

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re:	:	Chapter 11
	:	
SYNAGRO TECHNOLOGIES, INC., et al.,	:	Case No. 13-11041 (BLS)
	:	
Debtors. ¹	:	Jointly Administered
	:	
	x	

**FIRST AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF
SYNAGRO TECHNOLOGIES, INC. AND ITS AFFILIATED DEBTORS
AND DEBTORS-IN-POSSESSION**

Synagro Technologies, Inc. and certain of its affiliates, the debtors and debtors in possession in the above-captioned cases (collectively, the “*Debtors*”), propose the following joint chapter 11 plan of reorganization (as may be amended, the “*Plan*”) pursuant to section 1121(a) of the Bankruptcy Code.² These Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of the Bankruptcy Court.

Reference is made to the Disclosure Statement, filed by the Debtors concurrently herewith for a discussion of the Debtors’ history, businesses, results of operations, historical financial information, projections and future operations, as well as a summary and analysis of this Plan and certain related matters, including distributions to be made under this Plan.

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Drilling Solutions, LLC (9935); Earthwise Organics, LLC (5458); Environmental Protection & Improvement Company, LLC (2397); NETCO - Waterbury, LP (5202); New Haven Residuals, LP (2758); New York Organic Fertilizer Company (8694); Providence Soils, LLC (9061); Soaring Vista Properties, LLC (4015); South Kern Industrial Center, LLC (2099); ST Interco, Inc. (4897); Synagro - Connecticut, LLC (5532); Synagro - WCWNJ, LLC (0817); Synagro - WWT, Inc. (0492); Synagro Central, LLC (2568); Synagro Composting Company of California, LLC (7671); Synagro Detroit, LLC (1107); Synagro Drilling Solutions, LLC (4598); Synagro-Hypex, LLC (2544); Synagro Management, LP (4546); Synagro Northeast, LLC (2564); Synagro of California, LLC (8598); Synagro of Minnesota - Rehbein, LLC (7969); Synagro of Texas - CDR, Inc. (8566); Synagro Product Distribution, LLC (4357); Synagro South, LLC (2567); Synagro Technologies, Inc. (9860); Synagro Texas, LLC (4372); Synagro West, LLC (2566); Synagro Woonsocket, LLC (1634); Synatech Holdings, Inc. (5544). The Debtors’ address is 1800 Bering Drive, Suite 1000, Houston, Texas 77057.

² Capitalized terms used but not defined in this Introduction have the meanings ascribed to them in Article I of this Plan.

This Plan contemplates the reorganization of each of the Debtors upon consummation of this Plan and the resolution of the outstanding Claims against and Interests in the Debtors pursuant to sections 1123, 1129 and 1141 of the Bankruptcy Code. The Plan and the distributions hereunder will be funded by the Plan Sponsor Consideration, the Effective Date Cash, Estate Deposited Cash, and the Reorganized Debtors.

This Plan provides that:

- Holders of Administrative Claims (other than Restructuring Fee Claims and DIP Credit Facility Claims), Priority Tax Claims (other than AFMC Claims), Priority Non-Tax Claims, and Assumed General Unsecured Claims will be paid in full by the Reorganized Debtors. DIP Credit Facility Claims, Restructuring Fee Claims, First Lien Credit Facility Claims, and Swap Agreement Claims will be paid in full out of the Plan Sponsor Initial Consideration. The Internal Revenue Service shall receive \$1,500,000 from the Plan Sponsor Consideration on account of the AFMC Claims.
- Each Holder of a Second Lien Credit Facility Claim will receive their Pro Rata share of (i) the Second Lien Initial Net Proceeds, (ii) the Second Lien Additional Net Proceeds, (iii) any Estate Deposited Cash, (iv) if Holders of General Unsecured Claims vote to reject the Plan, the Creditor Fund, and (v) if the Holders of Second Lien Credit Facility Claims have valid adequate protection liens on the proceeds of Retained Avoidance Actions, (A) if Holders of General Unsecured Claims vote to reject the Plan, the proceeds of such Retained Avoidance Actions otherwise payable to Holders of General Unsecured Claims, and/or (B) if Holders of Second Lien Deficiency Claims vote to reject the Plan, the proceeds of such Retained Avoidance Action otherwise payable to Holders of Second Lien Deficiency Claims, as further provided below.
- If Holders of General Unsecured Claims vote as a Class to accept the Plan, each Holder will receive (a) its Pro Rata share (to be shared with other Holders of Allowed Class 6 General Unsecured Claims in Debtor sub-Classes which vote to approve the Plan) of a \$50,000 Creditor Fund and (b) Cash equal to its Pro Rata share (to be shared with Holders of Second Lien Deficiency Claims) of the proceeds of the Retained Avoidance Actions. If Holders of General Unsecured Claims vote as a Class to reject the Plan, each Holder will receive its Pro Rata share (to be shared with Holders of Second Lien Deficiency Claims) of the proceeds of the Retained Avoidance Actions, subject to the rights of the Holders of Second Lien Credit Facility Claims to assert that the adequate protection liens granted to them under the DIP Order entitle them to all such proceeds.
- If Holders of Second Lien Deficiency Claims vote as a Class to accept the Plan, each Holder will receive Cash equal to its Pro Rata Share (to be shared with Holders of General Unsecured Claim) of the proceeds of the Retained Avoidance Actions. If Holders of Second Lien Deficiency Claims vote as a Class to reject the Plan, each Holder will receive its Pro Rata share (to be shared with Holders of General Unsecured Claims) of the proceeds of the Retained Avoidance

Actions, subject to the rights of the Holders of Second Lien Credit Facility Claims to assert that the adequate protection liens granted to them under the DIP Order entitle them to all such proceeds.

- Intercompany Claims will be either (a) Reinstated, (b) released, waived, and discharged, (c) treated as a dividend, or (d) contributed to capital or exchanged for equity.

The Plan further provides that Equity Interests in Synatech and Synagro Drilling will be cancelled and Holders of such Equity Interests will not receive distributions under this Plan. The Synatech New Common Stock will be issued to the Plan Sponsor and the Drilling New Common Stock will be issued to DrillCo. The Equity Interests in Synagro and the Subsidiary Debtors will either be (a) extinguished, canceled and discharged and such Holders of Subsidiary Debtor Interests shall not be entitled to receive or retain any property under this Plan or (b) Reinstated and continue to be held by the current Holders thereof.

ALL CLAIM HOLDERS WHO ARE ELIGIBLE TO VOTE ON THIS PLAN ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN.

The treatment of Claims under this Plan represents, among other things, the settlement and compromise of certain potential intercreditor disputes.

THE DEBTORS AND, AFTER CONSULTATION WITH THE DEBTORS, THE SECOND LIEN AGENT BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR THE HOLDERS OF CLAIMS AGAINST THE DEBTORS. ACCORDINGLY, THE DEBTORS AND THE SECOND LIEN AGENT STRONGLY RECOMMEND THAT YOU RETURN YOUR BALLOT ACCEPTING THIS PLAN.

A VOTE TO ACCEPT THE PLAN CONSTITUTES YOUR CONSENT TO THE RELEASE OF THE PARTIES SPECIFIED IN ARTICLE X OF THE PLAN.

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and Article XII of this Plan, the Debtors expressly reserve their right to alter, amend, modify, revoke or withdraw this Plan, one or more times, before this Plan's substantial consummation.

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Plan Exhibit 1: Acquisition Agreement
 Plan Exhibit 2: Vested Causes of Action

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 Definitions. The following terms used herein shall have the respective meanings set forth below:

Acquisition Agreement means that certain Acquisition Agreement, dated as of April 23, 2013, by and among the Debtors, as sellers, the Plan Sponsor, as purchaser, and EQT, as guarantor, attached hereto as Plan Exhibit 1, as amended.

Administrative Claim means a Claim for any right to payment of an administrative expense of the Chapter 11 Cases, of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to sections 507(a)(2) or 507(b) of the Bankruptcy Code, including (i) any actual and necessary costs and expenses of preserving the Estates, including, without limitation, wages, salaries, or commissions for services rendered after the Petition Date, (ii) the DIP Facility Claims, and (iii) any compensation for professional services rendered and reimbursement of expenses incurred by the advisors to the Debtors, including the Restructuring Fee Claims.

Administrative Claims Bar Date means the date for filing requests for payment of Administrative Claims arising from and after the Petition Date through and including the Effective Date, which date shall be the day that is thirty (30) days after the Effective Date.

Administrative Claims Objection Deadline means the last day for filing an objection to any request for the payment of an Administrative Claim, which shall be the later of (a) ninety (90) days after the Effective Date or (b) such other date specified in this Plan or ordered by the Bankruptcy Court. The filing of a motion to extend the Administrative Claims Objection Deadline shall automatically extend the Administrative Claims Objection Deadline until a Final Order is entered on such motion. In the event that such motion to extend the Administrative Claims Objection Deadline is denied by the Bankruptcy Court, the Administrative Claims Objection Deadline shall be the later of (i) the current Administrative Claims Objection Deadline (as previously extended, if applicable) or (ii) thirty (30) days after the Bankruptcy Court's entry of an order denying the motion to extend the Administrative Claims Objection Deadline.

Affiliate has the meaning set forth in section 101(2) of the Bankruptcy Code.

Agents means, collectively, the First Lien Agent, the Second Lien Agent, and the DIP Agent.

AFMC Claims means the Claims of the Internal Revenue Service, the Department of Treasury or any other federal agency or department in connection with or arising from the AFMC Payments, any credits pursuant to sections 34 or 6426 of the Tax Code, and any Claims for interest or penalties thereon.

AFMC Payments means the payments, totaling \$53,462,594.56, made to Synagro Woonsocket LLC, Netco-Waterbury LP, New Haven Residuals LP, Synagro-WWT, Inc., or any of their Debtor or non-Debtor affiliates under section 6427(e)(1) of the Tax Code.

Allowed means, as to a Claim or any portion thereof, a Claim or portion of a Claim

(a) that has been allowed by a Final Order, or

(b) as to which no Proof of Claim has been timely filed with the Bankruptcy Court by the Bar Date or the Administrative Claims Bar Date, as applicable, and (i) the liquidated and noncontingent amount of which is Scheduled other than (x) at zero, (y) in an unknown amount, or (z) as disputed and (ii) no objection to its allowance has been Filed, or is intended to be Filed by the Debtors or the Reorganized Debtors by the Claims Objection Deadline or the Administrative Claims Objection Deadline, as applicable, or

(c) as to which a Proof of Claim has been timely filed with the Bankruptcy Court by the Bar Date or the Administrative Claims Bar Date, as applicable, but only to the extent that such Claim is identified in such Proof of Claim in a liquidated and noncontingent amount, and either (i) no objection to its allowance has been Filed, or is intended to be Filed by the Debtors or the Reorganized Debtors, by the Claims Objection Deadline or the Administrative Claims Objection Deadline, as applicable, or (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order, or

(d) that is expressly allowed in a liquidated amount in this Plan.

Allowed Claim means any Claim that is Allowed.

Allowed Class __ Claim means an Allowed Claim in the specified Class.

American Securities Expense Reimbursement means the reimbursement of up to \$900,000 on account of reasonable, documented, out-of-pocket expenses of American Securities Opportunity Fund II incurred in connection with the Chapter 11 Cases.

Assumed Claims means all Claims against the Debtors which constitute Assumed Liabilities under, and as defined in, the Acquisition Agreement.

Assumed General Unsecured Claims means all prepetition unsecured non-priority Assumed Claims against the Debtors, including, without limitation, Claims in respect of all trade obligations of the Debtors arising in the ordinary course of the Business incurred before the Petition Date (including amounts owed to vendors and service providers in respect of goods and services provided before the Petition Date), all valid reclamation Claims, and the Claims of the Transferred Subs against the Debtors.

APA Assumed Contracts means the executory contracts and unexpired leases to be assumed by the Reorganized Debtors under section 365 or 1123 of the Bankruptcy Code as

identified pursuant to the procedures set forth in the Bidding Procedures Order and as set forth on Exhibit A to the Cure Notice.

Avoidance Actions means any and all rights, claims and causes of action which a trustee, debtor in possession or other appropriate party in interest would be able to assert on behalf of any of the Estates under applicable state statutes or the avoidance provisions of chapter 5 of the Bankruptcy Code, including actions under one or more of the provisions of Bankruptcy Code sections 506, 542 through 551, and 553.

Bank of America means Bank of America, N.A.

Bankruptcy Code means title 11 of the United States Code, as amended from time to time.

Bankruptcy Court means the United States Bankruptcy Court for the District of Delaware.

Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as well as the local rules of the Bankruptcy Court.

Bar Date means the deadline established by that certain *Order Under Bankruptcy Code Sections 105, 502 And 503 And Bankruptcy Rules 2002, 3003(C)(3) And 9007 (I) Setting General Bar Date, (II) Establishing Procedures For Filing Proofs Of Claim, And (III) Approving Form And Manner Of Notice Thereof* [Docket No. 358] for filing a Proof of Claim against a Debtor, which date is, as applicable, July 16, 2013 for Claims against the Debtors that arose prior to the Petition Date, and October 22, 2013 for Claims filed by Governmental Units.

Bidding Procedures Order means the Bankruptcy Court's *Order Pursuant to Bankruptcy Code Sections 105(a), 363, 365, and Bankruptcy Rules 2002, 6004, 6006 (I) Establishing Bidding Procedures Relating to the Sale of Substantially all of the Debtors Assets; (II) Approving Bid Protections; (III) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts; (IV) Approving Form and Manner of Notice of all Procedures, Protections, Schedules and Agreements, and (V) Scheduling a Hearing to Consider the Proposed Sale* [Docket No. 137].

Business Day means any day other than a Saturday, a Sunday, a "legal holiday" (as defined in Bankruptcy Rule 9006(a)) or any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order.

Capital Lease Obligations means all obligations of any of the Debtors to pay any amounts under a lease which is required to be classified as a capital lease or other capitalized liability on the face of a balance sheet prepared in accordance with GAAP, in the amount set forth on Schedule 1.2(D) of the Plan Sponsor Agreement.

Cash means legal tender of the United States of America or equivalents thereof, including, without limitation, payment in such tender by check, wire transfer or any other customary payment method.

Causes of Action means any and all rights, claims, causes of action, litigation, suits, proceedings, rights of setoff, rights of recoupment, complaints, defenses, counterclaims cross-claims and affirmative defenses of any kind or character whatsoever whether known or unknown, asserted or unasserted, reduced to judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, currently existing or hereafter arising, whether Scheduled or not Scheduled and whether arising under the Bankruptcy Code or other applicable law, in contract or in tort, in law, in equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, to and including the Effective Date, including, without limitation, (a) claims pursuant to Bankruptcy Code section 362, (b) claims and defenses such as fraud, mistake, duress and usury, (c) claims under Bankruptcy Code section 510(c), and (d) all Avoidance Actions.

Chapter 11 Case means (a) when used with reference to a particular Debtor, the case pending for that Debtor under chapter 11 of the Bankruptcy Code and (b) when used with reference to all Debtors, the procedurally consolidated chapter 11 cases pending for the Debtors in the Bankruptcy Court under case number 13-11041 (BLS).

Claim has the meaning ascribed to such term in section 101(5) of the Bankruptcy Code.

Claims Agent means Kurtzman Carson Consultants LLC, in its capacity as the Bankruptcy Court-appointed claims agent of the Debtors.

Claims Objection Deadline means the last day for filing an objection to any request for the payment of a Claim, which shall be the later of (a) ninety (90) days after the Effective Date or (b) such other date specified in this Plan or ordered by the Bankruptcy Court. The filing of a motion to extend the Claims Objection Deadline shall automatically extend the Claims Objection Deadline until a Final Order is entered on such motion. In the event that such motion to extend the Claims Objection Deadline is denied by the Bankruptcy Court, the Claims Objection Deadline shall be the later of (i) the current Claims Objection Deadline (as previously extended, if applicable) or (ii) thirty (30) days after the Bankruptcy Court's entry of an order denying the motion to extend the Claims Objection Deadline.

Claims Register means a register of Claims in the Debtors' cases maintained by the Claims Agent.

Class means any group of Claims or Equity Interests classified together in Article III hereof pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

Collateral means any property or interest in property of the Estates subject to a Lien, charge or other encumbrance to secure the payment or performance of a Claim, which Lien, charge or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or other applicable law.

Collective Bargaining Agreements means (i) the collective bargaining agreements between Environmental Protection & Improvement Company, LLC and Teamsters Local 125, dated as of April 1, 2011, and (ii) the collective bargaining agreements between Environmental Protection & Improvement Company, LLC and Local Union 825 of the International Union of Operating Engineers, AFL-CIO, dated as of April 1, 2010.

Confirmation Date means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

Confirmation Hearing means the hearing conducted by the Bankruptcy Court pursuant to section 1128(a) of the Bankruptcy Code to consider confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

Confirmation Order means the order or orders of the Bankruptcy Court entered pursuant to section 1129 of the Bankruptcy Code confirming this Plan, which shall be in form and substance reasonably acceptable to the Debtors, the Plan Sponsor, the DIP Agent, the First Lien Agent, and the Second Lien Agent.

Credit Agreements means, collectively, the First Lien Credit Agreement, the Second Lien Credit Agreement, and the DIP Credit Agreement.

Credit Facilities means, collectively, the First Lien Revolving Credit Facility, the First Lien Term Loan Credit Facility, the Second Lien Credit Facility, and the DIP Facility.

Credit Facility Claims means, collectively, the First Lien Credit Facility Claims, the Second Lien Credit Facility Claims, the Second Lien Deficiency Claims, and the DIP Facility Claims.

Creditor Fund means the fund, to be established by the Reorganized Debtors on the Effective Date from the Plan Sponsor Consideration in the amount of \$50,000, for distribution as provided in this Plan.

Cure means the payment of Cash by the Reorganized Debtors on or as soon as reasonably practicable after the Effective Date (but in any event, within thirty (30) days after the Effective Date) to the counterparty to an executory contract or unexpired lease to be assumed or assumed and assigned by the Debtors in the amount necessary to cure any monetary defaults by the Debtors, which amount, (i) with respect to the APA Assumed Contracts, is the amount set forth in the Cure Notice and (ii) with respect to other executory contract or unexpired lease to be assumed or assumed and assigned in accordance with this Plan, shall be determined as set forth in Article VIII.

Cure Notice means that certain *Notice of Cure Amount with Respect to Executory Contracts and Unexpired Leases to be Assumed and Assigned* [Docket No. 165], as may be further amended.

Debtor means any of Drilling Solutions, LLC, Earthwise Organics, LLC, Environmental Protection & Improvement Company, LLC, NETCO - Waterbury, LP, New Haven Residuals,

LP, New York Organic Fertilizer Company, Providence Soils, LLC, Soaring Vista Properties, LLC, South Kern Industrial Center, LLC, ST Interco, Inc., Synagro - Connecticut, LLC, Synagro - WCWNJ, LLC, Synagro - WWT, Inc., Synagro Central, LLC, Synagro Composting Company of California, LLC, Synagro Detroit, LLC, Synagro Drilling Solutions, LLC, Synagro-Hypex, LLC, Synagro Management, LP, Synagro Northeast, LLC, Synagro of California, LLC, Synagro of Minnesota - Rehbein, LLC, Synagro of Texas - CDR, Inc., Synagro Product Distribution, LLC, Synagro South, LLC, Synagro Technologies, Inc., Synagro Texas, LLC, Synagro West, LLC, Synagro Woonsocket, LLC, and Synatech Holdings, Inc., each in its respective individual capacity as a debtor and debtor in possession in the Chapter 11 Cases.

Debtors means, collectively, the Debtors, in their capacity as debtors and debtors in possession in the Chapter 11 Cases.

DIP Agent means Bank of America, in its capacity as administrative agent and collateral agent under the DIP Credit Agreement.

DIP Credit Agreement means that certain *Superpriority Priming Debtor-In-Possession Credit Agreement*, dated as of April 24, 2013, among Synagro, the DIP Agent, the DIP Lenders and the DIP Guarantors, together with any other agreements entered into in connection therewith, as such agreements may be amended, restated, supplemented or otherwise modified from time to time.

DIP Facility means the DIP credit facility governed by the DIP Credit Agreement.

DIP Facility Claims means all Claims for any and all amounts outstanding and other obligations due or arising under, or related to, the DIP Credit Agreement.

DIP Guarantors means the institutions party from time to time as “Guarantors” under the DIP Credit Agreement.

DIP Lenders means the institutions party from time to time as “Lenders” under the DIP Credit Agreement.

DIP Order means that certain *Final Order (I) Authorizing Post-Petition Secured Superpriority Financing Pursuant to 11 U.S.C. §§ 105(a), 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d), and 364(e), (II) Authorizing the Debtors’ Use of Cash Collateral Pursuant to 11 U.S.C. § 363, (III) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361, 363 and 364* [Docket No. 218].

Disallowed means with respect to a Claim, or any portion thereof, a Claim or portion of a Claim that (a) has been disallowed either by a Final Order or pursuant to a settlement, or (b) (i) is Scheduled at zero or as contingent, disputed, or unliquidated and (ii) as to which no proof of claim has been timely filed with the Bankruptcy Court by the Bar Date or the Administrative Claims Bar Date, as applicable.

Disallowed Claim means any Claim that is Disallowed.

Disbursement Agent means any Person in its capacity as a disbursement agent under Section 7.4 hereof.

Disclosure Statement means that certain disclosure statement relating to this Plan, including all exhibits and schedules thereto including this Plan and certain Plan Supplements, as the same may be amended, supplemented or otherwise modified from time to time, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code and rule 3017 of the Bankruptcy Rules.

Disputed means, with respect to a Claim, or any portion thereof, any Claim or portion of thereof that is not Allowed or Disallowed.

Disputed Claim means any Claim that is Disputed.

Disputed Claims Reserve means the reserve of Cash from the Creditor Fund which otherwise would have been distributed to the Holder of a Disputed General Unsecured Claim if such Disputed General Unsecured Claim had been Allowed in the full amount asserted by the Holder of such Claim or as estimated or otherwise fixed for distribution purposes by agreement of the parties or Final Order of the Bankruptcy Court.

DrillCo means Whitemarsh Drilling Acquisition Company, Inc., a Delaware corporation, and an indirect subsidiary of EQT.

Drilling Interests means the Equity Interests of Synagro-WWT, Inc. in Synagro Drilling.

Drilling New Common Stock means the new common stock to be issued by Reorganized Drilling on the Effective Date, each par value \$0.01 per share.

Effective Date means the first Business Day on which all the conditions precedent to the Effective Date specified in Section 9.1 hereof shall have been satisfied or waived as provided in Section 9.2 hereof; provided, however, that if a stay, injunction or similar prohibition of the Confirmation Order is in effect, the Effective Date shall be the first Business Day after such stay, injunction or similar prohibition is no longer in effect (and on which all the conditions precedent to the Effective Date specified in Section 9.1 hereof shall have been satisfied or waived as provided in Section 9.2 hereof).

Effective Date Cash means (i) all Cash of the Debtors on the Effective Date and (ii) all Cash in the Utility Deposit Account.

Employee Order means the Bankruptcy Court's *Final Order Pursuant to Bankruptcy Code Sections 105(a), 363, 507(a), 1107(a) and 1108 and Bankruptcy Rules 6003, Authorizing Debtors to Pay Prepetition Wages, Compensation, and Employee Benefits* [Docket No. 199].

Entity has the meaning ascribed to such term in section 101(15) of the Bankruptcy Code.

EQT means EQT INFRASTRUCTURE II LIMITED PARTNERSHIP, a limited partnership under the laws of England and Wales, having its office address at World Trade Center Schiphol, H-Tower, 4th floor, Schiphol Boulevard 355, 1118 BJ Schiphol, the

Netherlands, registered with Companies' House under number LP014908, duly represented by its general partner EQT INFRASTRUCTURE II GP B.V., a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its office address at World Trade Center Schiphol, H-Tower, 4th floor, Schiphol Boulevard 355, H-Tower, 4th floor, 1118 BJ Schiphol, the Netherlands, registered with the commercial register of the Chamber of Commerce under number 54468701.

Equity Interest means the legal, equitable, contractual, and other rights of any Entity with respect to any capital stock or other ownership interest in a Debtor, whether or not transferable, and all options, warrants, call rights, puts, awards, or rights or agreements to purchase, sell, or subscribe for an ownership interest or other equity security in any Debtor, including the Synagro Interests, the Synatech Interests, and the Subsidiary Debtor Interests but, for the avoidance of doubt, excluding the Transferred Sub Interests.

Estate means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

Estate Deposited Cash means (i) any Cash held on deposit on the Effective Date by Fort Pierce Utilities Authority; Duke Florida Energy (f/k/a Progress Energy); Duke Energy Carolinas, LLC; Pacific Gas and Electric Company; Consolidated Edison of New York, Inc.; or their Affiliates as adequate assurance of payment made by the Debtors pursuant to section 366 of the Bankruptcy Code and (ii) any Cash of the Debtors held on deposit by a Professional on the Effective Date, in each case whether or not returned to the Debtors, Reorganized Debtors, or the Plan Administrator before or after the Effective Date.

Executory Contract means a contract to which one or more of the Debtors is a party and that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

Existing Equity Interest means any Equity Interest in any of the Debtors existing immediately prior to the Effective Date, which shall include, without limitation, all existing common and preferred stock, existing restricted stock, restricted stock units and stock options.

Exit Bonuses means the bonuses payable by the Debtors pursuant to the Key Employee Incentive Plan, in the amount set forth on Schedule 1.2(B) to the Plan Sponsor Agreement.

Final Decree Order means an order of the Bankruptcy Court closing the Chapter 11 Cases of the Debtors other than Synagro, which order may be the Confirmation Order.

Final Order means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction that has been entered on the docket maintained by the clerk of such court and (i) has not been reversed, vacated, stayed, or amended and (ii) as to which 14 calendar days have elapsed following such entry on the docket; provided, however, that no order or judgment shall fail to be a "Final Order" solely because of the possibility that a motion pursuant to section 502(j) or 1144 of the Bankruptcy Code or under Rule 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rule 9024 may be filed with respect to such order or judgment.

First Lien Agent means Bank of America, in its capacity as administrative agent and collateral agent under the First Lien Credit Agreement.

First Lien Credit Agreement means that certain \$390,000,000 *First Lien Credit Agreement* dated as of April 2, 2007 between, inter alia, Synagro, as borrower, the First Lien Lenders, and First Lien Agent, together with any other agreements entered into in connection therewith, as such agreements may be amended, restated supplemented or otherwise modified from time-to-time.

First Lien Credit Facility Claims means the Secured Claims for any and all amounts outstanding and other obligations due or arising under, or related to, the First Lien Credit Agreement.

First Lien Lenders means the institutions party from time to time as “Lenders” under the First Lien Credit Agreement.

First Lien Revolving Credit Facility means the secured revolving credit facility governed by the First Lien Credit Agreement.

First Lien Term Loan Credit Facility means the secured term loan credit facility governed by the First Lien Credit Agreement.

General Unsecured Claim means any Claim against the Debtors that is not an Administrative Claim, a Priority Tax Claim, a Priority Non-Tax Claim, an Other Secured Claim, a First Lien Credit Facility Claim, a Swap Agreement Claim, a Second Lien Credit Facility Claim, a Second Lien Deficiency Claim, an Assumed General Unsecured Claim, or an Intercompany Claim. General Unsecured Claims will not include Claims that are disallowed or released, whether by operation of law or pursuant to order of the Bankruptcy Court, written release or settlement, the provisions of this Plan or otherwise.

General Unsecured Insured Claim means any General Unsecured Claim that is an Insured Claim.

Governmental Unit has the meaning ascribed to such term in section 101(27) of the Bankruptcy Code.

Holder means an Entity holding a Claim or an Equity Interest.

Impaired means, when used in reference to a Claim, Equity Interest or Class, a Claim, Equity Interest or Class that is impaired within the meaning of Bankruptcy Code section 1124.

Insurance Contracts means any contract to which the Debtors are a party for the provision of insurance coverage to the Debtors, their business or their employees, but not any contract to which the Debtors are a party for the provision of insurance coverage to the Debtors’ officers or directors.

Insured Claim means any Claim that is insured under the Debtors’ Insurance Contracts.

Intercompany Claim means any Claim held by one Debtor against any other Debtor(s), including, without limitation, (a) any account reflecting intercompany book entries by such Debtor with respect to any other Debtor(s), (b) any Claim not reflected in intercompany book entries that is held by such Debtor, and (c) any derivative Claim asserted or assertable by or on behalf of such Debtor against any other Debtor(s) but, for the avoidance of doubt, excluding claims by a Debtor against a Transferred Sub or by a Transferred Sub against a Debtor.

Key Employee Incentive Plan means that certain key employee incentive plan, as approved by the Bankruptcy Court's *Order Under Bankruptcy Code Sections 105, 363(b) and 503(c)(3) Approving the Implementation of (I) the Key Executive Incentive Plan, (II) the Key Employee Retention Plan, and (III) the Office Consolidation Program* [Docket No. 132], and as attached to such order as Exhibit 1.

Key Employee Retention Plan means that certain key employee retention plan, as approved by the Bankruptcy Court's *Order Under Bankruptcy Code Sections 105, 363(b) and 503(c)(3) Approving the Implementation of (I) the Key Executive Incentive Plan, (II) the Key Employee Retention Plan, and (III) the Office Consolidation Program* [Docket No. 132], and as attached to such order as Exhibit 2.

Letters of Credit means all letters of credit under the First Lien Credit Agreement and the DIP Credit Agreement.

Lien has the meaning set forth in section 101(37) of the Bankruptcy Code.

Local Bankruptcy Rules means the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Delaware.

New Boards mean, collectively, the New Synatech Board and New Subsidiary Boards.

New Subsidiary Boards means, collectively, the initial boards of directors of Reorganized Synagro and the other Reorganized Debtors, to the extent applicable.

New Synatech Board means the initial board of directors of Reorganized Synatech.

Office Consolidation Costs means all costs incurred and actually paid in connection with the Office Consolidation Program from and after August 1, 2013 through and including the Effective Date.

