE**, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company hereby agrees as follows:

1. Incorporation of Recitals. The foregoing recitals are incorporated herein by reference and made a part of this Irrevocable Offer.

2. Irrevocable Offer; Deposit; Letter of Credit.

(a) Attached hereto are (i) four (4) originals of the Purchase and Sale Agreement executed by the Company, (ii) four (4) originals of the Service Agreement executed by the Company, (iii) four (4) originals of Addendum No. 1 (as defined in the Service Agreement) executed by the Company, and (iv) four (4) originals of the Escrow Agreement, in the form attached hereto as Exhibit C (the "Escrow Agreement"), executed by the Company, each of which are being delivered to the Escrow Agent. The Purchase and Sale Agreement, the Service Agreement, Addendum No. 1 (collectively, the "Submission Documents"), in each case as executed and delivered by the Company to SPSA, are referred to herein as the Company's "Offer".

(b) On the third (3rd) business day immediately following the Company's receipt of written notice (if any) from SPSA that the Company's Offer has been tentatively selected by SPSA's Board, the Company shall either (i) deposit Five Million Dollars (\$5,000,000) in immediately available funds (the "Deposit") with the Escrow Agent to be held in escrow and disbursed pursuant to the Escrow Agreement, or (ii) obtain and cause to be issued

and delivered to SPSA, as beneficiary, by a Qualified Financial Institution (as defined in the Service Agreement) an irrevocable letter of credit in the face amount of Five Million Dollars (\$5,000,000) having a term of six (6) months, in the form attached hereto as Exhibit D (the "Letter of Credit"). In the event that the Company fails to timely deliver or cause to be delivered the Deposit to the Escrow Agent or the Letter of Credit to SPSA as aforesaid, SPSA may terminate the Company's Offer and disqualify the Company from further participation in the Procurement.

(c) The Offer constitutes a binding and irrevocable offer of the Company to SPSA, which can not be revoked, modified or rescinded by the Company at any time prior to the Irrevocable Offer Expiration Date. Notwithstanding anything to the contrary, neither SPSA's negotiations with any other vendor or person in the present or any other procurement nor further negotiations between SPSA and the Company with respect to possible changes or modifications in the Company's Comprehensive Agreement (after the Submission Documents are received by SPSA) shall be construed to reject, modify, rescind or revoke the Submission Documents. Modification or termination of the Submission Documents by the Company may be effected only by an express written agreement to that effect signed by both SPSA and the Company. If the Company takes any action purporting to revoke, modify or rescind its Offer prior to the earlier of (i) expiration of the Irrevocable Offer Expiration Date or (ii) SPSA's execution and delivery of the Purchase and Sale Agreement and Service Agreement to the Company, then (A)(i) in the event the Deposit was posted with the Escrow Agent, the Company shall forfeit the Deposit to Seller, and Seller shall be entitled to receive the Deposit from the Escrow Agent, as a nonrefundable payment, or (ii) if the Letter of Credit was issued, SPSA shall have the right to present such Letter of Credit for payment immediately for the full amount thereof, and (B) in either event, SPSA may pursue such other remedies at law or in equity as may be available to it.

(d) As consideration for the irrevocability of the Company's Offer as described in this Section 2, SPSA shall pay to the Company the amount of Two Hundred Fifty Dollars (\$250) within twenty (20) days after receipt hereof, which payment shall bind the Company to the irrevocability of the Offer until the Irrevocable Offer Expiration Date.

3. SPSA's Acceptance of the Irrevocable Offer. The Company acknowledges that SPSA's acceptance of this Irrevocable Offer will occur and be effected (if at all) only upon (a) the approval of SPSA's Board of the Irrevocable Offer, and (b) SPSA's execution and delivery to the Company of the Submission Documents, all in accordance with the PPEA. SPSA shall have no liability to the Company if SPSA does not execute and deliver the Comprehensive Agreement to the Company for any reason.

4. Procurement. The Company acknowledges that SPSA may, in its sole discretion, terminate the Procurement at any time prior to SPSA's execution and delivery of the Submission Documents. The Company for itself and any of its successors and assigns and their affiliates, hereby irrevocably and absolutely waives its right to assert any Claim (as such term is defined in the Purchase and Sale Agreement) against SPSA, and forever releases and discharges, and covenants not to file any lawsuit or case in equity or otherwise pursue any legal action against SPSA with respect to any Claims that may arise on account of or in any way be connected with the Procurement.

5. Governing Law. This Irrevocable Offer shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to the principles regarding the choice of law.

6. Consent to Jurisdiction. The Company agrees that any suit, action or proceeding based on any matter arising out of or in connection with this Irrevocable Offer must be brought in the United States District Court for the Eastern District of Virginia (Norfolk Division) or any Virginia court sitting in Norfolk, Virginia, and the Company hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum.

7. Severability. If any term or other provision of this Irrevocable Offer is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Irrevocable Offer shall nevertheless remain in full force and effect.

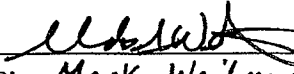
8. Counterparts. This Irrevocable Offer may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

9. Entire Agreement. This Irrevocable Offer, the Purchase and Sale Agreement, the Service Agreement and the other Transaction Documents constitute the entire agreement between SPSA and the Company with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the Parties with respect to the subject matter hereof and thereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has submitted this Irrevocable Offer the day and year first written above.


**WHEELABRATOR TECHNOLOGIES INC.**  
a Delaware corporation

By:   
Name: Mark Weidman  
Title: President

ACKNOWLEDGEMENT OF PAYMENT

The signature of SPSA is provided below solely for the purpose of acknowledging SPSA's receipt of this Irrevocable Offer and SPSA's concurrent payment of the \$250 irrevocability consideration described in Section 2(d) hereof. Notwithstanding anything to the contrary, neither such payment nor the signature below shall be construed to obligate SPSA to enter into the Comprehensive Agreement with the Company or to accept the Company's Offer.

**SOUTHEASTERN PUBLIC SERVICE  
AUTHORITY OF VIRGINIA** through its  
BOARD

By:   
Name: Rowland L. Taylor  
Title: Executive Director  
Date: SEPTEMBER 11, 2009