Office Consolidation Program means that certain office consolidation program, as approved by the Bankruptcy Court's *Order Under Bankruptcy Code Sections 105, 363(b) and 503(c)(3) Approving the Implementation of (I) the Key Executive Incentive Plan, (II) the Key Employee Retention Plan, and (III) the Office Consolidation Program* [Docket No. 132], and as described in the *Debtors' Motion for Order Under Bankruptcy Code Sections 105, 363(b) and 503(c)(3) Approving the Implementation of (I) the Key Executive Incentive Plan, (II) the Key Employee Retention Plan, and (III) the Office Consolidation Program* [Docket No. 58].

Other Secured Claim means any Secured Claim against the Debtors other than the DIP Facility Claims, the First Lien Credit Agreement Claims, and the Second Lien Credit Agreement Claims, including, without limitation, the Capital Lease Obligations.

Other Transferred Sub Indebtedness means any indebtedness of the Transferred Subs other than the Project Finance Debt, in the amount set forth on Schedule 1.2(C) to the Plan Sponsor Agreement.

Person has the meaning set forth in Bankruptcy Code section 101(41).

Petition Date means April 24, 2013, the date on which each of the Debtors commenced their Chapter 11 Cases.

Plan means this *First Amended Joint Chapter 11 Plan of Reorganization of Synagro Technologies, Inc. and its Debtor Affiliates*, including the exhibits and schedules hereto and documents contained in the Plan Supplements, as the foregoing may be amended or modified.

Plan Administrator means John R. Castellano, or such other Entity as Mr. Castellano may appoint, subject to Section 6.11 hereof.

Plan Documents means this Plan, all Plan Exhibits, all documents referenced in or attached as exhibits or schedules to any of the Plan Exhibits, and all other documents described or contemplated herein to be included in the Plan Supplements, including, as the case may be, the documents comprising, or summarized by, the Plan Exhibits.

Plan Exhibit means an exhibit to this Plan, which may be altered, amended, modified, or supplemented by Plan Supplements, each of which shall be in form and substance reasonably acceptable to the Plan Sponsor, the DIP Agent, the First Lien Agent, and the Second Lien Agent.

Plan Sponsor means Synagro Infrastructure Company, Inc., a Delaware corporation, f/k/a STI Infrastructure Company, Inc.

Plan Sponsor Additional Consideration means (i) \$3,500,000 to be provided by the Plan Sponsor or Reorganized Synagro (at the Plan Sponsor's direction) to the Plan Administrator pursuant to the Plan Sponsor Agreement sixty (60) days after the Effective Date, and (ii) \$5,000,000 to be provided by the Plan Sponsor or Reorganized Synagro (at the Plan Sponsor's direction) to the Reorganized Debtors pursuant to the Plan Sponsor Agreement six (6) months after the Effective Date.

Plan Sponsor Additional Consideration Notes means those certain promissory notes evidencing the Plan Sponsor Additional Consideration and guaranteed by EQT, which shall be in form and substance reasonably acceptable to the Plan Sponsor and the Second Lien Agent.

Plan Sponsor Additional Consideration Pledge means the pledge agreement which shall be in form and substance reasonably acceptable to the Plan Sponsor and the Second Lien Agent, pledging equity of Whitmarsh with a value of \$7,500,000 (based on the allocation of the Plan Sponsor Consideration, net of third party debt financing, attributable to Reorganized Synagro), to secure the \$5,000,000 component of the Plan Sponsor Additional Consideration.

Plan Sponsor Agreement means that certain Investment Agreement between the Plan Sponsor, as plan sponsor, Synagro, and EQT, as guarantor, dated as of July 3, 2013, and attached as Exhibit B to the Disclosure Statement.

Plan Sponsor Consideration means, collectively the Plan Sponsor Initial Consideration and the Plan Sponsor Additional Consideration.

Plan Sponsor Initial Consideration means the consideration to be provided by the Plan Sponsor under the Plan Sponsor Agreement on the Effective Date in the amount of (i) \$456,500,000 plus (ii) Office Consolidation Costs, less (w) the Exit Bonuses, (x) the Project Finance Debt and the Other Transferred Sub Indebtedness, (y) the Capital Lease Obligations, and (z) Prorated Periodic Taxes.

Plan Supplements means, collectively, the documents, agreements, instruments, schedules and exhibits and forms or, as applicable, summaries thereof, specified in this Plan or amending Plan Exhibits each of which shall be in form and substance reasonably acceptable to the Plan Sponsor, the DIP Agent, the First Lien Agent, and the Second Lien Agent.

Priority Non-Tax Claim means any unsecured Claim entitled to priority in payment as specified in section 507(a)(4), (5), (6) or (7) of the Bankruptcy Code.

Priority Tax Claim means any unsecured Claim of a Governmental Unit of the kind entitled to priority in payment pursuant to sections 502(i) and 507(a)(8) of the Bankruptcy Code, including the AFMC Claim.

Pro Rata means the proportion that a Claim in a particular class bears to the aggregate amount of all Claims in such class, except in cases where Pro Rata is used in reference to multiple classes, in which case Pro Rata means the proportion that a Claim in a particular class bears to the aggregate amount of all Claims in such multiple classes.

Project Finance Debt means the indebtedness under (i) that certain Loan Agreement, dated December 1, 2009, between Philadelphia Project Holdings, Inc. and Pennsylvania Economic Development Financing Authority; (ii) that certain Loan Agreement, dated December 1, 2002, between Sacramento Project Finance, Inc. and California Pollution Control Financing Authority; (iii) that certain Amended and Restated Loan Agreement, dated July 1, 2008, between Synagro-Baltimore, L.L.C. and Maryland Industrial Development Financing Authority; and (iv) Section 7.5(b) of that certain Amended and Restated Operating Agreement – Sludge Disposal Facility, dated November 5, 2003, by and among the City of Woonsocket, Woonsocket Regional Wastewater Commission and Synagro Woonsocket, Inc. (and any promissory note relating thereto) in the amounts set forth on Schedule 1.2(C) to the Plan Sponsor Agreement.

Professional means an Entity: (a) employed pursuant to a Bankruptcy Court order in accordance with sections 327, 363 or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Effective Date, pursuant to sections 327, 328, 329, 330, 331 and 363 of the Bankruptcy Code or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code, but excluding professionals employed in the ordinary course pursuant to that certain *Order Pursuant to*

Bankruptcy Code Sections 105(a), 327, 330 and 331 Authorizing Debtors to Employ and Pay Professionals Utilized in the Ordinary Course of Business [Docket No. 219].

Professional Fee Claim means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses, or other charges incurred after the Petition Date and prior to and including the Effective Date.

Proof of Claim means a proof of Claim filed against any of the Debtors in the Chapter 11 Cases.

Prorated Periodic Taxes means, for tax periods including but not beginning or ending on, the Effective Date, the portion of the real and personal property taxes, ad valorem taxes and similar taxes of the Debtors attributable to the period prior to the Effective Date.

Record Date means the Confirmation Date.

Reinstated or Reinstatement means (a) leaving unaltered the legal, equitable and contractual rights to which a Claim or Equity Interest entitles the Holder thereof so as to leave such Claim or Equity Interest Unimpaired or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default, (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; and (iv) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the Holder of such Claim; provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence, prohibiting certain transactions or actions contemplated by the Plan, or conditioning such transactions or actions on certain factors, shall not be required to be reinstated in order to accomplish Reinstatement.

Released Avoidance Actions means Avoidance Actions (i) against any Holder of, or relating to, any Assumed Claim, including, without limitation, against a party to or relating to a contract or lease assumed hereunder or against any current or former supplier, vendor, or landlord of the Debtors, or (ii) against any Released Party.

Released Parties means each of: (a) the Debtors, the Reorganized Debtors and their Affiliates and Subsidiaries, including the Transferred Subs; (b) the DIP Agent; (c) the DIP Lenders; (d) the First Lien Agent, (e) the First Lien Lenders, (f) the Second Lien Agent, (g) the Second Lien Lenders, (h) the Plan Sponsor, (i) EQT, (j) DrillCo, (k) Carlyle Group Management LLC, The Carlyle Group L.P., Carlyle Holdings I L.P., Carlyle Holdings II L.P., Carlyle Holdings III L.P. and all of their respective Affiliates, investment funds and portfolio companies, and (l) with respect to each of the foregoing Entities in clauses (a) through (k), each such Entity's current Affiliates, Subsidiaries, officers, directors, members, principals, employees, agents,

financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other professionals.

Reorganized Debtors means Synatech, Synagro, and the Subsidiary Debtors, or any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date, including Reorganized Synatech, Reorganized Synagro and Reorganized Drilling.

Reorganized Drilling means Synagro Drilling on and after the Effective Date.

Reorganized Synagro means Synagro on and after the Effective Date.

Reorganized Synatech means Synatech on and after the Effective Date.

Restated Bylaws means the amended and restated bylaws (or other analogous charter documents) to be adopted by each Reorganized Debtor (unless dissolved pursuant to Section 6.7 of this Plan) upon the Effective Date, which shall be in a form and substance reasonably acceptable in all respects to the Plan Sponsor.

Restated Certificate of Incorporation means the amended and restated certificate of incorporation (or other analogous formation document) to be adopted by each Reorganized Debtor (unless dissolved pursuant to Section 6.7 of this Plan) and filed with the applicable Secretaries of State and/or other applicable authorities in their respective states prior to or on the Effective Date, which shall be in a form and substance reasonably acceptable to the Plan Sponsor.

Restructuring Fee Claims means Professional Fee Claims incurred through the Effective Date and Claims of the United States Trustee under 28 U.S.C. § 1930.

Restructuring Transactions means those transactions or other actions (including, without limitation, mergers, consolidations, asset sales, conversions, joint ventures, restructurings, recapitalizations, dispositions, liquidations or dissolutions) that one or more of the applicable Debtors or Reorganized Debtors may enter into or undertake on, prior to, or after the Effective Date outside the ordinary course of business of such Debtors or Reorganized Debtors in accordance with Article VI of this Plan.

Retained Avoidance Actions means all Avoidance Actions other than Released Avoidance Actions.

Schedules means, with respect to each Debtor, those certain Schedules of Assets and Liabilities filed in the Bankruptcy Court, as such Schedules may be amended from time to time.

Second Lien Additional Net Proceeds means (i) an amount equal to the Plan Sponsor Additional Consideration less payments on account of any (A) unpaid Allowed Restructuring Fee Claims, (B) accrued and outstanding fees and expenses of professionals retained by the Second Lien Agent and the American Securities Expense Reimbursement, and (C) any other unpaid Claims or expenses required by this Plan to be paid (x) by the Debtors or (y) out of the Plan Sponsor Consideration, plus (ii) any amounts remaining in the Wind Down Fund on the date of closing of the Chapter 11 Cases.

Second Lien Additional Net Proceeds Payment Date(s) means, collectively or as applicable, (i) with respect to the \$3,500,000 payment of Plan Sponsor Additional Consideration, sixty (60) days after the Effective Date, as further set forth in the Plan Sponsor Agreement, (ii) with respect to the \$5,000,000 payment of Plan Sponsor Additional Consideration, six (6) months after the Effective Date, as further set forth in the Plan Sponsor Agreement, and (iii) with respect to the remainder of the Wind Down Fund, on the date of closing of the Chapter 11 Cases.

Second Lien Agent means U.S. Bank, National Association, in its capacity as administrative agent and collateral agent under the Second Lien Credit Agreement.

Second Lien Claims means, collectively, the Second Lien Credit Facility Claims and the Second Lien Deficiency Claims.

Second Lien Credit Agreement means that certain \$150,000,000 *Second Lien Credit Agreement* dated as of April 2, 2007 between, inter alia, Synagro, as borrower, the Second Lien Lenders, and Second Lien Agent, together with any other agreements entered into in connection therewith, as such agreements may be amended, restated supplemented or otherwise modified from time-to-time.

Second Lien Credit Facility means the secured term loan credit facility governed by the Second Lien Credit Agreement.

Second Lien Credit Facility Claims means the Secured Claims for any and all amounts outstanding and other obligations due or arising under, or related to, the Second Lien Credit Agreement.

Second Lien Deficiency Claims means any unsecured deficiency Claims for any and all amounts outstanding and other obligations due or arising under, or related to, the Second Lien Credit Agreement.

Second Lien Initial Net Proceeds means an amount equal to (i) the Plan Sponsor Initial Consideration plus (ii) the Effective Date Cash, less (w) the \$1,500,000 payment account of the AFMC Claims pursuant to Section 2.2 hereof, Allowed Restructuring Fee Claims, together with a reasonable reserve for any subsequent Restructuring Fee Claims which the Debtors reasonably estimate will become Allowed Restructuring Fee Claims, Allowed DIP Facility Claims, Allowed First Lien Credit Facility Claims, and Allowed Swap Agreement Claims in accordance with the Plan, (x) the Creditor Fund, (y) the Wind Down Fund, and (z) accrued and outstanding fees and expenses of professionals retained by the Second Lien Agent through the Effective Date, together with a reasonable reserve for any subsequent fees and expenses which the Second Lien Agent reasonably anticipates that it may incur to its attorneys and agents, and the American Securities Expense Reimbursement.

Second Lien Lenders means the institutions party from time to time as “Lenders” under the Second Lien Credit Agreement.

Second Lien Net Proceeds means, collectively, the Second Lien Initial Net Proceeds and the Second Lien Additional Net Proceeds.

Secured Claim means, with respect to any Claim against the Debtors, that portion which, pursuant to section 506 of the Bankruptcy Code, is (a) secured by a valid, perfected and enforceable security interest, Lien, mortgage or other encumbrance, that is not subject to avoidance under applicable bankruptcy or non-bankruptcy law, in or upon any right, title or interest of the Debtors in and to property of the relevant Estates, to the extent of the value of the Holder's interest in such property as of the relevant determination date or (b) Allowed as such pursuant to the terms of this Plan (subject to the occurrence of the Effective Date). The defined term Secured Claim includes any Claim to the extent that it is: (i) subject to an offset right under applicable law and (ii) a secured claim against the Debtors pursuant to sections 506(a) and 553 of the Bankruptcy Code.

Short Term Incentive Plan means the short-term incentive plan of the Debtors, as approved by the Employee Order.

SPE Guarantees mean, collectively, (i) certain Guaranty Agreement between Synagro Technologies, Inc. and The Philadelphia Municipal Authority, dated as of October 8, 2008, (ii) that certain Guaranty Agreement between Synagro Technologies, Inc. and the Sacramento Regional County Sanitation District, dated as of May 6, 2003, and (iii) that certain Guaranty Agreement from Synagro Technologies, Inc. to U.S. Bank National Association, dated as of July 1, 2008.

Subsidiary means, with respect to any Person, any other Person as to whom such first Person directly or indirectly (a) owns or controls the majority of equity interests, (b) owns or controls the majority of voting interests or (c) has the power to elect or nominate a majority of the board of directors (or other persons having similar functions).

Subsidiary Debtors means the Debtors other than Synagro and Synatech.

Subsidiary Debtor Interests means the Existing Equity Interests in the Subsidiary Debtors.

Surety Agreements means the surety bonds and related indemnity agreements set forth on Schedule 5.10(b) to the Plan Sponsor Agreement and any similar or replacement surety bonds issued between the date of the Plan Sponsor Agreement and the Effective Date.

Swap Agreement mean that certain *ISDA Master Agreement*, dated as of February 10, 2011, between Synagro and Citibank, N.A., as amended.

Swap Agreement Claims means any Claim against the Debtors arising under or in connection with the Swap Agreement.

Synagro means Synagro Technologies, Inc., a Delaware corporation.

Synagro Drilling means Synagro Drilling Solutions, LLC, a Delaware limited liability corporation.

Synagro Interests means the Existing Equity Interests held by Synatech in Synagro.

Synatech means Synatech Holdings, Inc., a Delaware corporation.

Synatech Interests means the Existing Equity Interests in Synatech.

Synatech New Common Stock means the new common stock to be issued by Reorganized Synatech on the Effective Date, each par value \$0.01 per share.

Tax Code means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury regulations promulgated thereunder.

Transferred Subs means collectively, the Debtors' non-Debtor subsidiaries, namely, Charlotte County Bio-Recycling Center, LLC, JABB II, L.L.C., Parsippany-Troy Hills Bio-Energy Center LLC, Philadelphia Biosolids Services, L.L.C., Philadelphia Project Finance, LLC, Philadelphia Project Holding, Inc., Philadelphia Renewable Bio-Fuels, LLC, Sacramento Project Finance, Inc., Synagro-Baltimore, LLC, and Synagro Organic Fertilizer Company of Sacramento, Inc.

Transferred Sub Interests means the legal, equitable, contractual, and other rights of the Debtors with respect to any capital stock or other ownership interest in any Transferred Sub, whether or not transferable, and all options, warrants, call rights, puts, awards, or rights or agreements to purchase, sell, or subscribe for an ownership interest or other equity security in any Transferred Sub.

Unimpaired means, when used in reference to a Claim, Equity Interest or Class, a Claim, Equity Interest or Class that is not impaired within the meaning of Bankruptcy Code section 1124.

Utility Deposit Account shall have the meaning ascribed to such term in the *Debtors' Motion for Interim and Final Order pursuant to Bankruptcy Code Sections 105(a) and 366 (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment, (II) Establishing Procedures for Resolving Objections by Utility Companies, and (III) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Service* [Docket No. 11].

Vested Causes of Action means all Causes of Action of the Debtors other than Avoidance Actions, including, without limitation, the Causes of Action set forth on Plan Exhibit 2.

Whitemarsh means Whitemarsh Infrastructure Acquisition, Inc., a Delaware corporation and an indirect subsidiary of EQT.

Wind Down Fund means the fund, to be established by the Reorganized Debtors on the Effective Date from the Plan Sponsor Consideration, in the amount of \$500,000 (subject to further funding as needed from the Second Lien Additional Net Proceeds) to be used to wind down the Debtors' Estates, as provided in this Plan.

1.2 **Rules of Interpretation.** For purposes of this Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) unless otherwise specified, any

reference in this Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) unless otherwise specified, any reference in this Plan to an existing document, schedule or exhibit, whether or not filed with the Bankruptcy Court, shall mean such document, schedule or exhibit, as it may have been or may be amended, modified or supplemented; (d) any reference to a Person as a Holder of a Claim or Equity Interest includes that Person's successors and assigns; (e) unless otherwise specified, all references in this Plan to articles are references to articles of this Plan; (f) unless otherwise specified, all references in this Plan to exhibits are references to exhibits hereto or in the Plan Supplements; (g) the words "herein," "hereof" and "hereby" refer to this Plan in its entirety rather than to a particular portion of this Plan; (h) subject to the provisions of any contract, certificate of incorporation, bylaw, instrument, release or other agreement or document entered into in connection with this Plan, the rights and obligations arising pursuant to this Plan shall be governed by, and construed and enforced in accordance with, applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (i) captions and headings to articles of this Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (j) unless otherwise set forth in this Plan, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (k) any term used in capitalized form in this Plan that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; (l) all references to docket numbers of documents filed in the Debtors' Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (m) all references to statutes, regulations, orders, rules of courts and the like shall mean as amended from time to time, as applicable to the Debtors' Chapter 11 Cases, unless otherwise stated; and (n) any immaterial effectuating provisions may be interpreted by the Reorganized Debtors after the Effective Date in such a manner that is consistent with the overall purpose and intent of this Plan all without further Bankruptcy Court order.

In computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

ARTICLE II

PROVISIONS FOR PAYMENT OF UNCLASSIFIED ADMINISTRATIVE, PROFESSIONAL AND TAX CLAIMS

2.1 *Administrative Claims.* Each Holder of an Allowed Administrative Claim will receive from the Reorganized Debtors, in full satisfaction, settlement, release, and discharge of and in exchange for its Allowed Administrative Claim payment in full in Cash of the unpaid portion of such Allowed Administrative Claim (a) on the later of (i) the Effective Date, (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, and (iii) such other date as the Bankruptcy Court may order; or (b) on such later date(s) as otherwise agreed by the Holder of such Claim and the Debtors or the Reorganized Debtors; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases shall be paid by the Reorganized Debtors in the ordinary course of business in accordance with the terms and conditions of any agreements

relating thereto; provided, further, however, that (x) Allowed Restructuring Fee Claims shall be paid from the Plan Sponsor Consideration as soon as practicable after Bankruptcy Court approval thereof and (y) DIP Facility Claims shall be paid from the Plan Sponsor Initial Consideration on the Effective Date.

2.2 Priority Tax Claims. Each Holder of an Allowed Priority Tax Claim shall, in full satisfaction, release, and discharge of such Allowed Priority Tax Claim, at the Reorganized Debtors' election: (a) be paid in full in Cash, by the Reorganized Debtors, on the later of (i) the date that is five (5) Business Days after the Effective Date, (ii) on the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, (iii) such other date as may be agreed upon by the Reorganized Debtors and the Holder of such Allowed Priority Tax Claim, or (iv) such other date as the Bankruptcy Court may order; (b) be paid in full in Cash, by the Reorganized Debtors, in regular installment payments over the period ending on the fifth anniversary of the Petition Date in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) receive such other treatment as may be agreed upon by the Reorganized Debtors and the Holder of such Claim.

Notwithstanding the foregoing paragraph, the AFMC Claims shall be deemed Allowed Priority Tax Claims and the Internal Revenue Service shall receive, from the Plan Sponsor Consideration, \$1,500,000 in Cash on the Effective Date in full and complete satisfaction of the AFMC Claims and any other Priority Tax Claims, non-priority tax Claims, Claims for interest or penalty, or other Claims that have been or could be brought by the Internal Revenue Service, the Department of Treasury or the Department of Justice (or a related agency, department or branch of the United States government) against any party for or in connection with the receipt of the AFMC Payments, including, without limitation, proof of claim numbers 39, 92 and 95 filed by the Internal Revenue Service in the Chapter 11 Cases.

ARTICLE III

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

3.1 Introduction.

There are a total of 30 Debtors. Each Debtor has been assigned a letter below for the purposes of classifying and treating Claims against and Equity Interests in each Debtor. The Claims against and Equity Interests in each Debtor, in turn, have been assigned to separate numbered Classes with respect to each Debtor, based on the type of Claim involved. Accordingly, the classification of any particular Claim or Interest in any of the Debtors depends on the particular Debtor against which such Claim is asserted or in which such Interest is held and the type of Claim or Interest in question.

The letters applicable to the various Debtors are as follows:

Letter	Debtor Name
A	Synagro Technologies, Inc.
B	Drilling Solutions, LLC
C	Earthwise Organics, LLC

D	Environmental Protection & Improvement Company, LLC
E	NETCO - Waterbury, LP
F	New Haven Residuals, LP
G	New York Organic Fertilizer Company
H	Providence Soils, LLC
I	Soaring Vista Properties, LLC
J	South Kern Industrial Center, LLC
K	ST Interco, Inc.
L	Synagro - Connecticut, LLC
M	Synagro - WCWNJ, LLC
N	Synagro - WWT, Inc.
O	Synagro Central, LLC
P	Synagro Composting Company of California, LLC
Q	Synagro Detroit, LLC
R	Synagro Drilling Solutions, LLC
S	Synagro-Hypex, LLC
T	Synagro Management, LP
U	Synagro Northeast, LLC
V	Synagro of California, LLC
W	Synagro of Minnesota - Rehbein, LLC
X	Synagro of Texas - CDR, Inc.
Y	Synagro Product Distribution, LLC
Z	Synagro South, LLC
AA	Synagro Texas, LLC
BB	Synagro West, LLC
CC	Synagro Woonsocket, LLC
DD	Synatech Holdings, Inc.

The numbers applicable to each Class of Claims and Interests are as follows:

1. Class 1: Priority Non-Tax Claims
2. Class 2: Other Secured Claims
3. Class 3: First Lien Credit Facility Claims and Swap Agreement Claims
4. Class 4: Assumed General Unsecured Claims
5. Class 5: Second Lien Credit Facility Claims
6. Class 6: General Unsecured Claims
7. Class 7: Second Lien Deficiency Claims
8. Class 8: Intercompany Claims
9. Class 9: Equity Interests

Accordingly, the Claims against and Interests in the Debtors are divided into numbered and lettered Classes for each type of Claim or Interest of each Debtor. References herein to a numbered Class refer to that numbered Class with respect to each Debtor or group of Debtors. Regardless of whether a Class of Claims is reflected as existing for a particular Debtor or group of Debtors, Classes that are not applicable as to a particular Debtor or group of Debtors shall be eliminated as set forth more fully in Article 5.6 below.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified, and the respective treatment of such unclassified claims is set forth in Article II of this Plan.

A Claim or Equity Interest is placed in a particular Class only to the extent that the Claim or Equity Interest is of the type described in such Class and such Claim or Equity Interest has not been paid, released, or otherwise settled prior to the Effective Date. A Claim or Equity Interest may be bifurcated and classified in other Classes to the extent that any portion of the Claim or Equity Interest is of a type described in such other Classes. The Debtors have not substantively consolidated their estates.

3.2 Classes of Claims Against and Equity Interests in Debtors' Estates.

(a) Unclassified Claims (Unclassified Classes of Claims are not entitled to vote on this Plan.)

(i) *Administrative Claims*

Administrative Claims consist of the Administrative Claims of each of the Debtors.

(ii) *Priority Tax Claims*

Priority Tax Claims consist of the Priority Tax Claims of each of the Debtors.

(b) Unimpaired Classes of Claims (Classes 1 through 4 are deemed to have accepted this Plan and, therefore, Claimholders in Classes 1 through 4 are not entitled to vote on this Plan.)

(i) *Class 1: Priority Non-Tax Claims*

Classes 1A through 1DD consist of the Priority Non-Tax Claims of each of the Debtors.

(ii) *Class 2: Other Secured Claims*

Classes 2A through 2DD consist of the Other Secured Claims of each of the Debtors.

Agreement Claims (iii) *Class 3: First Lien Credit Facility Claims and Swap*

Classes 3A through 3DD consist of the First Lien Credit Facility Claims and Swap Agreement Claims of each of Debtors.

(iv) *Class 4: Assumed General Unsecured Claims*

Classes 4A through 4DD consist of the Assumed General Unsecured Claims of each of the Debtors.

(c) Impaired Classes of Claims (Claimholders in Classes 5, 6 and 7 are entitled to vote on this Plan. Claimholders in Class 8 are deemed to have rejected this Plan and, therefore, Claimholders in Class 8 are not entitled to vote on this Plan.)

(i) *Class 5: Second Lien Credit Facility Claims*

Classes 5A through 5DD consist of the Second Lien Credit Facility Claims of each of the Debtors.

(ii) *Class 6: General Unsecured Claims*

Classes 6A through 6DD consist of the General Unsecured Claims of each of the Debtors.

(iii) *Class 7: Second Lien Deficiency Claims*

Classes 7A through 7DD consist of the Second Lien Credit Facility Claims of each of the Debtors.

(iv) *Class 8: Intercompany Claims*

Classes 8A through 8DD consist of the Intercompany Claims of each of the Debtors.

(d) Classes of Equity Interests (Class 9 is deemed to have rejected this Plan and, therefore, the Holders of Equity Interests in Classes 9 are not entitled to vote on this Plan.)

(i) *Class 9: Equity Interests*

Classes 9A through 9DD consist of the Existing Equity Interests of each of the Debtors.

ARTICLE IV

TREATMENT OF CLAIMS AND INTERESTS

4.1 Classes 1A through 1DD: Priority Non-Tax Claims. Each Holder of an Allowed Priority Non-Tax Claim shall receive, from the Reorganized Debtors, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Non-Tax Claim, Cash equal to the unpaid portion of such Allowed Priority Non-Tax Claim (i) at the Reorganized Debtors' election, either (a) in accordance with the Reinstated terms of such indebtedness; (b) in accordance with section 1129(a)(9) of the Bankruptcy Code; or (c) on the latest to occur of (x) the Effective Date, (y) the date such Claim becomes an Allowed Priority Non-Tax Claim, and (z) such other date as may be agreed upon by the Reorganized Debtor and the Holder of such Allowed Priority Non-Tax Claim; or (ii) on such other date as the Bankruptcy Court may order. Classes 1A through 1DD are Unimpaired and are conclusively presumed to have accepted this Plan and, therefore, Holders of Claims in Classes 1A through 1DD are not entitled to vote to accept or reject this Plan.

4.2 Classes 2A through 2DD: Other Secured Claims. Each Holder of an Allowed Other Secured Claim shall receive, from the Reorganized Debtors, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Secured Claim, Cash equal to the unpaid portion of such Allowed Other Secured Claim (i) at the Reorganized Debtors' election, either (a) in accordance with the Reinstated terms of such indebtedness; (b) in accordance with section 1129(a)(9) of the Bankruptcy Code; or (c) on the latest to occur of (x) the Effective Date (or as soon as reasonably practicable thereafter), (y) the date such Claim becomes an Allowed Other Secured Claim, and (z) such other date as may be agreed upon by the Reorganized Debtor and the Holder of such Allowed Other Secured Claim; or (ii) on such other date as the Bankruptcy Court may order. Classes 2A through 2DD are Unimpaired and are conclusively presumed to have accepted this Plan and, therefore, Holders of Claims in Classes 2A through 2DD are not entitled to vote to accept or reject this Plan.

4.3 Classes 3A through 3DD: First Lien Credit Facility Claims and Swap Agreement Claims. On the Effective Date, each Holder of an Allowed First Lien Credit Facility Claim and Allowed Swap Agreement Claim shall receive, from the Plan Sponsor Initial Consideration, in full satisfaction, settlement, release, and discharge of and in exchange for such First Lien Credit Facility or Swap Agreement Claim, Cash equal to such First Lien Credit Facility or Swap Agreement Claim. Classes 3A through 3DD are Unimpaired and are conclusively presumed to have accepted this Plan and, therefore, Holders of Claims in Classes 3A through 3DD are not entitled to vote to accept or reject this Plan.

4.4 Classes 4A through 4DD: Assumed General Unsecured Claims. Each Holder of an Allowed Assumed General Unsecured Claim shall receive, from the Reorganized Debtors, in full satisfaction, settlement, release, and discharge of and in exchange for such Assumed General Unsecured Claim, at the Reorganized Debtors' election, either (i) in accordance with the Reinstated terms of such indebtedness or (ii) on the Effective Date or within thirty (30) days thereafter, Cash equal to the unpaid portion of such Assumed General Unsecured Claim; provided, however, that a Claim arising out of pending litigation shall only constitute an Assumed General Unsecured Claim entitled to the treatment provided by this Section 4.4 to the

extent that it is an Insured Claim. Classes 4A through 4DD are Unimpaired and are conclusively presumed to have accepted this Plan and, therefore, Holders of Claims in Classes 4A through 4DD are not entitled to vote to accept or reject this Plan.

4.5 *Classes 5A through 5DD: Second Lien Credit Facility Claims.* Each Holder of an Allowed Second Lien Credit Facility Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Second Lien Credit Facility Claim,

(a) on the Effective Date, or as soon as reasonably practicable thereafter, (x) Cash equal to its Pro Rata share of the Second Lien Initial Net Proceeds and (y) if all Debtor sub-Classes of General Unsecured Claims vote to reject the Plan, Cash equal to its Pro Rata share of the Creditor Fund,

(b) on the Second Lien Additional Net Proceeds Payment Dates, Cash equal to its Pro Rata share of the Second Lien Additional Net Proceeds,

(c) within five (5) days of the receipt of any Estate Deposited Cash by the Reorganized Debtors or Plan Administrator, Cash equal to its Pro Rata share of such Estate Deposited Cash; and

(d) on the date of receipt of the proceeds of the Retained Avoidance Actions, Cash equal to its Pro Rata share of the proceeds of such Retained Avoidance Actions payable to (i) Class 6, solely if Class 6 votes to reject the Plan and/or (ii) Class 7, solely if Class 7 votes to reject the Plan, in each case solely to the extent that such proceeds constitute adequate protection collateral of the Holders of Second Lien Credit Facility Claims pursuant to the DIP Order.

4.6 *Classes 6A through 6DD: General Unsecured Claims.* Each Holder of an Allowed General Unsecured Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such General Unsecured Claim, Cash equal to:

(a) if the Holders of General Unsecured Claims vote, as a Class, to approve this Plan, (i) its Pro Rata share (to be shared with other Holders of Allowed Class 6 General Unsecured Claims in Debtor sub-Classes which vote to approve the Plan) of the Creditor Fund, on the later of (x) the Effective Date, (y) the date such Claim becomes an Allowed General Unsecured Claim, and (ii) its Pro Rata share (to be shared with the Holders of Second Lien Deficiency Claims) of the proceeds of the Retained Avoidance Actions, without regard to any adequate protection liens which may otherwise be assertable, on the later of (x) the date such Claim becomes an Allowed General Unsecured Claim or (y) the date of receipt of the proceeds of the Retained Avoidance Actions, or

(b) if the Holders of General Unsecured Claims vote, as a Class, to reject this Plan, its Pro Rata share (to be shared with the Holders of Second Lien Deficiency Claims) of the proceeds of the Retained Avoidance Actions, solely to the extent such proceeds do not constitute adequate protection collateral of the Holders of Second Lien Credit Facility Claims pursuant to the DIP Order, on the later of (x) the date such Claim becomes an Allowed

General Unsecured Claim or (y) the date of receipt of the proceeds of the Retained Avoidance Actions.

Classes 6A through 6DD are Impaired and are entitled to vote on this Plan.

For the avoidance of doubt, it is expressly understood that, (i) the Plan Administrator shall have discretion to determine, after consultation with the Second Lien Agent, whether to pursue the Retained Avoidance Actions as set forth in Section 10.11 and (ii) in the event that the Holders of General Unsecured Claims do not vote, as a Class, to accept the Plan, the Holders of Second Lien Credit Facility Claims are reserving all of their rights to assert that they are entitled to receive the proceeds of Retained Avoidance Actions otherwise payable to Holders of General Unsecured Claims by virtue of the adequate protection liens granted to them pursuant to the DIP Order and all parties in interest are reserving their rights to object to such assertion.

4.7 Classes 7A through 7DD: Second Lien Deficiency Claims. Each Holder of an Allowed Second Lien Deficiency Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Second Lien Deficiency Claim, Cash equal to:

(a) if the Holders of Second Lien Deficiency Claims vote, as a Class, to approve this Plan, its Pro Rata share (to be shared with the Holders of General Unsecured Claims) of the proceeds of the Retained Avoidance Actions, without regard to any adequate protection liens which may otherwise be assertable, on the date of receipt of the proceeds of the Retained Avoidance Actions

(b) if the Holders of Second Lien Deficiency Claims vote, as a Class, to reject this Plan, its Pro Rata share (to be shared with the Holders of General Unsecured Claims) of the proceeds of the Retained Avoidance Actions, solely to the extent such proceeds do not constitute adequate protection collateral of the Holders of Second Lien Credit Facility Claims pursuant to the DIP Order, on the date of receipt of the proceeds of such Retained Avoidance Actions.

Classes 7A through 7DD are Impaired and are entitled to vote on this Plan.

For the avoidance of doubt, it is expressly understood that, (i) the Plan Administrator shall have discretion to determine, after consultation with the Second Lien Agent, whether to pursue the Retained Avoidance Actions as set forth in Section 10.11 and (ii) in the event that the Holders of Second Lien Deficiency Claims do not vote, as a Class, to accept the Plan, the Holders of Second Lien Credit Facility Claims are reserving all of their rights to assert that they are entitled to receive the proceeds of Retained Avoidance Actions otherwise payable to Holders of Second Lien Deficiency Claims by virtue of the adequate protection liens granted to them pursuant to the DIP Order and all parties in interest are reserving their rights to object to such assertion.

4.8 Classes 8A through 8DD: Intercompany Claims. On the Effective Date all Intercompany Claims held by a Debtor against another Debtor shall, at the election of the Reorganized Debtors, be either (a) Reinstated, (b) released, waived, and discharged, (c) treated as a dividend, or (d) contributed to capital or exchanged for equity. Classes 8A through 8DD are

deemed to have rejected this Plan and, therefore, Holders of Claims in Classes 8A through 8DD are not entitled to vote to accept or reject this Plan.

4.9 Classes 9A through 9DD: Existing Equity Interests.

(a) Classes 9A through 9CC: Synagro and Subsidiary Debtor Interests.

On the Effective Date, all Synagro Interests and Subsidiary Debtor Interests shall be either (i) extinguished, canceled and discharged and such Holders of Subsidiary Debtor Interests shall not be entitled to receive or retain any property under this Plan or (ii) Reinstated and continue to be held by the current Holders thereof. Classes 9A through 9CC are deemed to have rejected this Plan and, therefore, Holders of Class 9A through 9CC Equity Interests are not entitled to vote to accept or reject this Plan

(b) Class 9DD: Synatech Interests. On the Effective Date the legal, equitable and contractual rights of the Holders of the Synatech Interests shall be extinguished, canceled and discharged and such Holders of Synatech Interests shall not be entitled to receive or retain any property under this Plan. Class 9DD is deemed to have rejected this Plan and, therefore, Holders of Class 9DD Equity Interests are not entitled to vote to accept or reject this Plan.

4.10 Satisfaction of Assumed Claims. For the avoidance of doubt, it is expressly understood that, except as otherwise expressly provided in this Plan, the Reorganized Debtors shall have sole responsibility for the payment and satisfaction of all Administrative Claims other than DIP Facility Claims and Restructuring Fee Claims, Priority Tax Claims other than AFMC Claims, Priority Non-Tax Claims, Other Secured Claims, and Assumed General Unsecured Claims, and none of the Plan Sponsor Consideration or the Effective Date Cash shall be used to satisfy any such Claims.

4.11 Allowance of Credit Facility Claims.

(a) The DIP Facility Claims shall be deemed to be Allowed Administrative Claims in the full amount due and owing under the DIP Credit Agreement, including, without limitation, all principal, accrued and accruing postpetition interest, costs, fees, and expenses, and amounts necessary to, in accordance with the terms of the DIP Credit Agreement, cash collateralize any outstanding Letters of Credit that have not been replaced and released pursuant to Section 6.8(a) of this Plan.

(b) The First Lien Credit Facility Claims shall be deemed to be Allowed in the aggregate amount of \$305,427,832.17, plus accrued and accruing prepetition and postpetition interest (including PIK Interest), costs, fees, expenses, draws on the Letters of Credit between the date hereof and the Effective Date, and amounts necessary to, in accordance with the First Lien Credit Agreement, cash collateralize any outstanding Letters of Credit that have not been replaced and released pursuant to Section 6.8(a) of this Plan.

(c) The Swap Agreement Claim shall be deemed to be an Allowed Claim in the amount of \$1,678,000.

(d) The Second Lien Claims shall be deemed to constitute Allowed Claims in the aggregate amount of \$100,150,000, exclusive of accrued and accruing prepetition and postpetition interest, costs, fees, expenses, and other charges, which shall be Allowed Second Facility Credit Facility Claims to the extent of the Second Lien Net Proceeds and Allowed Second Lien Deficiency Claims for the balance.

4.12 *Compliance with Laws and Effects on Distributions.* In connection with the consummation of this Plan, the Reorganized Debtors will comply with all withholding and reporting requirements imposed by federal, state, local or foreign taxing authorities, and all distributions hereunder will be subject to applicable withholding and reporting requirements.

4.13 *Reservation of Rights Regarding Claims.* Except as otherwise explicitly provided in this Plan, nothing shall affect the Debtors' or the Reorganized Debtors' rights, defenses, and counterclaims, both legal and equitable, with respect to any Claims, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment or any claimant's right to object to such setoff or recoupment made by the Debtors or Reorganized Debtors.

4.14 *Special Provisions Regarding General Unsecured Insured Claims.* Distributions under this Plan to each Holder of a General Unsecured Insured Claim shall be in accordance with the treatment provided under this Plan for General Unsecured Claims; provided, however, that the maximum amount of any distribution under this Plan on account of an Allowed General Unsecured Insured Claim shall be limited to an amount equal to: (a) the applicable deductible or self-insured retention under the relevant insurance policy minus (b) any reimbursement obligations of the Debtors to the insurance carrier for sums expended by the insurance carrier on account of such Claim (including defense costs); provided, further, however, that, to the extent that a Claimholder has an Allowed General Unsecured Insured Claim, the amount of which exceeds the total coverage available from the relevant insurance policies of the Debtors, such Claimholder shall have an Allowed General Unsecured Claim in the amount by which such Allowed General Unsecured Insured Claim exceeds the coverage available from the relevant Debtors' insurance policies.

This Plan shall not expand the scope of, or alter in any other way, the obligations of the Debtors' insurers under their policies, and the Debtors' insurers shall retain any and all defenses to coverage that such insurers may have. This Plan shall not operate as a waiver of any other Claims the Debtors' insurers have asserted or may assert in any Proof of Claim or the Debtors' rights and defenses with respect to such Proofs of Claim.

ARTICLE V

IDENTIFICATION OF CLASSES OF CLAIMS AND EQUITY INTERESTS IMPAIRED; ACCEPTANCE OR REJECTION OF THIS PLAN OF REORGANIZATION

5.1 *Holders of Claims and Equity Interests Entitled to Vote.* Each Holder of a Class 5 Second Lien Credit Facility Claim, a Class 6 General Unsecured Claim and a Class 7

Second Lien Deficiency Claim against an applicable Debtor is entitled to vote to accept or reject this Plan.

5.2 *Presumed Acceptance of the Plan.* Each Holder of a Class 1 Priority Non-Tax Claim, a Class 2 Other Secured Claim, a Class 3 First Lien Credit Facility Claim, or a Class 4 Assumed General Unsecured Claim is unimpaired by this Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the Holders of Claims in such Classes are conclusively presumed to have accepted this Plan and the votes of such Holders will not be solicited.

5.3 *Presumed Rejection of the Plan.* Each Holder of a Class 8 Intercompany Claim or a Class 9 Equity Interest shall not receive any distribution under this Plan on account of such Claim or Equity Interest. Pursuant to section 1126(g) of the Bankruptcy Code, the Holders of Claims and Equity Interests in such Classes are presumed to have rejected this Plan and the votes of such Holders will not be solicited.

5.4 *Acceptance by Impaired Classes.* Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an impaired Class of Claims shall have accepted this Plan if the Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Claims of such Class entitled to vote that actually vote on this Plan have voted to accept this Plan. Because Second Lien Credit Facility Claims, Second Lien Deficiency Claims, and General Unsecured Claims are impaired, the votes of Holders of such Claims will be solicited.

5.5 *Nonconsensual Confirmation.* Because Classes 8 and 9 are deemed to reject this Plan, the Debtors will seek confirmation of this Plan from the Court by employing the “cramdown” procedures set forth in section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw this Plan or any Plan Exhibit or schedule, including to amend or modify this Plan or such Exhibits or schedules to satisfy the requirements of Bankruptcy Code section 1129(b), if necessary.

5.6 *Elimination of Classes.* Any Class that does not contain any Allowed Claims or Interests as of the date of commencement of the Confirmation Hearing, shall be deemed to have been deleted from the Plan for purposes of (a) voting to accept or reject the Plan and (b) determining whether it has accepted or rejected the Plan under section 1129(a)(8) of the Bankruptcy Code.

ARTICLE VI

MEANS OF IMPLEMENTATION AND POST-EFFECTIVE DATE GOVERNANCE

6.1 *Corporate Action.*

(a) *General.* Upon the occurrence of the Effective Date, all actions contemplated by this Plan shall be deemed authorized and approved in all respects, including, without limitation, (i) selection of the directors and officers for the Reorganized Debtors, (ii) the issuance and distribution of the Synatech New Common Stock and the Drilling New Common Stock, (iii) entry into and performance under the Plan Sponsor Agreement and this Plan, (iv) maintenance and revesting of the Debtors’ property, other than Effective Date Cash and Estate

Deposited Cash, in the Reorganized Debtors, including, without limitation, the Subsidiary Debtor Interests (to the extent not extinguished hereunder), the Transferred Sub Interests, accounts receivable, real and personal property, assumed executory contracts and unexpired leases, and non-executory contracts, (v) the adoption of the Restated Certificates of Incorporation and Restated Bylaws, and (vi) all other actions contemplated by this Plan (whether to occur before or on the Effective Date). All matters provided for in this Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with this Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Equity Interest Holders, directors or officers of the Debtors or the Reorganized Debtors. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and directed to issue, execute and deliver the agreements, documents, securities, and instruments contemplated by this Plan (or necessary or desirable to effect the transactions contemplated by this Plan) in the name of and on behalf of the Reorganized Debtors.

(b) Continued Corporate Existence. Subject to the Restructuring Transactions contemplated by this Plan, each of the Debtors will continue to exist after the Effective Date as a separate legal entity, except as set forth in Section 6.7, with all the powers of a corporation or partnership, as applicable, under applicable law in the jurisdiction in which each applicable Debtor is incorporated or otherwise formed and pursuant to the Restated Certificates of Incorporation and Restated Bylaws, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date. All property of the Debtors, other than Effective Date Cash and Estate Deposited Cash, including without limitation, the Synagro and Subsidiary Debtor Interests (to the extent not extinguished hereunder), the Transferred Sub Interests, accounts receivable, real and personal property, assumed executory contracts and unexpired leases, and non-executory contracts shall revert in the Reorganized Debtors free and clear of all liens, claims and encumbrances.

The Transferred Subs are not Debtors in these Chapter 11 Cases. The continued existence, operation and ownership of the Transferred Subs is a material component of the Debtors' businesses, and, as set forth in this Section 6.1(b), the Transferred Sub Interests shall revert in the applicable Reorganized Debtor or its successor on the Effective Date.

(c) Restated Certificates of Incorporation and Restated Bylaws. The Restated Bylaws and the Restated Certificates of Incorporation shall be (i) consistent with the provisions of this Plan and the Bankruptcy Code and (ii) satisfactory to the Plan Sponsor. On or immediately before the Effective Date, the Reorganized Debtors will file their respective Restated Certificates of Incorporation with the applicable Secretaries of State and/or other applicable authorities in their respective states, provinces or countries of incorporation in accordance with the entity laws of the respective states, provinces or countries of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the Restated Certificates of Incorporation will prohibit the issuance of non-voting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective Restated Certificates of Incorporation and Restated Bylaws and other constituent documents as permitted by the laws of their respective states, provinces or countries of organization and their respective Restated Certificates of Incorporation and Restated Bylaws. The Restated Certificate of Incorporation of

Reorganized Synatech will, among other things, authorize the Synatech New Common Stock. Any material modification to the originally filed Restated Certificate of Incorporation or Restated Bylaws of Reorganized Synatech after the Confirmation Date but prior to the Effective Date may become effective; provided, however that any such modification must be approved by the Plan Sponsor (which approval shall not be withheld unreasonably).

6.2 Plan Sponsor Agreement. The Debtors, the Plan Sponsor, and the Guarantor shall perform the transactions contemplated under the Plan Sponsor Agreement.

6.3 Plan Sponsor Consideration.

(a) Pursuant to and on the terms set forth in the Plan Sponsor Agreement, the Plan Sponsor shall pay to the Debtors Cash in the amount of the Plan Sponsor Consideration to be utilized by the Plan Administrator to make the Cash distributions specified in Articles II and IV of this Plan to be made from the Plan Sponsor Consideration. For the avoidance of doubt, the Plan Sponsor Consideration shall not be used to pay Cure or to pay any Claims (including, without limitation, any Assumed Claims) to be paid or assumed by the Reorganized Debtors pursuant to Articles II and IV hereof.

(b) The Plan Sponsor Additional Consideration shall be (i) evidenced by the Plan Sponsor Additional Consideration Notes, (ii) guaranteed by EQT pursuant to the Plan Sponsor Additional Consideration Guarantees, and (iii) with respect to the \$5,000,000 payment, secured by a pledge of \$7,500,000 of the equity of Whitemarsh, pursuant to the Plan Sponsor Additional Consideration Pledge Agreement. In the event that the Plan Sponsor elects to obtain an exit facility or other senior debt financing prior to the payment of both installments of the Plan Sponsor Additional Consideration, the agreement evidencing such financing shall expressly permit the payment of such Plan Sponsor Additional Consideration, without any pre-conditions thereto, and make the failure to pay such Plan Sponsor Additional Consideration on the dates due an event of default thereunder.

6.4 Capitalization of the Reorganized Debtors. The Plan Sponsor and the Guarantor shall ensure that the Reorganized Debtors are adequately capitalized to satisfy their obligations under this Plan, including, without limitation, to pay Cure and to satisfy all Claims (including, without limitation, all Assumed Claims) to be paid or assumed by the Reorganized Debtors pursuant to Articles II and IV hereof.

6.5 Issuance of New Common Stock. On the Effective Date, in exchange for the Plan Sponsor Consideration, (i) the Synatech New Common Stock shall be issued and distributed on behalf of Reorganized Synatech to the Plan Sponsor and (ii) the Drilling New Common Stock shall be issued and distributed on behalf of Reorganized Drilling to DrillCo.

6.6 Reinstatement of Subsidiary Debtor Interests. Subject to the Restructuring Transactions, to the extent the Subsidiary Debtor Interests are Reinstated, such Reinstatement shall be in exchange for the Plan Sponsor Consideration in accordance with the terms of this Plan.

6.7 Dissolution of Subsidiary Debtors. On the Effective Date, such Subsidiary Debtors as the Plan Sponsor may determine shall be deemed dissolved under applicable State

law for all purposes without the necessity for any other or further actions to be taken by or on behalf of such Subsidiary Debtors or payments to be made in connection therewith. The Plan Administrator shall serve as Disbursement Agent for the Debtors, including any dissolved Subsidiary Debtors.

6.8 Replacement of Letters of Credit, Surety Agreements, and Insurance Contracts. On the Effective Date, the Plan Sponsor shall cause the Reorganized Debtors to provide for all Letters of Credit, Surety Agreements and Insurance Contracts in accordance with section 5.10 and 5.16 of the Plan Sponsor Agreement.

6.9 Post-Effective Date Organizational Structure. On the Effective Date, after effectuating the Restructuring Transactions, the Reorganized Debtors shall have the organizational structure set forth in the Plan Supplement.

6.10 Directors, Officers, and Employees.

(a) Directors and Officers of the Reorganized Debtors. As of the Effective Date, the term of the current members of the boards of directors of the Debtors shall expire, and the Debtors shall be authorized to pay, from the Plan Sponsor Initial Consideration or the Effective Date Cash, any board of director fees or expense reimbursements outstanding on the Effective Date. Concurrent therewith, the New Boards shall be appointed in accordance with the Restated Certificates of Incorporation and Restated Bylaws of each Reorganized Debtor. On the Effective Date, the New Synatech Board shall consist of two directors to be appointed by the Plan Sponsor.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose the identity and affiliations of any Person proposed to serve on the initial New Synagro Board and the New Subsidiary Boards, as well as those Persons that serve as an officer of any of the Reorganized Debtors in a Plan Supplement. To the extent any such director or officer is an “insider” of the Debtors under the Bankruptcy Code, the nature of any compensation to be paid to such director or officer will also be disclosed. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the Restated Certificates of Incorporation, Restated Bylaws and other constituent documents of the Reorganized Debtors.

(b) Employee Benefit Plans. On the Effective Date, the Plan Sponsor shall cause the Reorganized Debtors to provide for all retirement income plans, welfare benefit plans and other plans for the respective directors, officers, and employees of the Reorganized Debtors (including, without limitation, the Key Employee Incentive Plan, the Key Employee Retention Plan, the Short-Term Incentive Plan, and the employee benefit programs approved by the Employee Order) in accordance with the terms of the Plan Sponsor Agreement. Notwithstanding anything to the contrary herein, following the Effective Date of the Plan, with respect to the payment of “retiree benefits” as defined in section 1114 of the Bankruptcy Code, such payment shall continue at the levels established pursuant to subsections (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code, at any time prior to confirmation of this Plan, for the duration of the periods the Debtors have obligated themselves to provide such benefits, if any.

6.11 *Plan Administrator.* Except as otherwise set forth herein, including in Sections 7.7 and 10.11 hereof, the Plan shall be administered by the Plan Administrator, which shall be Mr. Castellano or such other Person as Mr. Castellano may, in his discretion, appoint to serve as Plan Administrator with respect to any aspect of the Plan; provided, however, that with respect to the Plan Sponsor Additional Consideration, the Second Lien Additional Net Proceeds, and the Retained Avoidance Actions, the Plan Administrator may not be a Reorganized Debtor.

6.12 *Retention of Professionals.* The Plan Administrator shall have the right to retain the services of attorneys, accountants, and other professionals that are necessary to assist the Plan Administrator in the performance of its duties as Plan Administrator and Disbursement Agent or otherwise under this Plan. The reasonable fees and expenses of such professionals and the additional expenses of the Plan Administrator incurred in the performance of its duties as Plan Administrator, Disbursement Agent or otherwise under this Plan shall be paid by the Plan Administrator from the Wind Down Fund, and shall not be subject to the approval of the Bankruptcy Court.

6.13 *Post-Effective Date Expenses.* All reasonable and documented expenses incurred by the Plan Administrator or the Estates to administer this Plan after the Effective Date, including, without limitation, for the retention of professionals and fees payable under 28 U.S.C. § 1930, shall be paid from the Wind Down Fund and shall not be paid by the Reorganized Debtors or the Plan Sponsor, and the Reorganized Debtors and the Plan Sponsor shall have no liability for any such expenses; provided, however, that any expenses of the Reorganized Debtors or the Plan Sponsor incurred in connection with (i) the payment of, or the adjudication of the Allowed Amount of, Claims to be paid by the Reorganized Debtors, or (ii) the performance of obligations of the Reorganized Debtors or the Plan Sponsor under the Plan or the Plan Sponsor Agreement shall be paid by the Reorganized Debtors; provided, further, however, that in the event that any of Chapter 11 Cases remain open for a period of time solely for the benefit of the Reorganized Debtors, the Reorganized Debtors shall pay fees payable under 28 U.S.C. § 1930 and other expenses of administration accrued during such period.

6.14 *Preservation of Documents.* From and after the Effective Date, the Reorganized Debtors shall preserve and maintain the Debtors' documents, files, books, records, electronic data (including, but not limited to, emails and email server back-up tapes) (collectively, the "**Documents**"), in accordance with the customary and typical document retention and record preservation policies of the Debtors in place prior to the Petition Date or any other such document retention and record preservation policies as the Reorganized Debtors determine to be commercially reasonable; provided, however, that the Reorganized Debtors shall not destroy or otherwise abandon any such Documents for a period of 90 days. On or before 90 days after the Effective Date, counsel for the Second Lien Agent or the Plan Administrator shall provide to the Reorganized Debtors a list (the "**Document Request**") containing categories of Documents related to the Retained Avoidance Actions, which Reorganized Debtors shall provide to counsel for the Second Lien Agent and the Plan Administrator, provided that the Plan Administrator shall reimburse the Reorganized Debtors for the reasonable costs associated with complying with such Document Request from the Wind Down Fund.

6.15 *Cancellation of the Secured Debt and Equity Interests.* On the Effective Date, except to the extent otherwise provided in this Plan, all notes, instruments, certificates and

other documents evidencing (a) the First Lien Credit Facility, (b) the Second Lien Credit Facility, (c) the DIP Facility, and (d) the Synatech Interests shall be canceled, and the obligations of the Debtors thereunder and in any way related thereto shall be fully satisfied, released and discharged; provided, however, that such cancellation shall not itself alter (i) the obligations or rights of any third parties (apart from the Debtors, their Affiliates and Subsidiaries, and the Reorganized Debtors) party to such Credit Agreements or (ii) Letters of Credit outstanding under the DIP Credit Agreement and the First Lien Credit Agreement and related rights and obligations, if any. With respect to the Credit Facilities, on the Effective Date, except to the extent otherwise provided in this Plan, the Credit Agreements and any similar agreements, including, without limitation, any related security, guaranty or similar agreement of the Debtors shall be deemed to be canceled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and discharged (i) with respect to all obligations owed by the Debtors under any such agreement and, (ii) except to the extent provided below, with respect to the respective rights and obligations of the Agents under the Credit Agreements against the Holders of Credit Facility Claims. Solely for the purpose of clause (ii) in the immediately preceding sentence, only the following rights and obligations of the Agents shall remain in effect after the Effective Date: (A) rights, as administrative agents and collateral agents, to any payment of fees, expenses and indemnification obligations and liens securing such rights to payment including, but not limited to, from or on property distributed under this Plan to the Agents (but excluding any other property of the Debtors, the Reorganized Debtors or their Estates), (B) rights and obligations relating to distributions to be made to the Holders of the Credit Facility Claims by the Agents from any source (but excluding any other property of the Debtors, the Reorganized Debtors or their Estates), (C) rights and obligations relating to representation of the interests of the Holders of the Credit Facility Claims by the Agents in the Chapter 11 Cases to the extent not discharged or released by this Plan or any order of the Bankruptcy Court, (D) rights and obligations relating to participation by the Agents in any proceedings and appeals related to this Plan, and (E) rights and obligations of the Agents with respect to Letters of Credit that have been cash collateralized in accordance with the terms of this Plan, if applicable. Notwithstanding the continued effectiveness of such rights and obligations after the Effective Date, the Agents shall have no obligation to object to Claims against the Debtors. For the avoidance of doubt, after the performance by the Agents and their representatives, including, without limitation, their professionals, of any duties that are required under the Plan, the Confirmation Order, the Credit Agreements, and other Credit Facility documents, the Agents and their representatives shall be relieved of and released from all obligations arising under the Credit Agreements and other Credit Facility documents.

6.16 *Existing Liens.* All property rights and interests to be transferred to the Reorganized Debtors by the Debtors, including any executory contracts that shall be assumed and assigned to the Reorganized Debtors by the Debtors, shall be free and clear of all Liens, Claims, and liabilities to the fullest extent permitted by sections 365 and 1141(c) of the Bankruptcy Code, except as otherwise provided by Section 4.2 hereof.

6.17 *Closing of the Chapter 11 Cases.* On the Effective Date, pursuant to the Final Decree Order, the Chapter 11 Cases of the Debtors other than Synagro shall be closed. Any Claims against Synatech or the Subsidiary Debtors that are not satisfied in accordance with this Plan on the Effective Date shall be treated as Claims against Synagro and shall be administered by the Plan Administrator in the Chapter 11 Case of Synagro in accordance with

this Plan. Until entry of a final decree closing all of the Chapter 11 Cases, the closing of the Chapter 11 Cases of Synatech or the Subsidiary Debtors under this Section 6.17 shall be for procedural purposes and for purposes of calculating fees payable under 28 U.S.C. § 1930 only, and shall not prejudice the rights of any creditor with respect to such Debtors or their estates.

6.18 Termination of Utility Deposit Account. On the Effective Date, the Utility Deposit Account created pursuant to section 366 of the Bankruptcy Code shall be automatically terminated, and funds therein shall revert to the Debtors and shall be deemed Effective Date Cash.

6.19 Compromise of Controversies. In consideration for the distributions and other benefits provided under this Plan, the provisions of this Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under this Plan, including, without limitation, the settlement incorporated herein with respect to the AFMC Claims, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromises and settlements under Bankruptcy Rule 9019.

6.20 Restructuring Transactions. The Reorganized Debtors and the Plan Administrator may enter into or undertake any Restructuring Transactions and may take such actions as may be determined by the Reorganized Debtors or the Plan Administrator to be necessary or appropriate to effect such Restructuring Transactions. The actions to effect the Restructuring Transactions may include, without limitation: (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, conversion, restructuring, recapitalization, disposition, liquidation or dissolution containing terms that are consistent with the terms herein and that satisfy the requirements of applicable law and such other terms to which the applicable entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, disposition, or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms herein and having such other terms to which the applicable entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation, conversion or dissolution (or similar instrument) pursuant to applicable law; and (iv) all other actions which the applicable entities may determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with such transactions; provided, however, that no such Restructuring Transaction shall result in a reduction of the Plan Sponsor Consideration provided for under the Plan Sponsor Agreement or the distributions contemplated hereunder. The Restructuring Transactions may include one or more mergers, consolidations, conversions, restructurings, recapitalizations, dispositions, liquidations or dissolutions, as may be determined by the Plan Sponsor, the Reorganized Debtors and the Plan Administrator to be necessary or appropriate to effect the purposes of such Restructuring Transactions for the benefit of the Reorganized Debtors, including, without limitation, the potential simplification of the organizational structure of the Reorganized Debtors or the creation of new subsidiaries that are to be wholly owned by Reorganized Synatech. In each case in which the surviving, resulting or acquiring person in any such Restructuring Transaction is a successor to a Debtor or Reorganized Debtor, such surviving, resulting or acquiring person will perform the obligations of the applicable Debtor or Reorganized Debtor pursuant to this Plan to pay or otherwise satisfy the Allowed Claims against such Debtor or Reorganized Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or

acquiring person, which may provide that another Debtor or Reorganized Debtor will perform such obligations. Implementation of the Restructuring Transactions shall not affect any distributions, discharges, exculpations, releases or injunctions set forth in this Plan. On, or as soon as practicable after, the Effective Date, the Reorganized Debtors and the Plan Administrator may take such steps as they may deem necessary or appropriate to effectuate any Restructuring Transactions that satisfy the requirements set forth in this Section 6.20. The Restructuring Transactions shall be authorized and approved by the Confirmation Order pursuant to, among other provisions, sections 1123 and 1141 of the Bankruptcy Code and section 303 of title 8 of the Delaware Code, if applicable, without any further notice, action, third-party consents, court order or process of any kind, except as otherwise set forth herein or in the Confirmation Order.

6.21 *Effectuating Documents; Further Transactions.* The chief executive officer, the general counsel or any other appropriate officer of the Debtors or the Reorganized Debtors, as the case may be, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures and other agreements or documents, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan. The secretary or assistant secretary or any other appropriate officer of the Debtors or the Reorganized Debtors, as the case may be, shall be authorized to certify or attest to any of the foregoing actions.

ARTICLE VII

PROVISIONS GOVERNING DISTRIBUTIONS; TREATMENT OF DISPUTED CLAIMS

7.1 *Date of Distributions on Account of Allowed Claims.*

(a) Except as otherwise provided herein, including with respect to the Second Lien Additional Net Proceeds, any distributions and deliveries to be made under this Plan shall be made on the Effective Date or as soon as practicable thereafter. Any distribution to be made on the Effective Date pursuant to this Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Distributions in respect to the Second Lien Additional Net Proceeds shall be made within five (5) Business Days after each Second Lien Additional Net Proceeds Payment Date (or such later date as each installment of the Second Lien Additional Net Proceeds Date is received).

(b) The Disbursement Agent shall determine, in accordance with this Plan, when to make subsequent distributions.

(c) In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

7.2 *Sources of Cash for Plan Distribution.* Except as otherwise provided in this Plan or Confirmation Order, all Cash required for the payments to be made hereunder to the Debtors' prepetition and administrative creditors shall be obtained from either, as specified in

Articles II and IV hereof, (i) the Plan Sponsor Consideration, Effective Date Cash, and Estate Deposited Cash, or (ii) the Reorganized Debtors' operations, borrowings, and working capital.

7.3 Time Bar to Cash Payments. Checks issued in respect of Allowed Claims shall be null and void if not negotiated within one hundred eighty (180) days after the date of issuance thereof. Requests for reissuance of any voided check shall be made directly to the Disbursement Agent by the Holder of the Allowed Claim to whom such check was originally issued. Any Claim in respect of such a voided check must be made on or before the first anniversary of the date on which such distribution or payment was made. If no Claim is made as provided in the preceding sentence, all Claims in respect of voided checks shall be discharged and forever barred and such unclaimed distributions shall revert to the Reorganized Debtors, notwithstanding any federal or state escheat laws to the contrary.

7.4 Plan Administrator as Disbursement Agent.

(a) Generally. Except as provided in Section 7.4(b), (i) the Plan Administrator, or such other Person designated by the Plan Administrator as Disbursement Agent, shall serve as Disbursement Agent with respect to Claims payable from the Plan Sponsor Agreement and (ii) Reorganized Synagro, or such other Person designated by Reorganized Synagro as Disbursement Agent, shall serve as Disbursement Agent with respect to Claims payable by the Reorganized Debtors, and such Disbursement Agent shall make all distributions under this Plan. The Disbursement Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

(b) Disbursement Agent for Plan Sponsor Additional Consideration. For the avoidance of doubt, with respect to the Plan Sponsor Additional Consideration and the Second Lien Additional Net Proceeds, the Plan Administrator shall not be Reorganized Synagro (or any Reorganized Debtor) and shall not appoint Reorganized Synagro (or any Reorganized Debtor) as Disbursement Agent. The Plan Administrator, as Disbursement Agent, shall receive the Plan Sponsor Additional Consideration as set forth in the Plan Sponsor Agreement and make any deductions therefrom and disbursements thereof in accordance with this Plan.

7.5 Record Date for Distribution. Distributions shall only be made to the record Holders of Allowed Claims as of the Confirmation Date. On the Confirmation Date, at the close of business for the relevant register, all registers maintained by the Debtors, the Reorganized Debtors and the Agents, and each of their respective agents, successors and assigns, shall be deemed closed for purposes of determining whether a Holder of such a Claim is a record Holder entitled to distributions under this Plan. The Debtors and the Reorganized Debtors, and all of their respective agents, successors and assigns shall have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from this Plan (or for any other purpose), any Claims that are transferred after the Confirmation Date. Instead, they shall be required to recognize only those record Holders set forth in the registers as of the Confirmation Date, irrespective of the number of distributions made under this Plan or the date of such distributions.

If any dispute arises as to the identity of a Holder of an Allowed Claim that is entitled to receive a distribution pursuant to this Plan, the Disbursement Agent may, in lieu of making such distribution to such Person, make the distribution into an escrow account until the disposition thereof is determined by Final Order or by written agreement among the interested parties to such dispute.

7.6 *Delivery of Distributions.* Subject to Bankruptcy Rule 9010, all distributions to Holders of Allowed Claims shall be made at the address of such Holder as set forth in the books and records of the Debtors as of the Record Date. In the event that any distribution to any Holder is returned as undeliverable, the Disbursement Agent shall use reasonable efforts to determine the current address of such Holder, but no distribution to such Holder shall be made unless and until the Disbursement Agent has determined the then current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, however, that distributions returned as undeliverable and as to which the Disbursement Agent has not identified the then current address of the applicable Holder shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such date, all unclaimed property or interest in property shall revert to the Reorganized Debtors or shall be deemed Plan Sponsor Consideration, as applicable, based on the initial source of the distribution, and the Claim of the Holder to such property or interest in property shall be discharged and forever barred, notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary, and such property shall be retained by the Reorganized Debtors or distributed as Second Lien Net Proceeds, as applicable, based on the initial source of the distribution.

7.7 *Objections to and Estimations of Claims; Resolution of Disputed Claims.*

(a) On and after the Effective Date, the Plan Administrator (with respect to Claims to be paid hereunder from the Plan Sponsor Consideration), the Reorganized Debtors (with respect to Claims to be paid hereunder by the Reorganized Debtors), and any creditor may continue to attempt to consensually resolve any disputes regarding the amount of any Claim and shall have the right, but not the obligations, to object to the allowance of any Claim prior to the Claims Objection Deadline and may file with the Court any other appropriate motion or adversary proceeding with respect thereto; provided, however, that the Reorganized Debtors shall be the only Entities permitted to object to any Claims to be paid by the Reorganized Debtors hereunder (including any Assumed Claims). All such objections may be litigated to Final Order. The Plan Administrator or the Reorganized Debtors, as applicable, shall retain the rights and defenses the Debtors or their Estates had with respect to any Claim or Equity Interest immediately prior to the Effective Date, subject to the provisions of this Plan.

(b) All objections to Claims shall be filed with the Bankruptcy Court by the Claims Objection Deadline in accordance with the Local Bankruptcy Rules, and a copy of the objection must be served on the Holder of the subject Claim before the expiration of the Claims Objection Deadline; otherwise such Claims shall be deemed Allowed in accordance with section 502 of the Bankruptcy Code. The objection shall provide notice to the Holder of the subject Claim of the deadline for responding to such objection.

(c) Within thirty (30) days after service of an objection, the Holder whose Claim was objected to must, in accordance with the Local Bankruptcy Rules, serve and file a written response to the objection with the Bankruptcy Court and serve a copy on the parties specified in the objection, the notice thereof, or any applicable order of the Bankruptcy Court establishing notice procedures. Failure to serve and file a written response within the thirty (30) day time period may result in the Bankruptcy Court granting the relief demanded in the Claim objection without further notice or hearing.

(d) Before the Effective Date, the Debtors or any objecting creditors, and after the Effective Date, the Plan Administrator (with respect to Claims to be paid hereunder from the Plan Sponsor Consideration), the Reorganized Debtors (with respect to Claims to be paid hereunder by the Reorganized Debtors) or any objecting creditors may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, that is contingent or unliquidated or any Disputed Claim arising from a right to an equitable remedy or breach of performance for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. With respect to any request for estimation, the Bankruptcy Court shall retain jurisdiction to estimate any such Claim at any time, including during the litigation of any objection to any Claim or during the pendency of any appeal relating to such objection. Notwithstanding any provision otherwise in this Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated for distribution purposes at zero (\$0) dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under this Plan (including for purposes of distributions), and the relevant party may elect to pursue any supplemental proceedings to object to any distribution under this Plan on such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, recharacterized or resolved by any mechanism approved by the Bankruptcy Court.

(e) Pursuant to section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019(a), the Debtors may compromise and settle various Claims against them and claims that they have against other Persons prior to and including the Effective Date. After the Effective Date, the Plan Administrator (with respect to Claims to be paid hereunder from the Plan Sponsor Consideration) or the Reorganized Debtors (with respect to Claims to be paid hereunder by the Reorganized Debtors) may compromise and settle any Claims against them and any claims they may have against other Persons without approval from the Bankruptcy Court.

7.8 Distributions on Disputed Claims.

(a) No Distributions Pending Allowance. No payments or distributions will be made with respect to a Disputed Claim unless and until the Disputed Claim has become an Allowed Claim.

(b) Disputed Claim Reserve. The Disbursement Agent shall establish and maintain the Disputed Claim Reserve out of the Creditor Fund or the proceeds of Retained

Avoidance Actions, as applicable, as a separate reserve in order to satisfy Disputed General Unsecured Claims upon the resolution of such Claims. Property of the Creditor Fund deposited into the Disputed Claim Reserve shall be distributed to the Holders of Disputed General Unsecured Claims when such Disputed General Unsecured Claims become Allowed Claims (or as soon thereafter as reasonably practicable) or on such earlier date as determined by the Disbursement Agent, in its discretion. Any funds remaining in the Disputed Claim Reserve after all Disputed Claims are resolved shall be deemed Second Lien Additional Net Proceeds.

7.9 Credit Facility Claims.

(a) The DIP Agent shall be deemed to be the Holder of all DIP Facility Claims, for purposes of distributions to be made hereunder, and all distributions on account of such DIP Facility Claims shall be made to the DIP Agent.

(b) The First Lien Agent shall be deemed to be the Holder of all First Lien Credit Facility Claims, for purposes of distributions to be made hereunder, and all distributions on account of such First Lien Credit Facility Claims shall be made to the First Lien Agent.

(c) The Second Lien Agent shall be deemed to be the Holder of all Second Lien Credit Facility Claims and Second Lien Deficiency Claims, for purposes of distributions to be made hereunder, and all distributions on account of such Second Lien Credit Facility Claims and Second Lien Deficiency Claims shall be made to the Second Lien Agent.

(d) The Agents shall hold or direct such distributions for the benefit of the Holders of Allowed Credit Facility Claims. As soon as practicable following the receipt of such distributions by the Agents, the Agents shall arrange to deliver such distributions to or on behalf of the Holders of Allowed Credit Facility Claims in accordance with the provisions of the applicable Credit Agreement, including, but not limited to, those provisions requiring the payment in full of all of the Agent's fees and expenses (including, but not limited to, the reasonable and documented fees and expenses of its counsel, and financial advisors) before any distribution to the holders of loans under the applicable Credit Facility.

(e) The Debtors and the Reorganized Debtors shall be deemed to have made the distributions required to be made to the Holders of Credit Facility Claims under this Plan upon the delivery of such distributions to the applicable Agent and shall have no further liability or responsibility thereto.

7.10 Manner of Cash Payments Under Plan. At the Reorganized Debtors' option, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements, or as agreed by the Disbursement Agent and the claimant.

7.11 Withholding and Reporting Requirements. In connection with this Plan and all distributions under this Plan, the Disbursement Agent shall, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions under this Plan shall be subject to any such withholding, payment, and reporting requirements. The Disbursement Agent

shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding, payment, and reporting requirements. All amounts properly withheld from distributions to a Holder as required by applicable law and paid over to the applicable taxing authority for the account of such Holder shall be treated as part of the distributions to such Holder. All Entities holding Claims shall be required to provide any information necessary to effect information reporting and withholding of such taxes. For example, with respect to any employee-related withholding, if the Debtors are obligated by law to withhold amounts from distributions to a present or former employee to satisfy such present or former employee's tax and other payroll obligations, the Disbursement Agent may withhold a portion of the distributions allocated to the Holder of an Allowed Claim that is a present or former employee, whether or not such distributions are in the form of Cash, in such amount as is determined necessary to satisfy such Holder's tax and other payroll obligations with respect to the distributions.

Notwithstanding any other provision of this Plan, (a) each Holder of an Allowed Claim that is to receive a distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding, and other tax obligations, on account of such distribution, and (b) no distribution shall be made to or on behalf of such Holder pursuant to this Plan unless and until such Holder has made arrangements satisfactory to the Disbursement Agent for the payment and satisfaction of such withholding tax obligations or such tax obligation that would be imposed upon the Disbursement Agent in connection with such distribution.

7.12 *De Minimis Distributions.* Except as otherwise provided in this Plan, the Disbursement Agent shall not have any obligation to make a distribution on account of an Allowed Claim if the amount to be distributed to the specific Holder of the Allowed Claim on any particular distribution date has a value less than \$10.00 and does not constitute a final distribution to such Holder. The Disbursement Agent shall have no obligation to make any Distribution on Claims Allowed in an amount less than \$100.00.

7.13 *Fractional Dollars.* Any other provision of this Plan notwithstanding, the Disbursement Agent shall not be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under this Plan would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down.

7.14 *Setoffs and Recoupment.* The Debtors, Reorganized Debtors, or the Disbursement Agent may set off against or recoup from any Claim and the payments made pursuant to this Plan in respect of such Claim, any claims of any nature whatsoever that any of the Debtors (as assignee of such claims) may have against the Holder of the Claim, but neither the failure to do so nor the allowance of such Claim shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any claims or rights against the Holder of the Claim; provided, however, that any claimant shall have the right to object to any such setoff or recoupment made by the Debtors.

7.15 *Exemption from Securities Law.* The issuance of the New Common Stock and any other securities issued pursuant to this Plan and any subsequent sales, resales or

transfers, or other distributions of any such securities shall be exempt from any federal or state securities laws registration requirements to the fullest extent permitted by section 1145 of the Bankruptcy Code. Transfers of securities issued under this Plan will be subject to the terms of the Restated Certificate of Incorporation.

7.16 Allocation of Payments. In the case of distributions with respect to Claims pursuant to this Plan (except for Claims of taxing authorities, including the Internal Revenue Service), the amount of any Cash and the fair market value of any other consideration received by the Holder of such Claim will be allocable first to the principal amount of such Claim (as determined for federal income tax purposes), and then, to the extent of any excess, the remainder of the Claim.

7.17 No Postpetition Interest on Claims. Unless otherwise specifically provided for in this Plan or the Confirmation Order, or required under the Bankruptcy Code, to the extent a Claim is not paid in full on the Effective Date, postpetition interest shall not accrue or be paid on any Claims, including the AFMC Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on such Claim. For the avoidance of doubt, Administrative Claims of tax authorities (including any Administrative Claims of the Internal Revenue Service for any federal taxes, which shall accrue interest at the rate and in the manner established under 26 U.S.C. §§ 6621 and 6622), except for the AFMC Claims, shall accrue interest at the rate and in the manner specified by the applicable tax regulation. Nothing herein shall be deemed an admission of the Debtors or the Reorganized Debtors that any such Claim is an Allowed Claim and the parties reserve all rights with respect to such determination.

ARTICLE VIII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1 Assumption and Rejection of Contracts and Leases. On the Effective Date, all executory contracts or unexpired leases of the Debtors will be deemed assumed in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except those executory contracts and unexpired leases that (a) have been rejected by order of the Bankruptcy Court or (b) are the subject of a motion to reject pending on the Effective Date. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to this Article VIII shall revest in and be fully enforceable by the respective Reorganized Debtor in accordance with its terms, except as modified by the provisions of this Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable federal law. Without limiting the foregoing:

(a) Assumption of APA Assumed Contracts. On the Effective Date, the Debtors shall assume all APA Assumed Contracts. Cure for the APA Assumed Contracts shall be the amount set forth in the Cure Notice (as it may be amended to reflect settlements reached prior to or after the date of this Plan) or as otherwise agreed by the Debtors, the Plan Sponsor, and any counterparty to an APA Assumed Contract; provided, however, that in the event the non-Debtor party has timely objected to the Cure set forth in the Cure Notice, such objection

shall remain outstanding without need for further objection, and to the extent such dispute has not been consensually resolved prior to the Confirmation Hearing nor resolved by the Bankruptcy Court as of the entry of the Confirmation Order, then the Debtors or the Reorganized Debtors, as applicable, or such non-Debtor party may request the resolution of the dispute by the Bankruptcy Court as soon as reasonably practicable following the Confirmation Hearing; provided, further, that the Debtors or the Reorganized Debtors, as applicable, shall have the right to reject the APA Assumed Contract for a period of five (5) days after entry of a Final Order establishing a Cure amount in excess of that asserted by the Debtors in the Cure Notice.

(b) Assumption of SPE Guarantees. On the Effective Date, Reorganized Synagro shall assume the SPE Guarantees, including all obligations thereunder, shall take all necessary steps to effectuate such assumption, and shall continue performance thereunder.

(c) Assumption of Surety Agreements and Insurance Contracts. On the Effective Date, the Debtors shall assume Surety Agreements and Insurance Contracts to the extent set forth in the Plan Sponsor Agreement (and not otherwise assumed as APA Assumed Contracts and to the extent executory). For the avoidance of doubt, to the extent any such Surety Agreements and Insurance Contracts are non-executory, such Surety Agreements and Insurance Contracts shall vest in the Reorganized Debtors on the Effective Date. For the further avoidance of doubt, upon the Effective Date or within thirty (30) days thereafter, Reorganized Synagro shall execute new indemnity agreements (the “***Surety Indemnity Agreements***”) with each surety that has provided bonds to Synagro pre-petition and/or post-petition (collectively, the “***Sureties***”) and shall, upon the Effective Date, reaffirm all of Synagro’s obligations and duties under the prepetition Surety Indemnity Agreements. Further, any Claims of the Sureties arising from or relating to surety bonds executed prepetition shall be deemed Class 4 Assumed General Unsecured Claims and shall be Unimpaired, in accordance with Section 4.4 hereof.

(d) Assumption of Compensation and Benefit Programs. All compensation and benefit plans, policies, and programs of the Debtors applicable to their employees, retirees, and non-employee directors and the employees and retirees of their respective subsidiaries, including, without limitation, the Employee Plans, all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive plans, life, and accidental death and dismemberment insurance plans and contracts shall be treated as executory contracts under this Plan and, on the Effective Date, and will be assumed, subject to the rights of the Reorganized Debtors to amend or terminate any of the foregoing consistent with the Plan Sponsor Agreement.

(e) Assumption of Collective Bargaining Agreements. On the Effective Date, the Debtors shall assume the Collective Bargaining Agreements.

(f) Assumption of Governmental Permits. On the Effective Date, the Debtors shall assume governmental permits as provided for in the Plan Sponsor Agreement (and not otherwise assumed as APA Assumed Contracts and to the extent executory). For the avoidance of doubt, to the extent any governmental permits are non-executory, such permits shall vest in the Reorganized Debtors on the Effective Date. Notwithstanding anything in the foregoing to the contrary, for the avoidance of doubt, no assignment of any rights and interests of

the Debtors in any federal license or authorization issued by the Federal Communications Commission (the “*FCC*”) shall take place prior to the issuance of FCC regulatory approval for such assignment pursuant to the Communications Act of 1934, as amended, and the rules and regulations promulgated thereunder. The FCC’s rights and powers to take any action pursuant to its regulatory authority, including, but not limited to, imposing any regulatory conditions on such assignments and setting any regulatory fines or forfeitures, are fully preserved, and nothing herein shall proscribe or constrain the FCC’s exercise of such power or authority to the extent provided by non-bankruptcy law.

8.2 Cure of Defaults of Assumed Executory Contracts and Unexpired Leases.

The provisions (if any) of each executory contract or unexpired lease to be assumed under this Plan which are or may be in default shall be satisfied pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of Cure in Cash by the Reorganized Debtors (and, for the avoidance of doubt, not from the Plan Sponsor Consideration) on or within thirty (30) days of the Effective Date. Any party to an executory contract or unexpired lease, other than an APA Assumed Contract, who wishes to assert that Cure shall be required as a condition to assumption shall file and serve a proposed Cure Claim so as to be received by the Debtors, the Plan Sponsor, and each of their counsel at the address set forth in Article 12.18 hereof no later than six (6) days prior to the Confirmation Hearing (the “*Cure Claim Submission Deadline*”), after which the Debtors or Reorganized Debtors, as the case may be, shall have thirty (30) days to file any objections thereto. Should a party to an executory contract or unexpired lease, other than an APA Assumed Contract, not file a proposed Cure Claim by the Cure Claim Submission Deadline in accordance with the procedures set forth herein, then Cure shall be zero dollars (\$0), any default then existing under such executory contract or unexpired lease shall be deemed cured upon the occurrence of the Effective Date, and such party shall forever be barred from asserting against the Debtors or the Reorganized Debtors, as applicable, a Claim that arose under such executory contract or unexpired lease on or prior to the Confirmation Date. If there is a dispute regarding (i) the nature or amount of any Cure, (ii) the ability of any Reorganized Debtor or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, the matter shall be set for hearing in the Bankruptcy Court at the Confirmation Hearing or on the next available hearing date, or such other date as may be agreed upon, and Cure, if any, shall occur following the entry of a Final Order of the Bankruptcy Court, which may be the Confirmation Order, resolving the dispute and approving the assumption or assignment, as the case may be; provided, however, that the Debtors or the Reorganized Debtors, as the case may be, and the party to such dispute may consensually resolve such dispute and file with the Court a notice of such resolution or an agreed order; provided, further, however, that if there is a dispute as to the amount of Cure that cannot be resolved consensually among the parties, the Debtors shall have the right to reject the contract or lease for a period of five (5) days after entry of a Final Order establishing a Cure amount in excess of that asserted by the Debtors. Disputed Cure amounts that are resolved by agreement or Final Order after entry of the Confirmation Order shall be paid by the Debtors within twenty (20) days of such agreement or Final Order.

8.3 Intercompany Executory Contracts and Intercompany Unexpired Leases.

Any Claim outstanding at the time of assumption of an intercompany executory contract or an

intercompany unexpired lease shall be Reinstated and shall be satisfied in a manner to be agreed upon by the relevant Debtors and/or non-Debtor Affiliates.

8.4 Effect of Assumption.

(a) To the extent applicable, all executory contracts of the Reorganized Debtors assumed, or assumed and assigned, pursuant to this Plan shall be deemed modified such that the transactions contemplated by this Plan shall not be a “change of control,” however such term may be defined in the relevant executory contract, and any required consent under any such contract or lease shall be deemed satisfied by the confirmation of this Plan, and all executory contracts assumed, or assumed and assigned, pursuant to this Plan shall be assumed, or assumed and assigned, notwithstanding any provisions therein that purport to modify the Debtors’ rights, or the rights of any Affiliate of the Debtors, thereunder as a result of the Debtors’ commencement of the Chapter 11 Cases, which rights shall not be modified by such assumption or assumption and assignment.

(b) Each executory contract assumed, or assumed and assigned, pursuant to this Plan (or pursuant to other Bankruptcy Court order) shall remain in full force and effect and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as modified by the provisions of this Plan, the Confirmation Order, or any order of the Bankruptcy Court authorizing and providing for its assumption, or assumption and assignment, or applicable law.

ARTICLE IX

CONDITIONS PRECEDENT TO EFFECTIVE DATE

9.1 Conditions Precedent to Effective Date of Plan. The occurrence of the Effective Date of this Plan is subject to satisfaction of the following conditions precedent and the filing by the Debtors of a notice of the occurrence of the Effective Date in the Chapter 11 Cases:

(a) Entry of Confirmation Order. The clerk of the Bankruptcy Court shall have entered the Confirmation Order in the Debtors’ Chapter 11 Cases.

(b) Finality of Confirmation Order. The Confirmation Order shall have become a Final Order.

(c) Plan Sponsor Agreement. All of the conditions precedent to the parties’ obligations under the Plan Sponsor Agreement shall have been satisfied or waived.

(d) Plan Sponsor Consideration. The Debtors shall receive the Plan Sponsor Initial Consideration in accordance with the Plan Sponsor Agreement and the other transactions contemplated to be performed on the Effective Date by the Debtors or Plan Sponsor pursuant to the Plan Sponsor Agreement shall be consummated contemporaneously with the Effective Date.

(e) Contracts and Leases. The Bankruptcy Court shall have entered one or more orders, which may include the Confirmation Order, authorizing the assumption,

assignment, or rejection of unexpired leases and executory contracts by the Debtors as contemplated by Article VIII of this Plan.

(f) Execution and Delivery of Other Documents. All other actions and all agreements, instruments or other documents necessary to implement the terms and provisions of this Plan, including, without limitation, the Plan Documents, the Plan Exhibits, and the Plan Supplements shall be in form and substance reasonably satisfactory to the Reorganized Debtors and the Plan Sponsor. The Plan Sponsor Agreement shall be in form and substance reasonably acceptable to the Debtors and the Plan Sponsor and shall have been effected, duly and validly executed, and delivered by the parties thereto and all conditions to their effectiveness shall have been satisfied or waived in accordance with their respective terms.

(g) Corporate Formalities. To the extent necessary, the Restated Certificates of Incorporation shall be filed with the applicable Secretaries of State and/or other applicable authorities in the Debtors' respective states contemporaneously with the Effective Date.

(h) Other Acts. Any other actions the Debtors, in consultation with the Plan Sponsor, determines are necessary to implement the terms of this Plan shall have been taken.

9.2 Waiver of Conditions Precedent. Each of the conditions precedent in Section 9.1 (except for Section 9.1(a)) hereof may be waived, in writing, in whole or in part, by the Debtors and the Plan Sponsor, without notice or an order of the Bankruptcy Court.

9.3 Substantial Consummation. Substantial consummation of this Plan under section 1101(2) of the Bankruptcy Code shall be deemed to occur on the Effective Date.

ARTICLE X

EFFECT OF CONFIRMATION

10.1 Binding Effect. This Plan shall be binding upon and inure to the benefit of the Debtors, all present and former Holders of Claims and Interests, and their respective successors and assigns, including, but not limited to, the Reorganized Debtors, whether or not the Claim or Equity Interest of such Holder is Impaired under this Plan and whether or not such Holder has accepted this Plan. The provisions of this Plan shall bind the respective Estates of the Debtors and any chapter 7 Trustee that might be appointed upon a subsequent conversion of any of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code.

10.2 Settlements, Releases and Discharges. The settlements, releases and discharges of Claims and Causes of Action described in this Plan, including releases by the Debtors and by Holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements recognize the significant contributions by parties in these Chapter 11 Cases, are made in exchange for consideration, including the release of certain Claims, and are in the best interest of Holders of Claims, are fair, equitable and reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with this Plan. Each of the discharge, release, indemnification

and exculpation provisions set forth in this Plan (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(d) of title 28 of the United States Code, (b) is an essential means of implementing this Plan pursuant to section 1123(a)(5) of the Bankruptcy Code, (c) is an integral element of the transactions incorporated into this Plan, (d) confers material benefit on, and is in the best interests of, the Debtors, their Estates and their creditors, (e) is important to the overall objective of this Plan to finally resolve all Claims among or against the parties in interest in the Chapter 11 Cases with respect to the Debtors, (f) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code. The Confirmation Order shall constitute approval under Rule 9019 of the Federal Rules of Bankruptcy Procedure of the settlements set forth in this Plan.

10.3 *Discharge of the Debtors.* Pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise specifically provided in this Plan or in the Confirmation Order, the distributions and rights that are provided in this Plan shall be in exchange for and in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims and Causes of Action against and Equity Interests in the Debtors or any of their assets or properties, of any nature whatsoever, known or unknown, including any interest accrued or expenses incurred thereon, and regardless of whether any property shall have been distributed or retained pursuant to this Plan on account of such Claims, Causes of Action or Interests, including, but not limited to, Claims, Causes of Action and Interests that arose before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not (a) a Proof of Claim or proof of interest based upon such Claim, Cause of Action or Interest is filed or deemed filed under section 501 of the Bankruptcy Code, (b) a Claim or Interest based upon such Claim, Cause of Action or Interest is allowed under section 502 of the Bankruptcy Code, or (c) the Holder of such a Claim, Cause of Action, liability, lien, obligation, right, or Interest accepted this Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims against and Interests in the Debtors, subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan or in the Confirmation Order, and such discharge shall void and extinguish any judgment obtained against the Debtors or the Reorganized Debtors at any time, to the extent such judgment is related to a discharged Claim. Except as otherwise provided in this Plan or the Confirmation Order, all Persons shall be precluded from asserting, against the Debtors, the Reorganized Debtors, or their respective properties or interests in property, any other Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

10.4 *Exculpation.* Except as otherwise specifically provided in this Plan, the Released Parties shall not have or incur, and are hereby released and exculpated from, any claim, obligation, Cause of Action or liability to one another or to any Holder of any Claim or Interest (or any Equity Interests in Affiliate Debtors), or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates, or any of their successors or assigns, for any act or omission in connection with, or arising out of the Chapter 11 Cases, the restructuring of the Debtors, the pursuit of confirmation of the Plan, the consummation of the Plan, the preparation, negotiation, formulation, dissemination of the Plan, the Disclosure Statement or any Plan Supplement or Plan Exhibit, the administration of the Plan, the property to be distributed under the Plan, except for their gross negligence or willful misconduct as determined by a Final Order and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Notwithstanding any other provision of this Plan, no Holder, or other party in interest, none of their respective agents, employees, representatives, financial advisors, attorneys or affiliates, and no successors or assigns of the foregoing, shall have any right of action against the Released Parties for any act or omission in connection with, relating to or arising out of the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, except for their gross negligence or willful misconduct.

10.5 Releases By the Debtors and their Estates. Pursuant to section 1123(b)(3) of the Bankruptcy Code, effective as of the Effective Date, each Debtor, in its individual capacity and as a debtor-in-possession for and on behalf of its Estate and its successors and assigns, shall release and discharge and be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged all Released Parties for and from any and all Causes of Action, based in whole or in part on any act, omission, occurrence or event taking place on or prior to the Effective Date, including, without limitation, in any manner arising from, based on, or relating to, in whole or in part, the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, or any act, omission, occurrence, or event in any manner related to any such Claims, Interests, restructuring, or the Chapter 11 Cases (except for any liability that results from bad faith, willful misconduct or gross negligence as determined by a Final Order); provided, however, that such release, waiver and discharge shall not operate as a release, waiver or discharge of any Released Party in respect of any express contractual obligation of any such party effective from and after the Effective Date, provided, further, that no Person in a Class entitled to vote on this Plan who votes to reject this Plan will receive the benefit of such release (but, for the avoidance of doubt, Persons who are Released Parties and are in Classes deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code will receive the benefit of the release set forth in this paragraph). The Reorganized Debtors and any newly-formed entities that will be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the releases and discharges set forth above.

10.6 Releases By Holders of Claims. On the Effective Date, (a) each Person who votes on this Plan and does not opt out of this release and (b) to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date and as shall be determined by the Bankruptcy Court after notice to the U.S. Trustee, each entity (other than a Debtor), which has held, holds, or may hold a Claim against or Interest in the Debtors, in consideration for the obligations of the Debtors and the Reorganized Debtors under this Plan (each, a "**Release Obligor**"), shall have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged all Released Parties for and from any claim or Cause of Action, based in whole or in part on any act, omission, occurrence, or event taking place on or prior to the Effective Date in any manner arising from, based on, or relating to, in whole or in part, the Debtors, the subject matter of, or the transaction or event giving rise to, the claim of such Release Obligor, the business or contractual arrangements or other arrangements or relationships between any Release Obligor and any Debtor or any Released Party, the restructuring of Claims and Interests prior to the Chapter 11 Cases, or any act, omission, occurrence, or event in any manner related to such subject matter, transaction,

obligation, restructuring, or the Chapter 11 Cases, including, but not limited to, any claim relating to, or arising out of the Debtors' Chapter 11 Cases, the negotiation and filing of this Plan, the filing of the Chapter 11 Cases, the formulation, preparation, negotiation, dissemination, filing, implementation, administration, confirmation, or consummation of this Plan, the Disclosure Statement, the Plan Supplements, the Plan Exhibits, any instrument, release, or other agreement or document created, modified, amended or entered into in connection with this Plan; provided, however, that this Section 10.6 shall not release any Released Party from any Cause of Action existing as of the Effective Date based on the Tax Code or other domestic state, city or municipal tax code. Notwithstanding the foregoing, such release, waiver and discharge shall not operate as a release, waiver or discharge of any Released Party in respect of any express contractual obligation of any such Released Party incurred in connection with this Plan or of any express contractual obligation of any non-Debtor party due to any other non-Debtor party.

10.7 *Abrogation of Successor Liability.* To the extent permitted pursuant to applicable law, the transfer of property of the Debtors to the Reorganized Debtors shall be free and clear of any claim, or resulting liability, that the Reorganized Debtors, the Plan Sponsor, and DrillCo are to any extent a "successor" to any of the Debtors under any state or federal statutory or common law relating to "successor liability," or any claim that an entity is legally responsible for the debts or liabilities of another entity as a successor to, continuation of, or participant in a de facto or actual merger with, the other entity, under any theory or legal doctrine of any type or nature whatsoever. To the extent permitted pursuant to applicable law, none of the Reorganized Debtor, the Plan Sponsor, or DrillCo shall be, or shall be deemed to be, a successor to any of the Debtors for any purpose.

10.8 *Term of Injunctions or Stays.*

(a) The satisfaction, release, and discharge pursuant to this Article X shall act as an injunction against any Person commencing or continuing any action, employment of process, or act to collect, offset, or recover any Claim, Interest, or Cause of Action satisfied, released, or discharged under this Plan to the fullest extent authorized or provided by the Bankruptcy Code, including, without limitation, to the extent provided for or authorized by sections 524 and 1141 thereof. Except as otherwise expressly provided herein, and except with respect to enforcement of this Plan, all Persons who have held, hold or may hold any Claim against, or Equity Interest in, the Debtors as of the Effective Date will be permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind in any forum with respect to such Claim or Equity Interest against the Reorganized Debtors, the Plan Sponsor, DrillCo, or their respective property, (ii) the enforcement, attachment, collection or recovery in any manner or by any means any judgment, award, decree or order against the Reorganized Debtors, the Plan Sponsor, DrillCo, or their respective property with respect to such Claim or Equity Interest, (iii) creating, perfecting or enforcing any Lien or other encumbrance of any kind against the Reorganized Debtors, the Plan Sponsor, or DrillCo, or against any property or interests in property thereof with respect to any such Claim or Equity Interest, (iv) asserting a right of setoff, subrogation or recoupment of any kind against any obligation due from the Reorganized Debtors, the Plan Sponsor, or DrillCo, or against any property or interests in property thereof with respect to such Claim or Equity Interest, (v) commencing or continuing any action, in any forum, that does not comply or is inconsistent

with the provisions of this Plan and (vi) pursuing any such Claim released pursuant to Section 10.5, 10.6, or 10.7 hereof.

(b) Unless otherwise provided herein, all injunctions or stays arising under or entered during the Debtors' Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

10.9 Termination of Subordination Rights and Settlement of Related Claims. The classification and manner of satisfying all Claims and Equity Interests under this Plan takes into consideration all subordination rights, whether arising by contract or under general principles of equitable subordination, section 510(b) or 510(c) of the Bankruptcy Code, or otherwise.

10.10 Indemnification Obligations.

(a) Prior to the Effective Date, to the extent not already in place, the Debtors shall purchase appropriate tail coverage for their current directors and officers.

(b) As of the Effective Date, the Restated Certificates of Incorporation and/or Restated Bylaws shall provide for the indemnification, defense, reimbursement, exculpation and/or limitation of liability of, and advancement of fees and expenses to, directors and officers and employees of the Reorganized Debtors (including officers and employees serving as directors, managers, officers and employees of any Affiliate or Subsidiary of the Reorganized Debtors or as trustee (or similar position) of any employee benefit plan or trust (or similar Person) of the Reorganized Debtors and their Affiliates and Subsidiaries) that continue to in such capacity (or a similar capacity) with the Reorganized Debtors to the fullest extent permitted by applicable state law.

(c) All indemnification provisions in place as of or subsequent to the Petition Date for directors and officers of the Debtors that continue to in such capacity (or a similar capacity) with the Reorganized Debtors shall survive the effectiveness of the Plan and/or be assumed pursuant to section 365 of the Bankruptcy Code and shall be an obligation of the Reorganized Debtors. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the survival, and/or the Debtors' assumption, of each of the foregoing.

(d) Notwithstanding anything to the contrary set forth in this Plan or elsewhere, neither the Debtors nor the Reorganized Debtors shall be obligated to indemnify and hold harmless any Person or entity for any Claim, Cause of Action, liability, judgment, settlement, cost or expense to the extent restricted or limited by applicable law or related to the AFMC Claims.

10.11 Preservation of Claims.

(a) Preservation of Vested Causes of Action. In accordance with section 1123(b)(3) of the Bankruptcy Code and except as otherwise provided in this Plan, the Vested Causes of Actions shall vest in the Reorganized Debtors and the Reorganized Debtors may (but are not required to) enforce all Vested Causes of Actions. The Reorganized Debtors, in

their sole and absolute discretion, will determine whether to bring, settle, release, compromise, or enforce such Vested Causes of Action (or decline to do any of the foregoing), and will not be required to seek further approval of the Bankruptcy Court for such action. The Reorganized Debtors or any successors may pursue such litigation claims in accordance with the best interests of the Reorganized Debtors or any successors holding such rights of action.

(b) Preservation of Retained Avoidance Actions. In accordance with section 1123(b)(3) of the Bankruptcy Code and except as otherwise provided in this Plan, the Plan Administrator, on behalf of the Estates, will retain and may (but is not required to), after consultation with the Second Lien Agent, enforce all Retained Avoidance Actions. The Plan Administrator, after consultation with the Second Lien Agent, will determine whether to bring, settle, release, compromise, or enforce such Retained Avoidance Actions (or decline to do any of the foregoing), and will not be required to seek further approval of the Bankruptcy Court for such action. The Plan Administrator may, after consultation with the Second Lien Agent, pursue or abandon such Retained Avoidance Actions in accordance with the best interests of the Holders of Second Lien Deficiency Claims and, if applicable, General Unsecured Claims.

(c) Release of Released Avoidance Actions. On the Effective Date, the Debtors and the Reorganized Debtors shall be deemed to release the Released Avoidance Actions.

(d) Plan Administrator as Representative of the Estates. The Plan Administrator shall be appointed representative of the Estates pursuant to Bankruptcy Code section 1123(b)(3)(B) with respect to the Claims and the Retained Avoidance Actions and, except as otherwise ordered by the Bankruptcy Court and subject to any releases in this Plan, on the Effective Date, (i) all defenses and counterclaims, whether legal or equitable, of the Debtors against all Claims and (ii) all Retained Avoidance Actions shall be transferred to the Plan Administrator, and the Plan Administrator may (with respect to the Retained Avoidance Actions, after consultation with the Second Lien Agent) object to, enforce, sue on, defend and, subject to Bankruptcy Court approval (except as otherwise provided herein) settle or compromise (or decline to do any of the foregoing) any or all of Claims or the Retained Avoidance Actions. Except as otherwise ordered by the Bankruptcy Court, the Plan Administrator shall be vested with authority and standing to prosecute any Retained Avoidance Actions and to defend against any Claim. The Plan Administrator and its attorneys and other professional advisors shall have no liability for pursuing or failing to pursue any such Retained Avoidance Actions or for defending or failing to defend against any Claim.

(e) Settlement of Retained Avoidance Actions, Vested Causes of Action and Disputed Claims Prior to Effective Date. At any time after the Confirmation Date and before the Effective Date, notwithstanding anything in this Plan to the contrary, the Debtors may settle some or all of the Retained Avoidance Actions, Vested Causes of Action or the Disputed Claims subject to obtaining any necessary Bankruptcy Court approval. The proceeds from the settlement of a Retained Avoidance Action or Vested Cause of Action, to the extent remaining on the Effective Date, shall constitute Effective Date Cash that shall comprise a portion of the Second Lien Initial Net Proceeds to be distributed to Holders of Second Lien Credit Facility Claims on the Effective Date in accordance with this Plan.

(f) Settlement of Vested Causes of Action and Certain Disputed Claims By the Reorganized Debtors. Notwithstanding any requirement that may be imposed pursuant to Bankruptcy Rule 9019, from and after the Effective Date, the Reorganized Debtors may settle all Claims to be paid by the Reorganized Debtors and all Vested Causes of Action without supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the guidelines and requirements of the United States Trustee. The proceeds from the settlement of a Vested Cause of Action after the Effective Date shall be the property of the Reorganized Debtors.

(g) Settlement of Retained Avoidance Actions and Certain Disputed Claims By the Plan Administrator. Notwithstanding any requirement that may be imposed pursuant to Bankruptcy Rule 9019, from and after the Effective Date, the Plan Administrator may settle all Claims to be paid from the Plan Sponsor Consideration and, after consultation with the Second Lien Agent, Retained Avoidance Actions without supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the guidelines and requirements of the United States Trustee. The proceeds from the settlement of a Retained Avoidance Action after the Effective Date shall be the property of the Estates and shall be distributed as provided in Sections 4.5, 4.6 and 4.7 to the Holders of Second Lien Credit Facility Claims, General Unsecured Claims, and/or Second Lien Deficiency Claims.

ARTICLE XI

RETENTION OF JURISDICTION

11.1 Jurisdiction of the Bankruptcy Court. Unless otherwise provided for herein or in a prior order of the Bankruptcy Court, the Bankruptcy Court shall have jurisdiction over all matters arising out of, or related to, the Debtors' Chapter 11 Cases and this Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (a) To determine any and all applications and contested matters in the Debtors' Chapter 11 Cases and grant or deny any application involving the Debtors that may be pending on the Effective Date;
- (b) To ensure that distributions to Holders of Allowed Claims are accomplished as provided in this Plan;
- (c) To hear and determine any matters with respect to the Plan Sponsor Agreement, including with respect to the Plan Sponsor Additional Consideration;
- (d) To hear and determine any timely objections to Claims, including Administrative Claims, or to Equity Interests, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any disputed claim in whole or in part;
- (e) To determine any and all adversary proceedings, motions, applications, and contested or litigated matters, including, but not limited to, all Retained

Avoidance Actions, and consider and act upon the compromise and settlement of any Claim against, or Retained Avoidance Actions on behalf of, the Estates;

(f) To hear and determine pending applications for the assumption, assignment or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(g) To hear and determine all disputes relating to whether any third party consent is required for the assumption or assignment under this Plan of any executory contract;

(h) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(i) To issue such orders in aid of execution of this Plan as may be appropriate, to the extent authorized by section 1142 of the Bankruptcy Code;

(j) To consider any amendments to or modifications of this Plan, or to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(k) To hear and determine all applications of retained Professionals under sections 330, 331 and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date;

(l) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of this Plan, the Confirmation Order, the Plan Sponsor Agreement, the Plan Supplements, any transactions or payments contemplated by this Plan or any agreement, instrument or other document governing or relating to any of the foregoing;

(m) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);

(n) To hear any other matter not inconsistent with the Bankruptcy Code;

(o) To hear and determine all disputes involving the existence, scope and nature of the discharges granted under Sections 10.2 and 10.3 hereof and the injunction granted under Section 10.8 hereof;

(p) To hear and determine all disputes involving or in any manner implicating the exculpation provisions granted under Section 10.4 hereof;

(q) To hear and determine all disputes involving or in any manner implicating the release provisions granted under Sections 10.5 and 10.6 hereof;

(r) To issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any Person with the consummation or implementation of this Plan;

(s) To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with this Plan with respect to any Person;

(t) To hear and determine all disputes relating to the confirmation and consummation of this Plan, and the issuance of New Common Stock pursuant thereto;

(u) To hear and determine all disputes relating to the effect of this Plan under any agreement to which the Debtors, the Reorganized Debtors or any Affiliate or Subsidiary of the Debtors or the Reorganized Debtors are a party;

(v) To hear and determine all disputes related to the extent of the Second Lien Credit Facility Agent's liens in respect of Retained Avoidance Actions or the proceeds thereof; and

(w) To enter a final decree closing the Debtors' Chapter 11 Cases.

ARTICLE XII

MISCELLANEOUS

12.1 *Payment of Statutory Fees.* All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on the earlier of when due or the Effective Date by the Debtors. From and after the Effective Date, the fees under 28 U.S.C. § 1930 assessed against the Debtors' Estates under 28 U.S.C. § 1930 until entry of a final decree closing the Chapter 11 Cases shall be paid from the Wind Down Fund except as provided in Section 6.13.

12.2 *Further Assurances.* The Debtors or the Reorganized Debtors, as applicable may file such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

12.3 *Plan Exhibits and Plan Supplements.* Any Plan Exhibits and Plan Supplements not previously filed will be filed with the Bankruptcy Court no later than four (4) days prior to the deadline for submitting votes to accept or reject this Plan, as set by the Bankruptcy Court, provided that the Debtors may amend such Plan Exhibits and Supplements at any time prior to the Confirmation Hearing.

12.4 *Exhibits Incorporated.* All exhibits to this Plan, including the Plan Exhibits and the Plan Supplements, are incorporated into and are a part of this Plan as if fully set forth herein.

12.5 *Exclusivity.* The Debtors will retain the exclusive right to amend or modify this Plan, subject to the consent of the Plan Sponsor, and to solicit acceptances of any amendments to or modifications of this Plan, through and until the Effective Date.

12.6 Amendment or Modification of this Plan. Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123 and 1125 of the Bankruptcy Code, alterations, amendments or modifications of this Plan or the Plan Exhibits may be proposed in writing jointly by the Debtors and the Plan Sponsor, after consultation with the Agents, at any time prior to or after the Confirmation Date, but prior to the Effective Date. Holders of Claims that have accepted this Plan shall be deemed to have accepted this Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder; provided, however, that any Holders of Claims who were deemed to accept this Plan because such Claims were Unimpaired shall continue to be deemed to accept this Plan only if, after giving effect to such amendment or modification, such Claims continue to be Unimpaired. If the Debtors make material changes to the terms of this Plan, the Debtors will disseminate additional solicitation materials and extend the solicitation period, in each case to the extent required by law or further order of the Court.

12.7 Filing of Additional Documents. On or before substantial consummation of this Plan, the Debtors shall file such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

12.8 Inconsistency. In the event of any inconsistency among this Plan, the Disclosure Statement and any exhibit to the Disclosure Statement, the provisions of this Plan shall govern.

12.9 Section 1125(e) of the Bankruptcy Code. As of the Confirmation Date, the Debtors shall be deemed to have solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Debtors (and each of their successors, predecessors, control persons, members, Affiliates, Subsidiaries, agents, directors, officers, employees, investment bankers, financial advisors, accountants, attorneys and other professionals and any officer or employee serving as a director, manager, officer or employee of any Affiliate or Subsidiary of the Debtors or trustee (or similar position) of any employee benefit plan or trust (or similar person) of the Debtors or its Affiliates or Subsidiaries) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the securities under this Plan. Accordingly, such entities and individuals shall not be liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of this Plan or the offer and issuance of the securities under this Plan.

12.10 Determination of Tax Filings and Taxes. The Reorganized Debtors shall have the right to request an expedited determination of its tax liability, if any, under section 505(b) of the Bankruptcy Code with respect to any tax returns filed, or to be filed, for any and all taxable periods ending after the Petition Date through the Effective Date. The Reorganized Debtors shall have the right, at their expense, to control, conduct, compromise and settle any tax contest, audit or administrative or court proceeding relating to any liability for taxes.

12.11 Compliance with Tax Requirements. No withholding will be made on the payment by Plan Sponsor described in Section 6.3(a) of this Plan unless there is a change in law after the date of the Plan Sponsor Agreement that would require such withholding. Otherwise, in

connection with this Plan and all instruments issued in connection herewith and distributed hereunder, any party issuing any instruments or making any distribution under this Plan, shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under this Plan shall be subject to any withholding or reporting requirements. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Plan as having been paid to the applicable Holder of an Allowed Claim in respect of which such withholding was made. Notwithstanding the above, each Holder of an Allowed Claim that is to receive a distribution under this Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instruments or making any distribution under this Plan has the right, but not the obligation, to not make a distribution until such Holder has made arrangements satisfactory to such issuing or distributing party for payment of any such tax obligations.

12.12 *Exemption From Certain Transfer Taxes and Recording Fees.* Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or to any other Person or Entity, including the Plan Sponsor or DrillCo, pursuant to this Plan, or any agreement regarding the transfer of title to or ownership of any of the Debtors' real or personal property will not be subject to any document recording tax, stamp tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording tax, or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

12.13 *Severability of Provisions in this Plan.* If prior to the entry of the Confirmation Order, any term or provision of this Plan is determined by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, upon the consent of the Plan Sponsor, and after consultation with the Agents, shall have the power to alter and interpret such term or provision to render it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as so altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remaining terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

12.14 *Governing Law.* Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit to this Plan or Plan Supplements provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit), the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to the principles of conflict of laws that would require application of the laws of another jurisdiction.

12.15 *No Admissions*. If the Effective Date does not occur, this Plan shall be null and void in all respects, and nothing contained in this Plan shall (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors, (b) prejudice in any manner the rights of the Debtors or any other party in interest or (c) constitute an admission of any sort by the Debtors or other party in interest.

12.16 *Reservation of Rights*. Except as expressly set forth herein, this Plan shall have no force and effect unless and until the Bankruptcy Court has entered the Confirmation Order and the Effective Date has occurred. The filing of this Plan, any statement or provision contained in this Plan, or the taking of any action by the Debtors or any other party with respect to this Plan shall not be and shall not be deemed to be an admission or waiver of any rights of the Debtors or any other party with respect to Claims or Equity Interests or any other matter.

12.17 *Environmental Liabilities*. Nothing in this Plan releases, nullifies, precludes, or enjoins the enforcement of any environmental liability to a Governmental Unit that any Entity would be subject to as the owner or operator of property after the Effective Date. Nothing in this Plan or the Confirmation Order authorizes transfer of any environmental licenses, permits, registrations, or other governmental authorizations and approvals without the transferee's compliance with all applicable legal requirements under non-bankruptcy law governing such transfers.

12.18 *Notices*. All notices, requests, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

(a) if to the Debtors, to:

Synagro Technologies, Inc.
435 Williams Court, Suite 1000
Baltimore, MD 21220
Attn: Joseph Page

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
155 N. Wacker Drive, Suite 2700
Chicago, IL 60606
Attn: George Panagakis and Jessica Kumar

(b) if to the Plan Sponsor, to:

Synagro Infrastructure Company, Inc.
1114 Avenue of the Americas, 38th Floor
New York, New York 10036
Attn: Glen Matsumoto

with a copy to:

Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201
Attn: Martin Sosland and Michael Saslaw

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Dated: July 18, 2013

SYNAGRO TECHNOLOGIES, INC., et al.
(for itself and on behalf of the Debtors)

By: /s/ John R. Castellano
Name: John R. Castellano
Title: Chief Restructuring Officer

EXHIBIT 1

Acquisition Agreement

EXECUTION COPY

ACQUISITION AGREEMENT

by and among

SYNAGRO TECHNOLOGIES, INC., and certain of its subsidiaries named herein,

as Sellers,

STI INFRASTRUCTURE COMPANY, INC.,

as Purchaser,

and

EQT INFRASTRUCTURE II LIMITED PARTNERSHIP,

as Guarantor

Dated as of April 23, 2013

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Exhibit G	Collective Bargaining Agreements
Exhibit H	Form of Escrow Agreement

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT, dated as of April 23, 2013 (the "Agreement"), is made by and among Synagro Technologies, Inc., a Delaware corporation ("Parent") and the selling subsidiaries identified on the signature pages hereto (collectively, the "Sellers"), STI Infrastructure Company, Inc., a Delaware corporation (the "Purchaser"), and EQT Infrastructure II Limited Partnership¹, solely for purposes of Section 8.17 ("Guarantor"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in Article IX.

WHEREAS, the Sellers and the Transferred Subs (as defined below) are engaged in the business of water and wastewater residuals management services focusing on the beneficial reuse of organic, nonhazardous residuals resulting from the wastewater treatment process, including drying and pelletization, composting, product marketing, incineration, alkaline stabilization, land application, collection and transportation, drilling and rail, regulatory compliance, dewatering, and facility cleanout services (the "Business");

WHEREAS, each Seller proposes to file a voluntary petition (collectively, the "Petitions") for relief commencing cases (the "Chapter 11 Cases") under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), on April 24, 2013 (or such other date on which the Petitions are actually filed in the Bankruptcy Court, the "Petition Date");

WHEREAS, the Purchaser desires to purchase and acquire, and the Sellers desire to sell, convey, assign and transfer, or cause to be sold, conveyed, assigned and transferred, to the Purchaser, the Acquired Assets, and the Purchaser is willing to assume, and the Sellers desire to assign and delegate to the Purchaser, the Assumed Liabilities, all in the manner and subject to the terms and conditions set forth herein and in accordance with Sections 105, 363 and 365 of the Bankruptcy Code; and

WHEREAS, the Purchaser desires to purchase and acquire, and the Sellers desire to sell and transfer, or cause to be sold and transferred, to the Purchaser all of the equity interests owned by Sellers in the subsidiaries of Parent that are set forth on Exhibit I hereto (each such subsidiary, a "Transferred Sub" and, collectively, the "Transferred Subs," and such equity interests, the "Interests"), in the manner and subject to the terms and conditions set forth herein and in accordance with Sections 105, 363 and 365 of the Bankruptcy Code (together with the sale and purchase of the Acquired Assets and the assignment and assumption of the Assumed Liabilities, the "Acquisition").

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, and agreements set forth herein, and for other good and

¹ EQT INFRASTRUCTURE II LIMITED PARTNERSHIP, a limited partnership under the laws of England and Wales, having its office address at World Trade Center Schiphol, 11-Tower, 4th floor, Schiphol Boulevard 355, 1118 BJ Schiphol, the Netherlands, registered with Companies House under number LP014908, duly represented by its general partner EQT INFRASTRUCTURE II GP B.V., a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its office address at World Trade Center Schiphol, 11-Tower, 4th floor, Schiphol Boulevard 355, 11-Tower, 4th floor, 1118 BJ Schiphol, the Netherlands, registered with the commercial register of the Chamber of Commerce under number 54168701

valuable consideration, the receipt and sufficiency of which are hereby acknowledged. the parties hereto agree as follows:

ARTICLE I

PURCHASE AND SALE OF ASSETS

Section 1.1 Acquired Assets. On the terms and subject to the conditions set forth in this Agreement and, subject to approval of the Bankruptcy Court, pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, at the Closing, the Sellers shall sell, assign, transfer, convey, and deliver to the Purchaser, and the Purchaser shall purchase and accept from the Sellers, all right, title and interest of the Sellers in and to all rights, properties and assets of the Sellers, wherever located, whether tangible or intangible, as the same shall exist on the Closing Date, other than the Excluded Assets (collectively, the "Acquired Assets"), including, without limitation, the Acquired Assets that are listed or described below:

- (a) all right, title and interest of the Sellers in and to the Interests;
- (b) all intercompany accounts receivable as to which any Transferred Sub is an obligor or is otherwise responsible or liable and which are owed or payable to any Seller or any Affiliate thereof;
- (c) all accounts receivable arising out of the operation of the Business existing on the Effective Date or arising in the ordinary course of the Business after the Effective Date, including without limitation, such of the foregoing existing on the Effective Date as are listed or described on Schedule 1.1(c) (the "Accounts Receivable"), except to the extent that any of the foregoing relate to Excluded Assets or are satisfied or discharged in the ordinary course of the Business prior to the Closing;
- (d) the credits, claims for refunds (other than refunds for income Taxes paid by a Seller), prepaid expenses, prepaid rent, and prepaid items relating to the Business, including without limitation, such of the foregoing as are listed and described on Schedule 1.1(d), except to the extent that any of the foregoing relate to Excluded Assets;
- (e) all Contracts listed or described below (the "Assigned Contracts"):
 - (i) all of the Contracts between any Seller and a customer relating to the Business (the "Customer Contracts"), including without limitation, such of the foregoing as are listed or described on Schedule 1.1(e)(i) or that relate to the Business or arise in the ordinary course of the Business after the Effective Date;
 - (ii) the Contracts between any Seller and a vendor or other third party providing goods or services relating to the Business (the "Supplier Contracts"), including without limitation, such of the foregoing as are listed or described on Schedule 1.1(e)(ii) or that relate to the Business or arise in the ordinary course of the Business after the Effective Date;

(iii) all Contracts pursuant to which any third party grants any Seller licenses, covenants not to sue or rights in, under or with respect to any Intellectual Property related to the Acquired Assets;

(iv) the Collective Bargaining Agreements;

(v) the Capital Leases, together with the capitalized amounts thereof, set forth on Schedule 1.1(e)(v);

(vi) that certain Membership Interest Purchase Agreement, dated June 21, 2011, by and among Burton T. Zaunbrecher, Gregory V. Campo, Mark Guidry and Synagro Drilling Solutions, LLC (and the ancillary agreements related thereto listed on Schedule 1.1(e)(vi)); and

(vii) the Contracts that are listed or described on Schedule 1.1(e)(vii);

(f) all rights of the Sellers under all warranties, representations and guarantees made by suppliers, manufacturers and contractors in connection with the Acquired Assets;

(g) all inventory, finished goods, works in process, raw materials and packaging materials used or held for use in the operation of the Business (collectively, the "Inventory");

(h) (i) all of the real property of Sellers used in the operation of the Business, including without limitation such of the foregoing that is listed and described on Schedule 1.1(h)(i) (the "Owned Real Property") and (ii) all rights and incidents of interest of any Seller to all real property leases used in the operation of the Business, including without limitation such of the foregoing that are listed or described on Schedule 1.1(h)(ii) (to the extent not excluded under Section 1.2, the "Assumed Leases");

(i) all machinery, rolling stock equipment and other equipment, computers, furniture, furnishings, fixtures, office supplies, vehicles, tools, order entry devices and all other tangible personal property owned by any Seller that are used in the operation of the Business or located on any Owned Real Property or on premises subject to the Assumed Leases (collectively, the "Tangible Personal Property"), including, without limitation, such of the foregoing as are listed or described on Schedule 1.1(i);

(j) all Acquired Intellectual Property (including, without limitation, all of the Sellers' rights in the name "Synagro" and all marks set forth on Schedule 3.11(b));

(k) all rights in the computer software programs and information technology systems of Sellers (the "Software");

(l) to the extent transferable, all Permits issued to any Seller or otherwise used in the operation of the Business (and all pending applications therefor or renewals thereof), including, but not limited to, Environmental Permits;

(m) the bank accounts and lockbox arrangements relating to the Business that are listed or described on Schedule 1.1(m) (excluding all rights or incidents of interest with respect to the cash and cash equivalents in such bank accounts or lock box arrangements on or before the Closing Date);

(n) all books and records of the Sellers relating to the operation of the Business that are required by the Purchaser for the operation of the Business, including the personnel records relating to Transferred Employees;

(o) the Assumed Benefit Plans and all trust agreements, administrative service contracts and other contracts and records relating thereto;

(p) all receivables, claims or causes of action related solely to any Acquired Asset;

(q) that certain National Grid "Energy Incentive – Custom Application Pre-Approval Account# 3850498004 App#: 2366716" grant to the Sellers of \$1,478,525;

(r) except as provided in Section 1.2(f), to the extent transferable, all Contracts of insurance; and

(s) all the rights, properties or assets that are listed or described on Schedule 1.1(s).

EXCEPT FOR SPECIFIC REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, THE ACQUIRED ASSETS ARE BEING SOLD ON AN "AS IS," "WHERE IS" BASIS AND THE SELLERS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS OR OTHERWISE WITH RESPECT TO THE ACQUIRED ASSETS WHICH EXTEND BEYOND THE AFORESAID SPECIFIC REPRESENTATIONS AND WARRANTIES.

Section 1.2 Excluded Assets. Notwithstanding anything contained in this Agreement to the contrary, the following rights, properties and assets (collectively, the "Excluded Assets") shall not be included in the Acquired Assets, and Sellers shall retain all right, title and interest in, to and under the Excluded Assets:

(a) all cash, cash equivalents, including checks, commercial paper, treasury bills, certificates of deposit and other bank accounts, or marketable securities of the Sellers;

(b) all of the Accounts Receivable that have been satisfied or discharged prior to the Closing;

(c) all intercompany receivables (of any nature or kind, and whether based in common law or statute or arising under written Contract or otherwise, known or unknown, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, real or potential) that are owed or payable to any Seller or any Affiliate thereof (other than a Transferred Sub), or as to which any Seller or any Affiliate thereof (other than a Transferred Sub) is an obligor or is otherwise responsible or liable;

(d) all of the Contracts that have terminated or expired prior to the Closing in the ordinary course of the Business;

(e) all Contracts, and all of Sellers' rights thereunder, that are not Assigned Contracts;

(f) the Contracts of insurance set forth on Schedule 1.2(f);

(g) any Inventory transferred outside of the Business in the ordinary course of the Business or used in the ordinary course of the Business prior to the Closing;

(h) any Tangible Personal Property transferred outside of the Business in the ordinary course of the Business or disposed of in the ordinary course of the Business prior to the Closing;

(i) any right that any Seller has with respect to any deferred Tax assets or refund for income Taxes;

(j) any shares of capital stock or other equity interest of any Seller or any Affiliate thereof (other than the Transferred Subs) or any securities convertible into, exchangeable or exercisable for shares of capital stock or other equity interest of any Seller or any Affiliate thereof (other than the Transferred Subs);

(k) the company seal, minute books, charter documents, stock or equity record books and such other books and records as pertain to the organization, existence or capitalization of any Seller or any Affiliate thereof (other than the Transferred Subs) as well as any other records or materials relating to any Seller or any Affiliate thereof (other than the Transferred Subs) not relating in any material respect to the Acquired Assets or the operation of the Business;

(l) all avoidance actions and similar rights and causes of action, including causes of action under Sections 544 through 553, inclusive, of the Bankruptcy Code;

(m) any rights, claims or causes of action of any Seller arising under this Agreement or the Ancillary Documents;

(n) all receivables, claims or causes of action related solely to any Excluded Asset;

(o) all rights of any Seller as a beneficiary under any letters of credit that relate solely to any Excluded Asset;

(p) any asset of any Seller that would constitute an Acquired Asset (if owned by a Seller on the Closing Date) that is conveyed or otherwise disposed of during the period from the Effective Date until the Closing Date as permitted by the terms of this Agreement;

(q) the Benefit Plans other than the Assumed Benefit Plans, and all trust agreements, insurance policies, administrative service contracts and other contracts or records relating thereto; and

- (r) any right, property or asset that is listed or described on Schedule 1.2(r).

Section 1.3 Assumed Liabilities. On the terms and subject to the conditions set forth in this Agreement, at the Closing, the Purchaser shall assume from the Sellers and thereafter pay, perform or otherwise discharge in accordance with their terms, and shall hold the Sellers and their Affiliates harmless from all of the liabilities and obligations (of any nature or kind, and whether based in common law or statute or arising under written Contract or otherwise, known or unknown, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, real or potential) of the Sellers and their Affiliates with respect to, arising out of or relating to the following (collectively, the "Assumed Liabilities"):

- (a) the ownership, possession or use of the Acquired Assets and the operation of the Business on and after the Closing Date, including, without limitation, all of the obligations and liabilities arising under the Assigned Contracts and the Assumed Leases included in the Acquired Assets;

- (b) all liabilities of Sellers in respect of all trade obligations of Sellers arising in the ordinary course of the Business incurred before or after the Petition Date, including but not limited to amounts owed to vendors and service providers in respect of goods and services provided before or after the Petition Date to or for the benefit of the Acquired Assets that would have an administrative priority claim attached to them under Section 503(b)(1) or Section 503(b)(9) of the Bankruptcy Code;

- (c) all valid reclamation claims;

- (d) all intercompany payables, liabilities and obligations owed or payable to any Transferred Sub as to which any Seller or any Affiliate thereof is an obligor or is otherwise responsible or liable;

- (e) to the extent not excluded under Section 1.4(d) or discharged pursuant to the Sale Order or the Bankruptcy Code, the cleanup or remediation of Hazardous Substances, including Hazardous Substances Released prior to the Closing Date, at, under or originating at the Real Property, or non-compliance with any Environmental Laws arising on or after the Closing Date;

- (f) the Collective Bargaining Agreements;

- (g) all liabilities relating to the employment or termination of Employees that arise on or after Closing, including all liabilities specifically assumed pursuant to Section 5.14(c), (d), (e), and (f);

- (h) the Assumed Benefit Plans, including all liabilities and obligations thereunder;

- (i) the Retention Bonuses in such amounts as set forth on Schedule 1.3(i);

- (j) the Exit Bonuses in such amounts as set forth on Schedule 1.3(j);

(k) the Short-Term Incentive Plan Bonuses in such amounts as set forth on Schedule 1.3(k);

(l) that certain Membership Interest Purchase Agreement, dated June 21, 2011, by and among Burton T. Zaunbrecher, Gregory V. Campo, Mark Guidry and Synagro Drilling Solutions, LLC, and any earn-out payments payable thereunder;

(m) the Sellers' interest in the Hunts Point, New York facility, including pursuant to that certain Lease Agreement, dated February 1, 1991, by and among JWP, Inc., Enviro-Gro Technologies, Apex Resources, Inc. and Castle Bronx Terminals, Inc., and any maintenance, security and remediation associated with the leased property or discontinued facility operations of the Hunts Point, New York facility;

(n) any liability, obligation or expense owing to the City of Baltimore arising from water use prior to the Closing Date;

(o) all Houston Consolidation Costs, to the extent not paid by Sellers at or prior to the Closing;

(p) whether known or unknown, any pending or threatened workers compensation, vehicle, commercial general liability or other type of Insurance Claim arising out of, relating to or otherwise in respect of the operation of the Business on or prior to the Closing Date (including any claims by underwriters for reimbursement of deductibles), other than Insurance Claims related to those Contracts of insurance that are Excluded Assets pursuant to Section 1.2(f); and

(q) the liabilities or obligations described on Schedule 1.3(q).

Section 1.4 Excluded Liabilities. Notwithstanding anything to the contrary contained in this Agreement, the Purchaser shall not assume or agree to pay, perform or otherwise discharge any liabilities, obligations or expenses of any Seller or any Affiliate thereof (other than the Transferred Subs) or otherwise relating to the Business other than the Assumed Liabilities, and the Excluded Liabilities (as defined below) shall not be included in the Assumed Liabilities, and Sellers shall continue to be liable and responsible for paying, performing or otherwise discharging the Excluded Liabilities. Without limiting the foregoing, the Purchaser does not assume or agree, and shall not be obligated, to pay, perform or otherwise discharge the liabilities, obligations or expenses of the Sellers or their Affiliates or otherwise, whether known or unknown, relating to the Business with respect to, arising out of or relating to the following (the "Excluded Liabilities"):

(a) whether known or unknown, any pending or threatened Legal Proceeding arising out of, relating to or otherwise in respect of (i) the operation of the Business on or prior to the Closing Date, or (ii) any Excluded Asset;

(b) whether known or unknown, any pending or threatened Insurance Claim arising out of, relating to or otherwise in respect of the Contracts of insurance set forth on Schedule 1.2(f) (including any claims by underwriters for reimbursement of deductibles);

(c) except as provided in Section 1.3, (i) the Benefit Plans (other than any Assumed Benefit Plan), and any trust agreement, administrative service contract or other contract relating thereto, (ii) the employment or termination of employment or services of any individual with the Sellers or any Affiliate thereof other than the Employees, and (iii) any liabilities relating to the employment or termination of employment of any Employee by Sellers to the extent arising on or prior to the Closing Date;

(d) (i) fines, penalties, damages or remedies arising out of or related to noncompliance with or violations of Environmental Laws by the Sellers or otherwise related to the Business or the Acquired Assets; (ii) the transportation, off-site storage or off-site disposal of any Hazardous Substance generated by the Sellers, the Business or Acquired Assets; (iii) third-party Actions related to Hazardous Substances that migrated from any Owned Real Property or Assumed Leases; (iv) Environmental Laws related to the Excluded Assets or (v) liabilities or obligations imposed pursuant to Environmental Laws with respect to real property formerly owned, operated or leased by Sellers or the Transferred Subs (as of the Closing) or for the Business and not otherwise included in the Acquired Assets, which, in the case of clauses (i), (ii) and (iii), arise prior to or on the Closing, and which, in the case of clauses (iv) and (v), arise prior to, on or after the Closing;

(e) all Taxes (i) that relate to the Acquired Assets, the Business or the Assumed Liabilities for taxable periods (or portions thereof) ending on or before the Closing Date, (ii) for payments under any Tax allocation, sharing or similar agreement (whether oral or written) to which the Sellers are a Party that relate to the Acquired Assets, the Business or the Assumed Liabilities, (iii) imposed under any bulk transfer Law of any jurisdiction, under any de facto merger Law, successor liability Law or any other Law or as a result of the application of Section 6901 of the Code or any similar Law, in each case with respect to the Acquired Assets, the Business or the Assumed Liabilities, and (iv) for Taxes of Seller or any of its Affiliates;

(f) the Excluded Assets;

(g) Indebtedness of any of the Sellers or the Business, other than (i) Capital Leases set forth on Schedule 1.1(c)(v) and (ii) the Project Finance Debt and any other Indebtedness of the Transferred Subs, which shall, together with the amounts thereof, be collectively set forth on Schedule 1.4(g);

(h) amounts payable by Seller, or expressly not payable by Purchaser, pursuant to this Agreement or any Order of the Bankruptcy Court;

(i) all costs, fees and expenses incurred (whether or not paid or payable) at or prior to the Closing by the Sellers and the first-lien and second lien creditors thereof related to legal counsel, financial advisory, restructuring advisory and other professional and advisory services (including, without limitation, costs, fees and expenses of Skadden, Arps, Slate, Meagher & Flom LLP, Evercore Partners Inc. and AlixPartners LLP);

(j) all liabilities, expenses and obligations of the Sellers or the Business associated with the ongoing Alternative Fuel Mixture Credit tax dispute with the IRS, including

any repayment of tax credits previously received or payments in settlement of such dispute, and including all related legal, accounting and advisory fees, costs and expenses; and

(k) all other liabilities, obligations or expenses set forth on Schedule 1.4(k).

Section 1.5 Assignment of Assigned Contracts and Assumed Leases. To the maximum extent permitted by the Bankruptcy Code and subject to the other provisions of this Section 1.5, Sellers shall assume and transfer and assign all Acquired Assets (including the Assigned Contracts and Assumed Leases) to Purchaser pursuant to Sections 363 and 365 of the Bankruptcy Code as of the Closing Date. Notwithstanding any other provision of this Agreement or in any Ancillary Document to the contrary, this Agreement shall not constitute an agreement to assign any asset or any right thereunder if an attempted assignment without the consent of a third party, which consent has not been obtained prior to the Closing (after giving effect to the Sale Order and the Bankruptcy Code), would constitute a breach or in any way adversely affect the rights of the Purchaser or Sellers thereunder. If with respect to any Acquired Asset such consent is not obtained or such assignment is not attainable pursuant to Sections 105, 363 or 365 of the Bankruptcy Code, then such Acquired Asset shall not be transferred hereunder and the Closing shall proceed with respect to the remaining Acquired Assets without any reduction in the Purchase Price. In the case of licenses, certificates, approvals, authorizations, leases, Contracts, agreements and other commitments included in the Acquired Assets (i) that cannot be transferred or assigned effectively without the consent of third parties, which consent has not been obtained prior to the Closing (after giving effect to the Sale Order and the Bankruptcy Code), Sellers shall, at the Purchaser's sole expense and subject to any approval of the Bankruptcy Court that may be required, reasonably cooperate with the Purchaser in endeavoring to obtain such consent and, if any such consent is not obtained, Sellers shall, following the Closing, at the Purchaser's sole expense and subject to any approval of the Bankruptcy Court that may be required, cooperate with the Purchaser in all reasonable respects to provide to the Purchaser the benefits thereof in some other manner, or (ii) that are otherwise not transferable or assignable (after giving effect to the Sale Order and the Bankruptcy Code), Seller shall, following the Closing, at the Purchaser's sole expense and subject to any approval of the Bankruptcy Court that may be required, reasonably cooperate with the Purchaser to provide to the Purchaser the benefits thereof in some other manner (including the exercise of the rights of Seller thereunder); provided that nothing in this Section 1.5 shall (x) require any Seller or any Affiliate thereof to make any material expenditure or incur any material obligation on its own or on behalf of the Purchaser or (y) prohibit any Seller or any Affiliate thereof from ceasing operations or winding up its affairs following the Closing.

Section 1.6 Purchase Price; Cash Payment at Closing; Deposit.

(a) In consideration for the Acquired Assets and the assumption of the Assumed Liabilities, the purchase price shall be \$455,000,000 (the "Purchase Price") less (A) the Exit Bonuses in such amounts as set forth on Schedule 1.3(j) less (B) the Project Finance Debt, and any other Indebtedness of the Transferred Subs, in each case in such amounts as set forth on Schedule 1.4(g) less (C) the Capital Leases in such amounts as set forth on Schedule 1.1(e)(v) (such net amount, as updated as of the Closing Date pursuant to this Section 1.6(a), the "Cash Payment at Closing"). Parent shall cause the amounts reflected on Schedule 1.3(j) (in respect of Exit Bonuses being assumed by Purchaser), Schedule 1.4(g) (in respect of Project Finance Debt

and any other Indebtedness of the Transferred Subs being assumed by Purchaser) and Schedule I.1(e)(v) (in respect of Capital Leases being assumed by Purchaser) to be updated prior to Closing with the actual amounts thereof as of the Closing Date, provided that Parent shall provide any supporting documentation that Purchaser may reasonably request in connection with the updating of such schedules. The Purchaser shall pay the Cash Payment at Closing to Parent on behalf of the Sellers at the Closing, net of any Deposit Funds paid to Parent at the Closing.

(b) On the Effective Date, Purchaser shall deposit with JPMorgan Chase Bank, NA, in its capacity as escrow agent (the "Escrow Agent"), the sum of \$23,000,000 (the "Deposit Funds"), to be released by the Escrow Agent and delivered to either Purchaser or to Parent on behalf of the Sellers in accordance with the provisions of the Escrow Agreement entered into by and among Purchaser, Parent and the Escrow Agent concurrently with the execution of this Agreement. At the Closing, Purchaser and Parent shall provide joint written instructions, executed by their respective Authorized Representatives (as such term is defined in the Escrow Agreement), to the Escrow Agent that instruct the Escrow Agent to release the Deposit Funds to Parent. The Deposit Funds received by Parent shall be applied at the Closing toward the Cash Payment at Closing.

Section 1.7 Allocation of Purchase Price for Tax Purposes. The Sellers and the Purchaser agree that the allocation of the Purchase Price and the Assumed Liabilities to the Acquired Assets shall be as set forth on Exhibit 1.7 attached hereto, which was prepared by Purchaser in accordance with Section 1060 of the Code and has been approved by arm's length negotiation. If there is any adjustment to the Purchase Price or the Assumed Liabilities, the Purchaser shall make appropriate adjustments to the allocation set forth in Exhibit 1.7 attached hereto. The Sellers and the Purchaser shall be bound by such allocation (and if necessary, any revised allocation), and shall file, or cause to be filed, all applicable federal, state, local and foreign income, franchise and excise Tax Returns in a manner that is substantially consistent with such allocation. If the allocation set forth on Exhibit 1.7 is disputed by any Taxing Authority, the party hereto receiving notice of such dispute shall promptly notify the other party hereto concerning the existence of such dispute and the parties shall consult with each other with respect to all issues related to the allocation in connection with such dispute.

Section 1.8 Withholding. Purchaser shall be entitled to deduct and withhold from any amounts payable to a Seller such amounts as Purchaser determines in good faith are required to be deducted or withheld therefrom or in connection therewith under the Code or any provision of state, local or foreign Tax law or under any other Law. To the extent such amounts are so deducted or withheld and paid over to the relevant Governmental Authority, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

ARTICLE II

THE CLOSING

Section 2.1 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 155 North Wacker Drive, Chicago, Illinois 60606 at 10:00 a.m. local time on the later of (i) the

third (3rd) Business Day after the conditions set forth in Article VI shall have been satisfied or waived and (ii) at such other time, date and place as shall be fixed by agreement among the parties hereto (the date of the Closing being herein referred to as the "Closing Date"). For financial, accounting, Tax and economic purposes, including risk of loss, and for all other purposes under this Agreement, upon the occurrence of the Closing, the Closing Date shall be deemed to have occurred at 11:59 p.m. (Chicago time) on the Closing Date.

Section 2.2 Deliveries at Closing.

(a) At the Closing, the Sellers shall deliver to the Purchaser:

(i) physical share certificates (if any) evidencing the Interests, which shall be either duly endorsed in blank or accompanied by duly executed stock powers or other instruments of transfer;

(ii) a duly executed bill of sale, substantially in the form of Exhibit A attached hereto, transferring the Acquired Assets to the Purchaser;

(iii) all other conveyance documents reasonably necessary to transfer to the Purchaser the Acquired Assets, including deeds regarding the Owned Real Property purchased by the Purchaser;

(iv) the Acquired Assets by making the Acquired Assets available to the Purchaser at their present location;

(v) the assignment and assumption agreement to be entered into between the Sellers and the Purchaser (the "Assignment and Assumption Agreement") substantially in the form of Exhibit B attached hereto, duly executed by the Sellers evidencing the assignment and assumption by the Purchaser of the Assumed Liabilities;

(vi) duly executed assignments of the Acquired Intellectual Property substantially in the form of Exhibit F hereto, transferring the Acquired Intellectual Property to the Purchaser; and

(vii) copies of all Tax Notices; and

(viii) affidavits of non-foreign status from each of the Sellers that comply with Section 1445 of the Code.

(b) At the Closing, the Purchaser shall deliver to the Sellers:

(i) the Cash Payment at Closing by wire transfer in immediately available funds to an account or accounts designated by the Sellers; and

(ii) the Assignment and Assumption Agreement duly executed by the Purchaser.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Except as disclosed in the written statement delivered by the Sellers to the Purchaser at or prior to the execution of this Agreement (the "Seller Disclosure Schedule"), the Sellers represent and warrant to the Purchaser solely with respect to the Business, the Acquired Assets and the Assumed Liabilities as follows:

Section 3.1 Organization. Each Seller and each Transferred Sub is validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has the requisite power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so existing and in good standing or to have such power and authority would not be material to the Business, taken as a whole. Each Seller and each Transferred Sub is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified, licensed and in good standing would not have a Material Adverse Effect. The Data Room contains a complete and correct copy of the organizational documents of each Seller and each Transferred Sub, as currently in effect.

Section 3.2 Capitalization of Transferred Subs. The authorized and outstanding Interests of each Transferred Sub are set forth on Schedule 3.2. All of the Interests of each Transferred Sub are owned beneficially and of record by the applicable Seller as set forth on Schedule 3.2. Except as set forth on Schedule 3.2, there are no existing (i) options, warrants, calls, subscriptions or other rights, convertible securities, agreements or commitments of any character obligating any Seller or Transferred Sub to issue, transfer or sell any Interests or other equity interests in such Transferred Sub or securities convertible into or exchangeable for such Interests or other equity interests, (ii) contractual obligations of any Seller or Transferred Sub to repurchase, redeem or otherwise acquire any Interests or other equity interests in such Transferred Sub or (iii) voting trusts or similar agreements to which any Seller or Transferred Sub is a party with respect to the voting of Interests or other equity interests in such Transferred Sub.

Section 3.3 Authority of Sellers. Except as set forth on Schedule 3.3, each Seller has full power and authority to execute, deliver and, subject to the entry of the Sale Order, perform its obligations under this Agreement and each of the Ancillary Documents to which such Seller is a party. The execution, delivery and performance of this Agreement and such Ancillary Documents by each Seller have been duly authorized and approved by all requisite corporate (or other organizational) action. Subject to the entry and effectiveness of the Sale Order, this Agreement and each Ancillary Document have been duly and validly executed and delivered by each Seller and (assuming this Agreement and each Ancillary Document constitute a valid and binding obligation of the Purchasers) constitute a valid and binding obligation of each Seller enforceable against each such Seller in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other Laws affecting creditors' rights generally from time to time in effect and to general equitable principles.

Section 3.4 Consents and Approvals. No consent, approval, or authorization of, or declaration, filing or registration with, any Governmental Entity is required to be made or obtained by any Seller or any Transferred Sub in connection with the execution, delivery and performance of this Agreement and the consummation of the Acquisition, except (a) for consents, approvals or authorizations of, or declarations or filings with, the Bankruptcy Court, (b) for filings pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (c) for consents, approvals, authorizations, declarations, filings or registrations set forth on Schedule 3.4 and (d) for consents, approvals, authorizations, declarations, filings or registrations, which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect.

Section 3.5 No Violations. Assuming that the consents, approvals, authorizations, declarations, and filings referred to in Sections 3.4 and 4.3 have been made or obtained and shall remain in full force and effect and the conditions set forth in Article VI have been satisfied or waived, except as set forth on Schedule 3.5, neither the execution, delivery or performance of this Agreement by the Sellers, nor the consummation by the Sellers of the transactions contemplated hereby, nor compliance by the Sellers with any of the provisions hereof, will (a) conflict with or result in any breach of any provisions of the articles or certificates of incorporation, as the case may be, bylaws or other organizational documents of any of the Sellers or the Transferred Subs, (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time) a default (or give rise to any right of termination, cancellation, acceleration, vesting, payment, exercise, suspension, or revocation) under any of the terms, conditions or provisions of any note, bond, mortgage, deed of trust, security interest, indenture, license, Contract, agreement, plan or other instrument or obligation to which any of the Sellers or the Transferred Subs is a party or by which any of the Sellers or the Transferred Subs or any of the Sellers' or the Transferred Subs' properties or assets (including the Acquired Assets) may be bound or affected, (c) violate any order, writ, injunction, decree, statute, rule or regulation applicable to any of the Sellers or the Transferred Subs or any of the Sellers' or the Transferred Subs' properties or assets (including the Acquired Assets), (d) result in the creation or imposition of any Encumbrance on any asset of any of the Sellers or the Transferred Subs (including the Acquired Assets) or (e) cause the suspension or revocation of any Permit necessary for any of the Sellers or the Transferred Subs to conduct the Business as currently conducted, except in the case of clauses (b), (c), (d) and (e) for violations, breaches, defaults, terminations, cancellations, accelerations, creations, impositions, suspensions or revocations that (i) would not, individually or in the aggregate, have a Material Adverse Effect, or (ii) are excused by or unenforceable as a result of the filing of the Petitions or as a result of the entry of the Sale Order.

Section 3.6 Books and Records. The books, records and accounts of the Sellers maintained with respect to the Business accurately and fairly reflect, in all material respects and in reasonable detail, the transactions and the assets and liabilities of the Sellers and the Transferred Subs with respect to the Business.

Section 3.7 Title to Property: Sufficiency.

(a) Except as set forth on Schedule 3.7(a), upon the entry and effectiveness of the Sale Order, the Sellers will have the power and right to sell, or assign, transfer and deliver, as the case may be, to the Purchaser, the Acquired Assets and the Interests and, on the Closing

Date, the Sellers will sell, assign, transfer and deliver the Acquired Assets (other than the Interests) free and clear of all Encumbrances other than Permitted Encumbrances, the Sellers will sell, assign, transfer and deliver the Interests free and clear of all Encumbrances, and each Transferred Sub will hold all of its assets and properties free and clear of all Encumbrances other than Permitted Encumbrances and Encumbrances arising solely out of the Project Finance Debt.

(b) Except as set forth on Schedule 3.7(b), the Acquired Assets are sufficient for the continued conduct of the Business from and after the Closing in all material respects as it is currently conducted by the Sellers.

Section 3.8 Conduct of Business. Except as set forth on Schedule 3.8, from January 1, 2013 to the Effective Date, neither the Sellers nor the Transferred Subs have taken any action that, if taken after the Effective Date, would violate Section 5.1 hereof.

Section 3.9 Brokers. Except for Evercore Partners Inc., no Person is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable by the Sellers in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Sellers.

Section 3.10 Litigation. As of the Effective Date, except as set forth on Schedule 3.10:

(a) there are no material Actions pending or, to the Knowledge of the Sellers, threatened, against the Business, any Transferred Sub, any assets or properties of any Transferred Sub, or any of the Acquired Assets; and

(b) the Sellers have not received written notice of, and to the Knowledge of the Sellers, there are no, Orders against any Seller or any Transferred Sub that restrict the operation of the Business in any material respect.

Section 3.11 Intellectual Property.

(a) The Sellers and the Transferred Subs (i) exclusively own, free and clear of all Encumbrances other than Permitted Encumbrances, all Acquired Intellectual Property and (ii) have a valid right to use (in the manner used as of the Effective Date), free and clear of all Encumbrances other than Permitted Encumbrances, the other material Intellectual Property that is used or held for use in or necessary for the conduct of the Business as it is being conducted as of the Effective Date; provided however, for the avoidance of doubt, the foregoing clauses (i) and (ii) shall not be deemed to constitute a representation with respect to infringement, misappropriation or other violation of any Intellectual Property of third parties, which is addressed in Section 3.11(c). The Acquired Intellectual Property is subsisting, in full force and effect, and has not been cancelled, expired or abandoned.

(b) As of the Effective Date, Schedule 3.11(b) is a complete and correct (in all material respects) list of the Registered Intellectual Property. To the Knowledge of the Sellers, the Registered Intellectual Property is valid and enforceable.

(c) Except as set forth on Schedule 3.11(c) or as would not, individually or in the aggregate, be material to the Business, taken as a whole, (i) the conduct of the Business does

not infringe, misappropriate or otherwise violate any Intellectual Property of any Person and (ii) as of and during the two (2) year period prior to the Effective Date, no Person has provided written notice to any Seller that the conduct of the Business infringes, constitutes or results from a misappropriation of or otherwise violates any Intellectual Property of any Person.

(d) Except as set forth on Schedule 3.11(d) or as would not, individually or in the aggregate, be material to the Business, taken as a whole, to the Knowledge of the Sellers, no Person is infringing, misappropriating or otherwise violating any of the Acquired Intellectual Property.

(e) Each of the Sellers and Transferred Subs has taken reasonable measures to protect the confidentiality of all material Trade Secrets included in the Acquired Intellectual Property and any confidential information of any Person to whom any of the Sellers or Transferred Subs has a confidentiality obligation.

(f) Schedule 3.11(f) is a correct and complete list (in all material respects) of all Contracts pursuant to which any Seller or any Transferred Sub has granted to any Person any license, covenant not to sue or right in, under or with respect to any Acquired Intellectual Property.

Section 3.12 Assumed Leases.

(a) On the Closing Date, the Sellers will sell, transfer and assign to the Purchaser a valid leasehold interest with respect to each of the Assumed Leases which is a lease (as opposed to a sublease), and a valid subleasehold interest with respect to each of the Assumed Leases which is a sublease, in each case free and clear of all Encumbrances other than Permitted Encumbrances. Schedule 1.1(h)(ii) identifies the instruments through which the Sellers derive their leasehold and subleasehold interests in the Assumed Leases (including all amendments thereto).

(b) Set forth on Schedule 3.12(b) is a complete and correct list of all real property leases and all real property leased by the Transferred Subs, setting forth the address, landlord and tenant for each real property lease.

(c) Complete and correct copies of the Assumed Leases and the real property leases of the Transferred Subs are contained in the Data Room and, except to the extent such modifications are disclosed by the copies contained in the Data Room, none of the Assumed Leases or any real property leases of any Transferred Sub has been modified in any material respect.

(d) The Sellers and the Transferred Subs, as applicable, have valid and enforceable leasehold interests under each of the applicable Assumed Leases and real property leases of the Transferred Subs. Each of the Assumed Leases and the real property leases of the Transferred Subs is in full force and effect, and none of the Sellers or the Transferred Subs has received or given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by any Seller or Transferred Sub under any such leases and, to the Knowledge of the Sellers, no other party thereto is in default thereof.

Section 3.13 Owned Real Property.

(a) Set forth on Schedule 1.1(h)(i) is a complete and correct list of all Owned Real Property setting forth the address of each such parcel of property.

(b) Set forth on Schedule 3.13(b) is a complete and correct list of all owned real property of the Transferred Subs used in the operation of the Business, setting forth the address for each such parcel of property.

(c) Complete and correct copies of all deeds, title reports and surveys for the Owned Real Property and the owned real property of the Transferred Subs in the possession of the Sellers and the Transferred Subs, respectively, are contained in the Data Room.

(d) The Real Property: (i) constitutes all interests in real property currently used in the Business and which are necessary for the continued operation of the Business by Purchaser as the Business is conducted immediately prior to the Effective Date by Sellers; and (ii) is not, to the Knowledge of the Sellers, the subject of any condemnation or eminent domain proceedings.

Section 3.14 Personal Property. Except as set forth on Schedule 3.14, each Seller and Transferred Sub owns good and valid title or valid and enforceable leasehold interest, as the case may be, free and clear of all Encumbrances other than Permitted Encumbrances (and in the case of the Transferred Subs, Encumbrances under the Project Finance Debt), to or in all of the material Tangible Personal Property and assets used in the Business. All such items of Tangible Personal Property and assets are, in all material respects, in good operating condition and repair (ordinary wear and tear excepted).

Section 3.15 Employee Benefit Matters.

(a) Schedule 3.15(a) lists, as of the Effective Date, a true and complete list of each material Benefit Plan and separately identifies the Benefit Plans sponsored by any of the Sellers and the Benefit Plans sponsored by any of the Transferred Subs ("Subsidiary Benefit Plans"). Sellers have provided Purchaser with a complete and correct copy of each material Benefit Plan and, to the extent applicable, each of the following documents relating thereto: (i) most recent summary plan description and any summaries of material modifications relating thereto, (ii) most recent Form 5500, (iii) most recent IRS determination or opinion letter, (iv) most recent trust report, (v) most recent actuarial valuation and (vi) most recent insurance policy, administrative service contract or other contracts relating thereto.

(b) Each Benefit Plan has been operated and administered, in all material respects, in accordance with its terms and applicable Law, including, but not limited to, ERISA and the Code.

(c) Each Benefit Plan which is intended to qualify under Section 401(a) of the Code does so qualify, and to the Knowledge of the Sellers nothing has occurred which would reasonably be expected to affect such qualified status.

(d) Sellers have provided to Purchaser a true and complete list of all Employees and each Employee's employer, position, annual salary or wage rate, target annual bonus or

other cash incentive compensation opportunity, prior year's annual bonus, hire date, principal work location, accrued and unused vacation days, accrued and unused paid time off, accrued and unused sick leave or other leave, and status (exempt or non-exempt, active or inactive), and such list shall be updated no more than seven (7) days prior to the Closing Date.

Section 3.16 Labor Matters.

(a) Exhibit G lists, as of the Effective Date, a true and complete list of each collective bargaining agreement in effect that covers any Employees with respect to their employment with the Sellers or the Transferred Subs (each, a "Collective Bargaining Agreement").

(b) There is no organized labor strike, slowdown, lockout, or stoppage pending or, to the Knowledge of the Sellers, threatened against the Sellers or the Transferred Subs. Since January 1, 2010, the Sellers have not received written notice of any material unfair labor practice as defined in the National Labor Relations Act. To the Knowledge of the Sellers, the Sellers and the Transferred Subs have good labor relations.

Section 3.17 Environmental Matters.

(a) Except as set forth on Schedule 3.17(a) or as would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect: (i) each of the Sellers and the Transferred Subs is in compliance with all applicable Environmental Laws, which compliance includes obtaining, maintaining and complying with all Environmental Permits required to operate the Business and to own and operate the Acquired Assets and there are no Actions pending or, to the Knowledge of the Sellers, threatened to revoke, adversely modify or terminate any such Environmental Permit, (ii) there has been no Release of any Hazardous Substance by any of the Sellers or the Transferred Subs, or to the Knowledge of the Sellers, any other Person in any manner that would reasonably be expected to result to the Sellers or the Transferred Subs incurring any investigation or remedial obligation or corrective action requirement under Environmental Laws, (iii) there are no Actions pending or, to the Knowledge of the Sellers, threatened against any of the Sellers or Transferred Subs alleging noncompliance with or liability under, any Environmental Law or Environmental Permit and (iv) the Sellers are not aware of any specific circumstances (excluding, for the avoidance of doubt, circumstances generally relating to the nature of the Business or the operations of the Sellers and the Transferred Subs), which the Sellers believe will result in any material Actions under Environmental Laws against the Sellers or Transferred Subs or require the Sellers or Transferred Subs to make material, unbudgeted capital expenditures to achieve or maintain compliance with Environmental Laws or Environmental Permits.

(b) Schedule 3.17(b) sets forth a list of all Environmental Permits held by each of the Sellers and the Transferred Subs that are material to the operation of the Business and (i) cannot be transferred to Purchaser under their respective terms or Environmental Laws or (ii) will require pre-Closing notification to, filing with or consent of a Governmental Entity to effectively transfer or modify the Permit so that it remains valid and in effect and can be used to operate the Business from and after the Closing Date.

Section 3.18 Financial Statements.

(a) Attached hereto as Schedule 3.18(a) are copies of (i) the audited consolidated balance sheet, as of December 31, 2012, of Parent and its subsidiaries (the "Annual Balance Sheet") and the audited consolidated statements of earnings, stockholders equity and cash flows of Parent and its subsidiaries and the notes thereto for the year ended December 31, 2012 (collectively, together with the Annual Balance Sheet, the "Annual Financial Statements") and (ii) the unaudited consolidated balance sheet, as of February 28, 2013, of Parent and its subsidiaries (the "Interim Balance Sheet") and the unaudited consolidated statements of earnings and cash flows of Parent and its subsidiaries for the two month period ended February 28, 2013 (collectively, together with the Interim Balance Sheet, the "Interim Financial Statements"). Except as set forth on Schedule 3.18(a), the Annual Financial Statements and the Interim Financial Statements present fairly, in all material respects, the consolidated financial condition of Parent and its subsidiaries as of the dates thereof and the consolidated results of operations of Parent and its subsidiaries for the periods referred to therein. The Annual Financial Statements have been prepared in accordance with GAAP.

(b) Attached hereto as Schedule 3.18(b) are true, correct and complete copies of (i) the unaudited consolidated balance sheets, as of December 31, 2011 and December 31, 2012, of Sacramento Project Finance, Inc. and Synagro Organic Fertilizer Company of Sacramento, Inc., and the related unaudited consolidated statements of operations and cash flows for the periods then ended, (ii) the unaudited consolidated balance sheets, as of December 31, 2011 and December 31, 2012, of Philadelphia Project Finance, LLC, Philadelphia Renewable Bio-Fuels, LLC and Philadelphia Project Holding, Inc., and the related unaudited consolidated statements of operations and cash flows for the periods then ended, and (iii) the unaudited balance sheet, as of December 31, 2011 and December 31, 2012, of Synagro-Baltimore, LLC, and the related unaudited statements of operations and cash flows for the periods then ended (collectively, the "Transferred Subs Financial Statements"), to the extent such Transferred Subs Financial Statements have been prepared and/or disclosed pursuant to Section 6.11 of the Baltimore SPE Loan Agreement, Section 5.9 of the Philadelphia SPE Loan Agreement and Section 5.3(b) of the Sacramento SPE Loan Agreement. Except as set forth on Schedule 3.18(b), the Transferred Subs Financial Statements present fairly, in all material respects, the financial condition of the Transferred Subs as of the dates thereof and the results of operations of the Transferred Subs for the periods referred to therein.

Section 3.19 Absence of Undisclosed Liabilities; No Material Changes

(a) Except as set forth in Schedule 3.19(a), none of the Sellers has any liabilities or obligations of any nature, that are required under GAAP to be reflected on or reserved for in a balance sheet, whether accrued, absolute, contingent, unliquidated or otherwise, whether due or to become due and whether arising out of transactions entered into or any condition or state of facts existing on or prior to the Effective Date, other than (i) liabilities and obligations set forth on the Annual Balance Sheet, (ii) liabilities and obligations which have arisen after the date of the Annual Balance Sheet in the ordinary course of business consistent with past practice or (iii) liabilities or obligations that would not materially impair the financial condition or operations of the Parent and its subsidiaries taken as a whole.

(b) Except as set forth in Schedule 3.19(b)(i), none of the Transferred Subs (other than the Non-SPE Transferred Subs) has any liabilities or obligations of any nature, that are required under GAAP to be reflected on or reserved for in a balance sheet, whether accrued, absolute, contingent, unliquidated or otherwise, whether due or to become due and whether arising out of transactions entered into or any condition or state of facts existing on or prior to the Effective Date, other than (i) liabilities and obligations set forth on the balance sheets contained in the Transferred Subs Financial Statements, (ii) liabilities and obligations which have arisen after the date of the balance sheets contained in the Transferred Subs Financial Statements in the ordinary course of business consistent with past practice or (iii) liabilities or obligations that would not materially impair the financial condition or operations of the applicable Transferred Sub. Except as set forth on Schedule 3.19(b)(ii), none of the Non-SPE Transferred Subs has any material liabilities.

(c) Except as set forth in Schedule 3.19(c), since the date of the Annual Balance Sheet, there has been no (i) Material Adverse Effect or (ii) material change in accounting methods used by any Seller or Transferred Sub.

(d) Except as set forth in Schedule 3.19(d), since the date of the Interim Balance Sheet, the Sellers have, in all material respects, (i) conducted the Business and managed the Acquired Assets in the ordinary and regular course and (ii) collected accounts receivable and paid accounts payable utilizing normal procedures without materially accelerating collection of or discounting accounts receivable and without materially delaying payment of accounts payable.

Section 3.20 Compliance with Law. Except as set forth on Schedule 3.20, as of the Effective Date, (i) each of the Sellers, the Transferred Subs and the Business is in compliance, in all material respects, with all applicable material Laws and has been since January 1, 2010, and (ii) no written claim has been filed against any of the Sellers, the Transferred Subs or the Business alleging a material violation of any material Laws. To the Knowledge of the Sellers, as of the Effective Date, none of the Sellers, the Transferred Subs or the Business is under investigation by a Governmental Entity with respect to the violation of any Law.

Section 3.21 Permits. Schedule 3.21 contains a complete listing, as of the Effective Date, of all material licenses, permits, authorizations, approvals and certificates from federal, state and local authorities (other than Environmental Permits) (collectively, the "Permits") used by any of the Sellers or the Transferred Subs in the conduct of the Business or to own or operate its properties. As of the Effective Date, each Seller and Transferred Sub has, in full force and effect, in all material respects, all necessary material Permits to conduct the Business.

Section 3.22 Insurance. Schedule 3.22 sets forth a complete and correct list, as of the Effective Date, of all material insurance policies and bonds maintained by any Seller or Transferred Sub with respect to the Business or the Acquired Assets, including in respect of properties, buildings, equipment, fixtures, employees and operations. Since January 1, 2010, no material insurance policy maintained or once maintained by any Seller or Transferred Sub with respect to the Business or the Acquired Assets has been cancelled.

Section 3.23 Material Contracts.

(a) Schedule 3.23 contains a true, correct and complete list of all of the following Contracts to which any Seller or Transferred Sub is a party, which are currently in effect, and which relate to the operation of the Business or Acquired Assets or the Transferred Subs (collectively, the "Material Contracts"). in each case, as of the Effective Date:

(i) Contracts with or in respect of any labor union, including the Collective Bargaining Agreements;

(ii) Contracts regarding equity of the Sellers or the Transferred Subs, including any stock purchase, stock option and other benefits plans;

(iii) Contracts for the employment of any officer, individual employee or other Person on a full-time or consulting basis (A) providing annual base compensation in excess of \$250,000, (B) providing for the payment of cash or other compensation upon or by reason of the consummation of the transactions contemplated by this Agreement, or (C) otherwise restricting its ability to terminate the employment of any managerial employee following the Closing for any lawful reason or for no reason without payment of severance in excess of \$100,000, other than as described on Schedule 3.23;

(iv) Contracts relating to Indebtedness in excess of \$1,000,000;

(v) Contracts which place any material limitation or restriction on any Seller or Transferred Sub from freely engaging in any material aspect of the Business or from soliciting or hiring any individual with respect to employment;

(vi) Customer Contracts reasonably likely to result in receipts or disbursements in excess of \$1,000,000 during calendar year 2013;

(vii) Supplier Contracts to the Business reasonably likely to result in disbursements in excess of \$1,000,000 during calendar year 2013;

(viii) Contracts or commitments for capital expenditures in excess of \$1,000,000; or

(ix) Contracts (other than Contracts set forth on Schedule 3.23(i) through (viii)) involving aggregate payments to be made or received in excess of \$1,000,000.

(b) None of the Sellers or Transferred Subs has received any written claim by any other party of material default by any Seller or Transferred Sub under any Material Contract. All Material Contracts are valid, binding and enforceable in accordance with their respective terms against the applicable Seller or Transferred Sub and, to the Knowledge of each Seller, each other party thereto. None of the Sellers or Transferred Subs is in material breach of or default under the terms of any Material Contract. To the Knowledge of the Sellers, no other party to any Material Contract is in material breach of or default thereunder.

Section 3.24 Customers. Schedule 3.24 lists the ten largest customers (the "Material Customers") of the Business by revenues for the twelve months ended December 31, 2012. Since January 1, 2013 to the Effective Date, no Material Customer has terminated its customer

relationship with the Business or provided written notice (or oral notice to the Knowledge of the Sellers) that it intends to terminate its relationship with the Business.

Section 3.25 Suppliers. Schedule 3.25 lists the ten largest suppliers ("Material Suppliers") of the Business by payments or expenses for the twelve months ended December 31, 2012. Since January 1, 2013 to the Effective Date, no Material Supplier has terminated its supplier relationship with the Business or provided written notice (or oral notice to the Knowledge of the Sellers) that it intends to terminate its relationship with the Business.

Section 3.26 Taxes.

(a) Except as set forth under Schedule 3.26(a), (i) all income and other material Tax Returns required to be filed by or on behalf of each of the Sellers and the Transferred Subs have been duly and timely filed with the appropriate Taxing Authority in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, complete and correct in all material respects; and (ii) all material amounts of Taxes payable by or on behalf of each of the Sellers and the Transferred Subs have been fully and timely paid. With respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due or owing, to the Knowledge of the Sellers, the Sellers and the Transferred Subs have made due and sufficient accruals for such Taxes in their financial statements and their books and records.

(b) Except as set forth under Schedule 3.26(b), the Sellers and the Transferred Subs have complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes and have duly and timely withheld and paid over to the appropriate Taxing Authority all material amounts required to be so withheld and paid under all applicable Laws.

(c) The Data Room contains (i) all federal, state, local and foreign income or franchise Tax Returns of the Sellers and any Affiliate thereof relating to all taxable periods beginning after December 31, 2008 and (ii) any audit report issued within the last three years relating to any Taxes due from or with respect to the Sellers and any Affiliate thereof.

(d) No unresolved claim has been made by a Taxing Authority in a jurisdiction where the Sellers and any Affiliate thereof does not file Tax Returns such that a Seller or any Affiliate thereof may be subject to taxation by that jurisdiction.

(e) Except as set forth under Schedule 3.26(e), all deficiencies asserted or assessments made as a result of any examinations by any Taxing Authority of the Tax Returns of, or including, the Sellers or any Affiliate thereof have been fully paid, and there are no other material audits or investigations by any Taxing Authority in progress, nor have the Sellers and any Affiliate thereof received any notice from any Taxing Authority that it intends to conduct such an audit or investigation. Except as set forth under Schedule 3.26(e), no issue has been raised by a Taxing Authority in any prior examination of the Sellers and any Affiliate thereof which, by application of the same or similar principles, could reasonably be expected to result in a proposed deficiency for any subsequent taxable period.

(f) Except as set forth under Schedule 3.26(f), none of the Sellers or any Affiliate thereof nor any other Person on their behalf has (i) agreed to or is required to make any

adjustments pursuant to Section 481(a) of the Code or any similar provision of Law or has any knowledge that any Taxing Authority has proposed any such adjustment, or has any application pending with any Taxing Authority requesting permission for any changes in accounting methods that relate to the Sellers and their Affiliates or (ii) granted to any Person any power of attorney that is currently in force with respect to any Tax matter. None of the Transferred Subs is or has been party to any "listed transactions" within the meaning of Treasury Regulations Section 1.6011-4(b).

(g) No Seller is a foreign Person within the meaning of Section 1445 of the Code.

(h) None of the Transferred Subs is a party to any tax sharing, allocation, indemnity or similar agreement or arrangement (whether or not written) pursuant to which it will have any obligation to make any payments after the Closing.

(i) None of the Transferred Subs is subject to any private letter ruling of the IRS or comparable rulings of any Taxing Authority.

(j) There are no Encumbrances upon any of the assets of the Sellers or any Affiliate thereof other than Permitted Encumbrances.

(k) None of the Transferred Subs has ever been a member of any consolidated, combined, affiliated or unitary group of corporations for any Tax purposes, except for the current consolidated, combined, affiliated and/or unitary groups of the Sellers and their Affiliates of which Sacramento Project Finance, Inc., Synagro Organic Fertilizer Company of Sacramento, Inc. and Philadelphia Project Holding, Inc. are currently members.

(l) There is no taxable income of the Sellers or any Affiliate thereof that will be required under applicable Tax Law to be reported by the Purchaser or any of its Affiliates for a taxable period beginning after the Closing Date which taxable income was realized (or reflects economic income) prior to the Closing Date.

(m) Except as would not be material to the Business, no property owned by the Sellers or any Affiliate thereof is (i) property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code, (iii) "tax-exempt bond financed property" within the meaning of Section 168(g) of the Code, (iv) "limited use property" within the meaning of Rev. Proc. 76-30, (v) subject to Section 168(g)(1)(A) of the Code, or (vi) subject to any provision of state, local or foreign Law comparable to any of the provisions listed above.

Section 3.27 Transferred Subs Bank Accounts. Schedule 3.27 lists, as of the Effective Date, a true and complete list of bank accounts owned by any of the Transferred Subs. Such list specifies, with respect to each such bank account, the legal owner, the Persons with control or withdrawal rights and the cash balance (restricted and unrestricted).

Section 3.28 No Other Representations or Warranties. EXCEPT AS SPECIFICALLY AND EXPRESSLY SET FORTH IN THIS ARTICLE III, (I) THE SELLERS MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, RELATING TO THE ACQUIRED ASSETS, THE INTERESTS, THE ASSUMED LIABILITIES OR THE BUSINESS, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO VALUE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR FOR ORDINARY PURPOSES, OR ANY OTHER MATTER, (II) THE SELLERS MAKE NO, AND HEREBY DISCLAIM ANY, OTHER REPRESENTATION OR WARRANTY REGARDING THE ACQUIRED ASSETS, THE INTERESTS, THE ASSUMED LIABILITIES OR THE BUSINESS AND (III) THE ACQUIRED ASSETS, THE INTERESTS, THE ASSUMED LIABILITIES AND THE BUSINESS BEING TRANSFERRED TO THE PURCHASER ARE CONVEYED ON AN "AS IS, WHERE IS" BASIS AS OF THE CLOSING, AND THE PURCHASER SHALL RELY UPON ITS OWN EXAMINATION THEREOF, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE SELLERS MAKE NO REPRESENTATION OR WARRANTY REGARDING ANY ASSETS OTHER THAN THE ACQUIRED ASSETS AND THE INTERESTS OR ANY LIABILITIES OTHER THAN THE ASSUMED LIABILITIES OR ANY BUSINESS OTHER THAN THE BUSINESS, AND NONE SHALL BE IMPLIED AT LAW OR IN EQUITY.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Sellers as follows:

Section 4.1 Organization. The Purchaser is a corporation validly existing and in good standing under the Laws of its jurisdiction of incorporation and has the corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted. On the Closing Date, the Purchaser will be duly qualified as a foreign corporation to do business, and in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities make such qualification necessary, except where the failure to be so duly qualified, licensed and in good standing would not have a material adverse effect on the Purchaser. All of the issued and outstanding capital stock of Purchaser is indirectly owned by Guarantor.

Section 4.2 Authority of Purchaser. The Purchaser has the corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution, delivery and performance of this Agreement by the Purchaser and the consummation by the Purchaser of the transactions contemplated hereby have been duly authorized by all requisite corporate actions. This Agreement has been duly and validly executed and delivered by the Purchaser and (assuming this Agreement constitutes a valid and binding obligation of the Sellers) constitutes a valid and binding agreement of the Purchaser, enforceable against the Purchaser in accordance with its terms, and each Ancillary Document to which the Purchaser is a party has been duly authorized by the Purchaser and upon execution and delivery by Purchaser will be a valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and

other Laws affecting creditors' rights generally from time to time in effect and to general equitable principles.

Section 4.3 Consents and Approvals. Except for consents, approvals or authorizations which may be required under the HSR Act, no consent, approval or authorization of, or declaration, filing or registration with, any Governmental Entity is required to be made or obtained by the Purchaser in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

Section 4.4 No Violations. Assuming that the consents, approvals, authorizations, declarations, and filings referred to in Sections 3.4 and 4.3 have been made or obtained and shall remain in full force and effect and the conditions set forth in Article VI have been satisfied or waived, neither the execution, delivery or performance of this Agreement by the Purchaser, nor the consummation by the Purchaser of the transactions contemplated hereby, nor compliance by the Purchaser with any of the provisions hereof, will (a) conflict with or result in any breach of any provisions of the certificate of incorporation or bylaws of the Purchaser, (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time) a default (or give rise to any right of termination, cancellation, acceleration, vesting, payment, exercise, suspension, or revocation) under any of the terms, conditions or provisions of any note, bond, mortgage, deed of trust, security interest, indenture, license, Contract, agreement, plan or other instrument or obligation to which the Purchaser is a party or by which the Purchaser or the Purchaser's properties or assets may be bound or affected, (c) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Purchaser or the Purchaser's properties or assets, (d) result in the creation or imposition of any encumbrance on any asset of the Purchaser or (e) cause the suspension or revocation of any Permit necessary for the Purchaser to conduct its business as currently conducted, except in the case of clauses (b), (c), (d) and (e) for violations, breaches, defaults, terminations, cancellations, accelerations, creations, impositions, suspensions or revocations that would not, individually or in the aggregate, have a material adverse effect on the Purchaser's ability to consummate the transactions contemplated by this Agreement.

Section 4.5 Brokers. Except for RBC Capital Markets, LLC, no Person is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable by the Purchaser in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of a Purchaser.

Section 4.6 Financing. As of the Effective Date, the Purchaser has access to, and on the Closing Date, the Purchaser will have, sufficient funds available to deliver the Cash Payment at Closing to the Sellers and consummate the transactions contemplated by this Agreement, including the timely satisfaction of the Assumed Liabilities.

ARTICLE V

COVENANTS

Section 5.1 Conduct of Business by the Sellers Pending the Closing. The Sellers covenant and agree that, except (i) as expressly provided in this Agreement, (ii) as disclosed in the Seller Disclosure Schedule, (iii) as required by, arising out of, relating to or resulting from

any Order of the Bankruptcy Court in connection with the prosecution of the Chapter 11 Cases or (iv) with the prior written consent of the Purchaser, from the Effective Date through the Closing Date:

(a) the Sellers shall use commercially reasonable efforts to (i) conduct the Business and manage the Acquired Assets only in the ordinary and regular course and (ii) continue to collect accounts receivable and pay accounts payable utilizing normal procedures and without accelerating collection of or discounting accounts receivable and without delaying payment of accounts payable; and

(b) the Sellers shall not, and shall cause the Transferred Subs not to, take or permit to occur any of the following actions with respect to the Business, the Acquired Assets, the Interests or the Transferred Subs:

(i) an amendment to the articles or certificates of incorporation, bylaws or other organizational documents of any Seller or any Transferred Sub;

(ii) the issuance or sale of any shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights or any kind to acquire the shares of, the capital stock or equity interest of any Transferred Sub;

(iii) an acquisition, sale, lease, license or disposition of (A) any of the Acquired Assets, other than the Interests (except in the ordinary course), (B) any of the Interests or (C) any of the assets or properties of the Transferred Subs (except in the ordinary course and in accordance with the Project Finance Indentures and the Project Finance Debt, as applicable);

(iv) except for Encumbrances under the Sellers' existing credit facility, the Encumbrance (other than Permitted Encumbrances) of any material assets, tangible or intangible, of the Business;

(v) (A) the incurrence or assumption of any Indebtedness except for borrowings under existing lines of credit in the ordinary course and in a manner consistent with past practice; or (B) the making of any loans, advances or capital contributions to, or investments in, any other Person;

(vi) the acquisition (by merger, consolidation or acquisition of stock or assets) of any corporation, partnership or other business organization or division thereof or any equity interest therein (other than purchases of marketable securities in the ordinary course of the Business);

(vii) a material change of any of the accounting methods used by any Seller or any Transferred Sub, unless required by GAAP or applicable Law;

(viii) other than in the ordinary course of the Business, terminate, amend, restate, supplement or waive any rights under (A) a Contract included in the Acquired Assets or any material Contract to which a Transferred Sub is a party or (B) a Permit used in the Business;

(ix) except as set forth on Schedule 5.1(b)(ix), settling, compromising or waiving any Action or legal right (including with respect to Taxes) affecting the validity or value of any Acquired Assets, the Interests, the Business or any assets or properties of the Transferred Subs if the amount in question is in excess of \$1,000,000 on an individual basis or \$2,500,000 in the aggregate;

(x) the payment of any dividends or distributions or other return of capital (including any equity redemption) by any Transferred Sub, or the transfer or sweep of any cash in the bank account of any Transferred Sub, except in the ordinary course and in accordance with the Project Finance Indentures and the Project Finance Debt, as applicable;

(xi) the material amendment, or any termination other than by expiration, with respect to which applicable Sellers do not have a unilateral right to extend the term, of any Assumed Lease or rights thereunder or any real property lease of any Transferred Sub or rights thereunder;

(xii) the grant or acceptance of any lease in respect of the Owned Real Property or any owned real property of the Transferred Subs;

(xiii) other than in the ordinary course of the Business, the entering into of any lease, sublease, license, broker agreement, service contract, management contract, utility agreement or other agreement relating to any of the Acquired Assets which would be binding on the Purchaser after the Closing;

(xiv) enter into any commitments for capital expenditures that in the aggregate exceed the capital expenditures budget made available to Purchaser in the Data Room prior to the Effective Date by more than \$1,000,000;

(xv) except as required by applicable Law or by any Collective Bargaining Agreement or other Benefit Plan as of the Effective Date, increase the salary, wages, compensation or benefits of any Employee (other than, in the case of any non-executive employee, an increase in the ordinary course of the Business consistent with past practices and not greater than 3% of such employee's base salary or wages), or establish, adopt or materially amend any Benefit Plan;

(xvi) (A) make, change or revoke any material Tax election that would be binding on Purchaser or a Transferred Sub after the Closing, settle or compromise any material Tax claim or liability or enter into a settlement or compromise, or change (or make a request to any Taxing Authority to change) any material aspect of its method of accounting for Tax purposes or (B) prepare or file any material Tax Return of the Transferred Subs or for which the Transferred Subs could have liability (or any amendment thereof) unless such Tax Return shall have been prepared in a manner consistent with past practice and Sellers shall have provided Purchaser a copy of all material Tax Returns (together with supporting papers) at least three (3) days prior to the due date thereof for Purchaser to review and approve (such approval not to be unreasonably withheld or delayed);

(xvii) fail to maintain at all times current insurance coverage (and renew such insurance coverage, as applicable) consistent with past practices; and

(xviii) the authorization or entering into an agreement to do any of the foregoing.

Section 5.2 Access and Information: Other Financials.

(a) Subject to the Bidding Procedures and applicable Law (including without limitation, applicable antitrust or competition Law, and Laws with regard to employee privacy rights), the Sellers shall afford to the Purchaser and to the Purchaser's financial advisors, legal counsel, accountants, consultants, financing sources and other authorized representatives reasonable access during normal business hours throughout the period prior to the Closing Date to the books, records, properties and personnel of the Sellers and, during such period, shall furnish reasonably promptly to the Purchaser such information as the Purchaser reasonably may request; provided, that all such access shall occur only following reasonable prior notice to an individual designated by the Sellers and, at the Sellers' reasonable discretion, only if accompanied by a designee of the Sellers.

(b) From the Effective Date until the Closing Date, Parent shall furnish to Purchaser each of the financial statements of Parent and its subsidiaries, and related supporting information, that Parent is required to prepare and deliver to its lender under Sellers' existing credit facility and any waivers or amendments thereto (including, for the avoidance of doubt, all rolling 13-week cash flow projections), such financial statements and related supporting information to be furnished by Parent to Purchaser reasonably promptly (but in any event no later than two (2) Business Days) after being furnished to Parent's lender.

Section 5.3 Approvals and Consents: Cooperation: Notification.

(a) The parties hereto shall use their respective reasonable best efforts, and cooperate with each other, to obtain as promptly as practicable all approvals, consents or waivers from Governmental Entities required in order to consummate the transactions contemplated by this Agreement, including any required approvals, consents or waivers related to Permits or Environmental Permits; provided, that the obligations of the parties to obtain any consent, approval or waiver from the Bankruptcy Court shall be governed exclusively by Section 5.7 herein. With respect to Environmental Permits, the Sellers shall, if requested by Purchaser, participate in Permit transfer meetings, between the Effective Date and the Closing Date and thereafter as needed between Sellers and Purchaser.

(b) The Sellers and the Purchaser shall take all actions necessary to file as soon as practicable all notifications, filings and other documents required to obtain all approvals, consents or waivers from Governmental Entities, including, without limitation, under the HSR Act, and to respond as promptly as practicable to any inquiries received from the Federal Trade Commission, the Antitrust Division of the Department of Justice and any other Governmental Entity for additional information or documentation and to respond as promptly as practicable to all inquiries and requests received from any Governmental Entity in connection therewith. The Purchaser agrees to take promptly any and all steps necessary to avoid or eliminate each and

every impediment under any antitrust or competition Law that may be asserted by any national, state or local antitrust or competition authority so as to enable the parties to expeditiously close the transactions contemplated by this Agreement, including committing to or effecting, by consent decree, hold separate orders, or otherwise, the sale or disposition of such of its assets or businesses, or of the business to be acquired by it pursuant to this Agreement, as is required to be divested in order to avoid the entry of, or to effect the dissolution of, any decree, order, judgment, injunction, temporary restraining order or other order in any suit or proceeding, that would otherwise have the effect of materially delaying or preventing the consummation of the transactions contemplated by this Agreement. In addition, without limiting the generality of the foregoing regarding Governmental Entities, the Purchaser agrees to take promptly any and all steps necessary to attempt to vacate or lift any order or other restraint relating to antitrust matters that would have the effect of making the transaction contemplated by this Agreement illegal or otherwise prohibiting its consummation.

(c) Each of the Sellers and the Purchaser shall give prompt notice to the other of the occurrence or failure to occur of an event that would, or with the lapse of time would, cause any condition to the consummation of the transactions contemplated hereby not to be satisfied.

Section 5.4 Additional Matters. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use all reasonable best 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; provided, that the obligations of the parties to obtain any consent, approval or waiver from the Bankruptcy Court shall be governed exclusively by Section 5.7 herein. The obligations of each of the Purchaser and the Seller pursuant to this Article V shall be subject to any orders entered or approvals or authorizations granted by the Bankruptcy Court and the Bankruptcy Code.

Section 5.5 Further Assurances. In addition to the provisions of this Agreement, from time to time after the Closing Date, the Sellers and the Purchaser shall use reasonable best efforts to execute and deliver such other instruments of conveyance, transfer or assumption, as the case may be, and take such other action as may be reasonably requested to implement more effectively the conveyance and transfer of the Acquired Assets to the Purchaser, the assumption of the Assumed Liabilities by the Purchaser, and the effectuation of the post-Closing covenants contained herein; provided that nothing in this Section 5.5 shall (x) require Sellers to make any material expenditure or incur any material obligation on their own or on behalf of the Purchaser or (y) prohibit Sellers or any of their Affiliates from ceasing operations or winding up its affairs following the Closing.

Section 5.6 Cure Costs. On or prior to the Closing, the Purchaser shall pay, pursuant to Section 365 of the Bankruptcy Code and the Sale Order, any and all cure and reinstatement costs or expenses (the "Cure Costs") of or relating to the assumption and assignment of the Assigned Contracts and Assumed Leases included in the Acquired Assets.

Section 5.7 Bankruptcy Court Approval.

(a) Sellers and Purchaser acknowledge that this Agreement and the sale of the Acquired Assets are subject to Bankruptcy Court approval. Sellers and Purchaser acknowledge that (i) to obtain such approval, Sellers must demonstrate that they have taken reasonable steps to obtain the highest or otherwise best offer possible for the Acquired Assets, including, but not limited to, giving notice of the transactions contemplated by this Agreement to creditors and certain other interested parties as ordered by the Bankruptcy Court, and, if necessary, conducting an auction in respect of the Acquired Assets (the "Auction"), and (ii) Purchaser must provide adequate assurance of future performance under the Assigned Contracts and Assumed Leases included in the Acquired Assets.

(b) As soon as reasonably possible after execution of this Agreement, but in any event no later than two (2) Business Days after the Effective Date, Sellers shall file the Motion to Approve the Bidding Procedures and Sale with the Bankruptcy Court, together with appropriate supporting papers and notices.

(c) Sellers shall use reasonable best efforts to obtain entry of the Sale Order.

(d) In the event an appeal is taken or a stay pending appeal is requested, from either the Bidding Procedures Order or the Sale Order, Sellers shall promptly notify Purchaser of such appeal or stay request and shall promptly provide to Purchaser a copy of the related notice of appeal or order of stay. Sellers shall also provide Purchaser with written notice of any motion or application filed in connection with any appeal from either of such orders. Sellers shall use reasonable best efforts to vigorously defend any such appeal.

(e) From and after the Effective Date, and to the extent Purchaser is the Successful Bidder at the Auction, Sellers shall not take any action that is intended to result in, or fail to take any action the intent of which failure to act would result in, the reversal, voiding, modification or staying of the Bidding Procedures Order or the Sale Order. Sellers shall use reasonable best efforts to obtain the Bankruptcy Court's approval of the Bidding Procedures Order and the Sale Order.

Section 5.8 Bankruptcy Filings. From and after the Effective Date, Sellers shall use reasonable best efforts to provide such prior notice as may be reasonable under the circumstances before filing any papers in the Chapter 11 Cases that relate, in whole or in part, to this Agreement or Purchaser such that Purchaser and Purchaser's counsel shall have a reasonable opportunity to review such papers, discuss such papers with the Sellers and Sellers' counsel and recommend changes or raise objection to such papers. Under no circumstances shall Sellers file any pleading with the Bankruptcy Court contrary to this Agreement or any provision hereof.

Section 5.9 Break-Up Fee and Expense Reimbursement. Notwithstanding anything in this Agreement to the contrary, Sellers agree to pay Purchaser the Break-Up Fee and Expense Reimbursement in accordance with Section 7.2(b) of this Agreement and, if approved by the Bankruptcy Court, the Bidding Procedures Order.

Section 5.10 Bidding Procedures: Superior Offers. The bidding procedures to be employed with respect to this Agreement shall be those reflected in the Bidding Procedures Order. The Purchaser agrees and acknowledges that Sellers and their representatives and

Affiliates are and may continue soliciting inquiries, proposals or offers for the Acquired Assets and the Interests in connection with any alternative transaction pursuant to the terms of the Bidding Procedures Order and agrees and acknowledges that the bidding procedures contained in the Bidding Procedures Order may be supplemented by other customary procedures not inconsistent with the matters otherwise set forth herein and the terms of this Agreement.

Section 5.11 Communications with Customers and Suppliers. Prior to the Closing, the Purchaser shall not, and shall cause its Affiliates and representatives not to, contact, or engage in any discussions or otherwise communicate with, Sellers' customers, suppliers and other Persons with which Sellers have material commercial dealings without obtaining the prior consent of Sellers.

Section 5.12 Letters of Credit: Surety Bonds.

(a) On or prior to the Closing Date, the Purchaser shall, with respect to each letter of credit described on Schedule 5.12(a), and any similar or replacement letters of credit issued between the Effective Date and the Closing, but excluding any letter of credit that is collateral for, or otherwise secures, any of the Contracts of insurance set forth on Schedule 1.2(f) (the "Existing Letters of Credit"), at Purchaser's sole option with respect to each Existing Letter of Credit, (i) (a) cause replacement letters of credit to be issued to the beneficiaries of such Existing Letter of Credit and (b) coordinate with the Sellers to obtain the originals of such Existing Letter of Credit from each beneficiary thereof to return to the issuing financial institution ("Lender") and deliver to Lender each such Existing Letter of Credit, (ii) post cash collateral in a bank account controlled by Lender in an amount sufficient to cover the amounts outstanding on the Existing Letter of Credit or (iii) provide other arrangements satisfactory to the Lender in the form of back-up letters of credit or other credit support.

(b) On or prior to the Closing Date, the Purchaser shall, with respect to each surety bond described on Schedule 5.12(b), and any similar or replacement surety bonds issued between the Effective Date and the Closing (the "Existing Surety Bonds"), at Purchaser's sole option with respect to each Existing Surety Bond, (i) (a) cause replacement surety bonds to be issued to the beneficiaries of such Existing Surety Bonds and (b) coordinate with the Sellers to obtain the originals of such Existing Surety Bonds from each beneficiary thereof to return to the applicable surety (each, a "Surety") and deliver to such Surety each such applicable Existing Surety Bond, (ii) post cash collateral in a bank account controlled by the applicable Surety in an amount sufficient to cover the amounts outstanding on the applicable Existing Surety Bond or (iii) provide other arrangements satisfactory to the applicable Surety in the form of other credit support.

(c) For the avoidance of doubt, any cash posted by Sellers as cash collateral to secure obligations under the Existing Letters of Credit or Existing Surety Bonds shall be returned to Sellers and treated as an Excluded Asset hereunder.

Section 5.13 Transfer of Guarantees of Service Contracts of Transferred Subs. On or prior to the Closing, the Purchaser shall (i) take all steps necessary to assume the obligations of Parent as guarantor of each of the Service Contracts (which assumption shall result in the release of the Parent from all obligations as guarantor of such Service Contracts) in compliance with

each of (a) Article 4.1(A) of that certain Guaranty Agreement between Synagro Technologies, Inc. and The Philadelphia Municipal Authority, dated as of October 8, 2008; (b) Article 4.1(A) of that certain Guaranty Agreement between Synagro Technologies, Inc. and the Sacramento Regional County Sanitation District, dated as of May 6, 2003; and (c) Section 4.01(A) of that certain Guaranty Agreement from Synagro Technologies, Inc. to U.S. Bank National Association, dated as of July 1, 2008 and (ii) take such other actions in connection with the assumption of the obligations of the Parent under each of the agreements described in clause (i) above as may be reasonably requested by the trustee or, if applicable, bond insurer under the applicable Project Finance Indenture; provided that Sellers shall use commercially reasonable efforts to assist Purchaser in its undertaking of such steps and actions described in this Section 5.13, including the provision of customary legal opinions of Parent's General Counsel and officer's certificates and interactions with credit rating agencies.

Section 5.14 Employee/Labor Matters.

(a) Except as set forth on Schedule 5.14(a), each Employee shall receive an offer of employment from Purchaser at least fifteen (15) days prior to the Closing, or within five (5) Business Days of the applicable date of hire by Sellers with respect to any Employee hired within the 15-day period prior to the Closing. Such offer of employment shall be initially at the same annual base salary or base hourly wage rate, work location, target annual bonus opportunity and substantially comparable position as provided to such Employee by Sellers or an Affiliate of Sellers as of immediately prior to the Closing and which shall provide that employment with Purchaser or one of its Affiliates will commence effective as of the Closing, provided that such offer of employment to any Employee who is subject to the Collective Bargaining Agreements (collectively, the "Union Employees") shall be upon the terms and conditions set forth in the Collective Bargaining Agreements without change, which Purchaser shall assume and be bound by in their entirety. Purchaser shall have sole responsibility for all obligations and liabilities arising under such Collective Bargaining Agreements. Each Employee who accepts the offer of employment pursuant to the prior sentence and commences employment with Purchaser or an Affiliate of Purchaser as of the Closing shall be deemed a "Transferred Employee" as of immediately following the Closing; provided, that any Employee who is on long-term disability leave shall not be deemed a Transferred Employee until such time as the individual returns from such leave.

(b) For at least twelve (12) months following the Closing Date, Purchaser shall provide, or shall cause any of Purchaser's Affiliates to provide, each Transferred Employee (other than Union Employees) who remains employed by Purchaser or any of Purchaser's Affiliates with compensation, benefits, position and principal work location (other than any Exit Bonuses or Retention Bonuses) that are substantially comparable in the aggregate as provided to such individual as of immediately prior to the Closing.

(c) Purchaser shall, or shall cause one of its Affiliates to, provide to each Transferred Employee who remains employed by Purchaser or any Affiliate full credit for such Transferred Employee's service with Sellers or any of their respective Affiliates prior to the Closing for all purposes, including for purposes of eligibility, vesting, benefit accruals and determination of the level of benefits (including, for purposes of vacation, severance and retirement benefits), under any benefit plan in which such Transferred Employee participates on

or following the Closing to the same extent recognized by Sellers or any of their respective Affiliates immediately prior to the Closing under any similar type of compensation or Benefit Plan set forth in Schedule 3.15(a), provided, however, that such service shall not be recognized to the extent that such recognition would result in a duplication of benefits (including, without limitation, duplication of coverage). Purchaser shall, or shall cause one of its Affiliates to: (i) waive any limitation on health and welfare coverage of such Transferred Employees due to pre-existing conditions, waiting periods, active employment requirements, and requirements to show evidence of good health under any applicable health and welfare plan of Purchaser or any of its Affiliates to the extent such Transferred Employees were covered under a similar Benefit Plan of the Sellers or any of their respective Affiliates and (ii) credit each such Transferred Employee with all eligible payments, co-payments and co-insurance paid by such employee under any Benefit Plan of the Sellers or any of their respective Affiliates prior to the Closing Date during the year in which the Closing occurs for the purpose of determining the extent to which any such employee has satisfied any applicable deductible and whether such employee has reached the out-of-pocket maximum under any benefit plan of Purchaser or any Affiliate for such year. Unless required by Law to be paid to Employees upon the Closing (or any Transferred Employee consents to recognition and credit by Purchaser), Purchaser shall recognize and credit, and shall cause its Affiliates to recognize and credit, the vacation days and paid time off accrued by such Transferred Employees prior to the Closing.

(d) In accordance with Treasury Regulation Section 54.4980B-9 Q&A 7, as of the Closing Date, Purchaser will assume all liabilities for providing and administering all required notices and continuation coverage following the Closing Date under Section 4980B of the Code ("COBRA") to all Employees and their respective dependents and to all M & A Qualified Beneficiaries (as defined in Treasury Regulation Section 54.4980B-9 Q&A 4). Seller will have no COBRA liability or obligations to such Employees and their respective dependents or to such M&A Qualified Beneficiaries after the Closing Date, except as required by Law.

(e) Purchaser acknowledges and agrees that it shall be liable for, and hereby expressly assumes all liabilities under, those Benefit Plans listed on Schedule 5.14(e).

(f) Purchaser may, at its option and in its sole discretion, identify Benefit Plans in addition to those set forth on Schedule 5.14(e) that it chooses to assume and shall provide written notice at least five (5) Business Days prior to the Closing to Sellers of Purchaser's decision to assume any Benefit Plans (together with Subsidiary Benefit Plans, the "Assumed Benefit Plans") and the Assumed Benefit Plans shall be listed on such notice and Schedule 5.14(e), and Purchaser acknowledges and agrees that it hereby expressly assumes all liabilities under, such Assumed Benefit Plans.

(g) As of the Closing, Sellers shall cease to employ all Employees, except as set forth on Schedule 5.14(g).

(h) Notwithstanding any provision in this Section 5.14 to the contrary, nothing in this Section 5.14 shall constitute or be construed as (i) an amendment, termination or other modification of any employee benefit or compensation plan or arrangement, or a restriction or other limitation on the right of any party hereto to amend, terminate or otherwise modify any such plans or arrangements, or (ii) a guarantee of employment for any period, or a restriction or

other limitation on the right of any party hereto to terminate the employment of any individual at any time.

Section 5.15 Books and Records; Personnel. For a period of three (3) years after the Closing Date (or such longer period as may be required by any Governmental Entity or Legal Proceeding):

(a) the Purchaser shall not dispose of or destroy any of the business records and files of the Business transferred to it hereunder; and

(b) the Purchaser shall allow the Sellers and any of their directors, officers, employees, counsel, representatives, accountants and auditors access to all business records and files of the Sellers, the Transferred Subs or the Business that are transferred to Purchaser in connection herewith, which are reasonably required by the Sellers for purposes related to the Chapter 11 Cases, Tax matters and other reasonable business purposes, during regular business hours and upon reasonable notice, and the Sellers shall have the right to make copies of any such records and files.

(c) Notwithstanding the foregoing or anything to the contrary in this Agreement, (i) Purchaser may dispose of any such business records or files of the Business which are offered to, but not accepted by, the Sellers within ninety (90) days of receipt of such offer, and (ii) Purchaser shall not be required to share any such business records or files in any dispute with or relating to any of the Sellers, the Transferred Subs or the Business, other than as required by Law or any Legal Proceeding.

Section 5.16 Termination of Intercompany Agreements.

(a) On or prior to the Closing Date, the Sellers shall terminate, or shall cause to be terminated, all Contracts between any Transferred Sub on the one hand, and any Seller or its Affiliates (other than the Transferred Subs) on the other hand relating to the provision of services, cost-sharing or any other intercompany arrangement, except as are listed or described on Schedule 5.16.

(b) The Sellers shall terminate, or shall cause to be terminated, all tax sharing, allocation, indemnity or similar agreements or arrangements that the Sellers and any Affiliates thereof are currently parties to, such that no payments under any existing agreements will need to be made on or after the Closing Date.

Section 5.17 Payments Received. The Sellers and the Purchaser each agree that after the Closing they will hold and will promptly transfer and deliver to the other, from time to time as and when received by them, any cash, checks with appropriate endorsements (using their best efforts not to convert such checks into cash) or other property that they may receive on or after the Closing which properly belongs to the other party and will account to the other for all such receipts.

Section 5.18 Cooperation with Financing. Sellers shall, and shall use commercially reasonable efforts to cause the representatives of the Sellers to, at Purchaser's expense, (i) make members of senior management reasonably available to participate in meetings, drafting sessions

and due diligence sessions related to Purchaser's financing of the Cash Payment at Closing (the "Financing"), (ii) furnish Purchaser and its representatives with financial and other pertinent information of the Sellers as may be reasonably requested by Purchaser, including all information contemplated to be delivered after the Effective Date, as is necessary or customary in connection with the Financing, (iii) assist Purchaser and its financing sources in the preparation of information memoranda, lender presentations and similar documents and materials, in connection with the Financing (provided that no Seller shall be required to issue any such memoranda, presentation or other document), (iv) facilitate the pledging of collateral for the Financing (provided that no Seller or any officer or employee thereof shall be required to execute any documents, including any pledge or security documents or any other definitive financing documents, prior to the Closing) and (v) use commercially reasonable efforts to obtain such consents, approvals, authorizations and instruments which may be reasonably requested by Purchaser in connection with the Financing and collateral arrangements, including, without limitation, customary payoff letters, releases of liens and instruments of termination or discharge. If the Closing does not occur, Sellers, the Transferred Subs and their respective officers, directors, employees and representatives shall be indemnified and held harmless by Purchaser for and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by them in connection with the Financing and any information utilized in connection therewith. Notwithstanding anything contained in this Agreement to the contrary, Purchaser acknowledges and agrees that Purchaser's obligations hereunder are not conditioned in any matter upon Purchaser obtaining any financing.

Section 5.19 Intellectual Property Matters.

(a) Sellers hereby acknowledge and agree that, from and after the Closing, Purchaser shall have the sole right, and Sellers shall have no further right, to use the marks included in the Acquired Assets and any marks containing, comprising or confusingly similar to any of the foregoing (each, a "Restricted Mark"), other than in the case of disclosures by Sellers of their former ownership of the Business. As soon as possible following the Closing, but in any event within one hundred twenty (120) days following the Closing, each of the Sellers shall take, and shall cause their Affiliates to take, such corporate, limited liability company and any other action necessary to change its corporate and company name to a name that does not contain or include any Restricted Mark, including any necessary filings required by applicable Law.

(b) Prior to the Closing, Sellers shall use commercially reasonable efforts to provide Purchaser with a schedule of all payments, fees, responses to office actions or filings required to be made with respect to any Registered Intellectual Property that is material to the Business and having a due date within sixty (60) days after the Closing.

Section 5.20 Insurance Matters. In furtherance, and not in limitation, of Section 1.5 of this Agreement, to the extent that any Contracts of insurance included in the Acquired Assets cannot be transferred to Purchaser, if requested by Purchaser and permitted under the applicable policies, Sellers shall use commercially reasonable efforts to cooperate with Purchaser, at Purchaser's sole cost and expense, to (i) provide Purchaser with the benefits of formerly in effect insurance policies under which the Transferred Subs were insureds for all liabilities, occurrences and claims arising out of events, conditions or circumstances involving the Transferred Subs

which took place or existed prior to the Closing, and (ii) take such actions as may be necessary or desirable to enable Purchaser to access and recover under such insurance policies.

ARTICLE VI

CONDITIONS PRECEDENT

Section 6.1 Conditions Precedent to Obligation of the Sellers and the Purchaser. The respective obligations of each party hereto to effect the transactions contemplated by this Agreement shall be subject to the satisfaction of the following conditions:

(a) the Sale Order shall have been entered and the Sale Order shall have become a Final Order;

(b) the waiting period applicable to the Acquisition, if any, under the HSR Act shall have expired or been terminated; and

(c) there shall not be issued in effect by or before any court or other governmental body an Order or injunction restraining or prohibiting the transactions contemplated hereby.

Section 6.2 Conditions Precedent to Obligation of the Sellers. The obligation of the Sellers to effect the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing Date of the following additional conditions:

(a) the Purchaser shall have performed in all material respects its obligations under this Agreement required to be performed by the Purchaser at or prior to the Closing Date; and

(b) the representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects (without giving effect to any materiality or material adverse effect qualifications contained therein) as of the Closing Date as if made at and as of such date (except to the extent such representations and warranties are expressly made as of a specific date, in which case such date shall apply).

Section 6.3 Conditions Precedent to Obligation of the Purchaser. The obligation of the Purchaser to effect the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing Date of the following additional conditions:

(a) the Sellers shall have performed in all material respects the obligations under this Agreement required to be performed by the Sellers at or prior to the Closing Date;

(b) the representations and warranties of the Sellers contained in this Agreement shall be true and correct (without giving effect to any materiality or Material Adverse Effect qualifications contained therein, except as set forth in Section 3.19(c)(i)) as of the Closing Date as if made at and as of such date (except to the extent such representations and warranties are expressly made as of a specific date, in which case such date shall apply), except to the extent

that any breaches of such representations and warranties, individually or in the aggregate, have not had, or would not reasonably be expected to have, a Material Adverse Effect;

(c) the Sellers shall have provided to Purchaser (i) a written waiver, in a form reasonably acceptable to Purchaser, from the parties set forth on Schedule 6.3(c), in respect of the rights or restrictions described on such Schedule 6.3(c) or (ii) evidence reasonably satisfactory to Purchaser that such rights or restrictions described in clause (i) with respect to the transactions contemplated herein have lapsed; and

(d) the Sellers shall have obtained any Permit transfers and/or Permit-related consents (which may include a written consent or agreement, or other written permission, from the applicable Governmental Entity to allow Purchaser to operate the Business using the Sellers' existing Permit pending Purchaser's receipt of the new, modified or reissued Permit), the failure of which to be obtained prior to the Closing Date would materially and adversely disrupt the ordinary operation of the Business, taken as a whole, by Purchaser following the Closing.

ARTICLE VII

TERMINATION, AMENDMENT, AND WAIVER

Section 7.1 Termination Events. Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

(a) by mutual written consent of Parent and the Purchaser;

(b) by either Parent or the Purchaser if a Governmental Entity issues an Order prohibiting the transactions contemplated hereby, which Order is final and non-appealable;

(c) by Purchaser in the event that the Bidding Procedures Order has not been entered by the Bankruptcy Court on or before the twenty-first (21st) day after the Effective Date or (B) the Sale Order has not been entered by the Bankruptcy Court on or before the seventy-sixth (76th) day after the Effective Date;

(d) by Purchaser in the event of (i) any material breach by Sellers of any of their agreements, covenants, representations or warranties contained herein, which such breach would (if it occurred or was continuing as of the Closing Date) give rise to the failure of a condition set forth in Section 6.3(a) or Section 6.3(b) to be fulfilled, or (ii) any material breach in the Bidding Procedures Order or the Sale Order, and in either case, the failure of Sellers to cure such breach within fourteen (14) days after receipt of the Purchaser Termination Notice; provided, however, that Purchaser (1) is not itself in material breach of any of its agreements, covenants, representations or warranties contained herein or in the Bidding Procedures Order or the Sale Order, (2) notifies Sellers in writing (the "Purchaser Termination Notice") of its intention to exercise its rights under this Agreement as a result of the breach, and (3) specifies in such Purchaser Termination Notice the agreement, covenant, representation or warranty contained herein or in the Bidding Procedures Order or the Sale Order of which Sellers are allegedly in material breach;

(e) by Parent in the event of any material breach by Purchaser of any of Purchaser's agreements, covenants, representations or warranties contained herein or in the Bidding Procedures Order or the Sale Order, and the failure of the Purchaser to cure such breach within fourteen (14) days after receipt of a Seller Termination Notice; provided, however, that Sellers (i) are not in material breach of any of their agreements, covenants, representations or warranties contained herein or in the Bidding Procedures Order or the Sale Order, (ii) notifies Purchaser in writing (the "Seller Termination Notice") of its intention to exercise its rights under this Agreement as a result of the breach, and (iii) specifies in such Seller Termination Notice the agreement, covenant, representation or warranty contained herein or in the Bidding Procedures Order or the Sale Order of which Purchaser is allegedly in material breach; or

(f) by either Purchaser or Parent, if the Sellers consummate an alternative transaction (i) in which all or substantially all of the Acquired Assets are sold, transferred or otherwise disposed of and (ii) that the Bankruptcy Court has finally approved in an Order as "superior," in accordance with the Bidding Procedures Order, to the Acquisition contemplated by this Agreement.

Section 7.2 Effect of Termination.

(a) In the event of termination of this Agreement by either party hereto, except as otherwise provided in this Section 7.2, all rights and obligations of the parties under this Agreement shall terminate without any liability of any party to any other party; provided, however, that nothing herein shall relieve any party from liability for fraud or the intentional breach of this Agreement prior to such termination or abandonment of the transactions contemplated by this Agreement. The provisions of Sections 5.9, 7.2 and Article 8 shall expressly survive the expiration or termination of this Agreement.

(b) Notwithstanding Section 7.2(a), if this Agreement is terminated pursuant to Section 7.1(c), then Sellers shall pay to Purchaser the Expense Reimbursement, and if the Sellers subsequently consummate an Alternative Transaction prior to the first anniversary of the termination date, then Sellers shall pay to Purchaser an amount equal to the Break-Up Fee less any previously paid Expense Reimbursement, in full and complete satisfaction of all of Sellers' obligations hereunder. Notwithstanding Section 7.2(a), from and after the entry of the Bidding Procedures Order, if this Agreement is terminated pursuant to Sections 7.1(d) or 7.1(f), then Sellers shall pay to Purchaser the Break-Up Fee in full and complete satisfaction of all of Sellers' obligations hereunder. The payment of the Break-Up Fee and/or Expense Reimbursement shall be made by wire transfer of immediately available funds promptly (but in any event within two (2) Business Days) following the occurrence of one of the applicable events set forth in this paragraph, and shall be granted super priority administrative expense status in the Chapter 11 Cases. Notwithstanding anything to the contrary in this Agreement, the Purchaser's right to receive payment of the Break-Up Fee and/or Expense Reimbursement from Sellers as herein provided shall be the sole and exclusive remedy available to the Purchaser against Sellers or any of their respective former, current or future equityholders, directors, officers, Affiliates or agents with respect to this Agreement and the transactions contemplated hereby in the event that this Agreement is terminated pursuant to Sections 7.1(c), 7.1(d) or 7.1(f), and upon payment of the Break-Up Fee and/or Expense Reimbursement in the circumstances described herein, none of Sellers or any of their respective former, current or future equityholders, directors, officers,

Affiliates or agents shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated hereby.

(c) In the event of termination of this Agreement pursuant to Section 7.1(a), (b), (c), (d) or (f), Purchaser and Parent shall provide joint written instructions, executed by their respective Authorized Representatives, to the Escrow Agent that instruct the Escrow Agent to promptly release the Deposit Funds and all other monies in the escrow account containing the Deposit Funds to Purchaser.

(d) Notwithstanding Section 7.2(a), if this Agreement is terminated pursuant to Section 7.2(e), Purchaser and Parent shall provide joint written instructions, executed by their respective Authorized Representatives, to the Escrow Agent that instruct the Escrow Agent to promptly release the Deposit Funds and all other monies in the escrow account containing the Deposit Funds to Parent, as liquidated damages as Sellers' sole and exclusive remedy against Purchaser in all respects for any claim against Buyer arising out of any termination of this Agreement pursuant to Section 7.2(e). For the avoidance of doubt, nothing in this Section 7.2(d) shall limit Parent's ability to obtain specific performance of the terms of this Agreement pursuant to Section 8.16 hereof in the event of any breach by Purchaser of this Agreement.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.1 Survival of Representations, Warranties, and Agreements. No representations or warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive beyond the Closing Date.

Section 8.2 Confidentiality. The Purchaser agrees to be bound by the terms of the confidentiality agreement, dated December 4, 2012, between Parent and the Guarantor. Such confidentiality agreement shall continue in full force and effect notwithstanding the execution and delivery by the parties of this Agreement, except that it will terminate on the Closing Date. From and after the Closing Date until the fifth (5th) anniversary thereof, the Sellers shall not and shall cause their Affiliates and their respective officers, and directors not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than authorized officers, directors and employees of Purchaser or use or otherwise exploit for its own benefit or for the benefit of anyone other than Purchaser, any Confidential Information (as defined below). The Sellers and their respective officers, directors and Affiliates shall not have any obligation to keep confidential any Confidential Information if and to the extent disclosure thereof is specifically required by Law; provided, however, that in the event disclosure is required by applicable Law, the Sellers shall, to the extent reasonably possible, provide Purchaser with prompt notice of such requirement prior to making any disclosure so that Purchaser may seek an appropriate protective order. For purposes of this Section 8.2, "Confidential Information" shall mean any confidential information with respect to the Business, including, methods of operation, customers, customer lists, products, prices, fees, costs, Intellectual Property, inventions, trade secrets, know-how, Software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters; provided that such term shall not include, and there shall be no obligation hereunder with respect to, information that (i) is generally available

to the public on the Closing Date or (ii) becomes generally available to the public other than as a result of a disclosure not otherwise permissible thereunder.

Section 8.3 Public Announcements. Unless otherwise required by applicable Law or by obligations of Sellers or the Purchaser or their respective Affiliates pursuant to any listing agreement with or rules of any securities exchange, Sellers and the Purchaser shall consult with each other before issuing any other press release or otherwise making any public statement with respect to this Agreement, the transactions contemplated hereby or the activities and operations of the other and shall not issue any such release or make any such statement without the prior written consent of the other (such consent not to be unreasonably withheld or delayed).

Section 8.4 Taxes.

(a) All sales, use, excise, transfer, documentary, conveyance and other similar Taxes ("Transfer Taxes") payable in connection with the sale, conveyance, assignments, transfers and deliveries with respect to real or personal property to be acquired by the Purchaser hereunder shall be borne and paid by the Purchaser. The parties hereto shall reasonably cooperate to timely file or cause to be filed all necessary documents (including all Tax Returns) with respect to Transfer Taxes, and to minimize any such Transfer Taxes, including with respect to delivery location.

(b) Sellers shall use reasonable best efforts to timely file or cause to be filed notices to all relevant federal, state, local and foreign Tax Authorities ("Tax Notices") informing the relevant Tax Authorities of the Chapter 11 Case in a manner sufficient to limit Purchaser's liability for Tax obligations associated with time periods prior to the Closing Date.

(c) The Sellers and the Purchaser shall promptly provide each other with any reasonably requested information for purposes of determining any Tax liability in respect of the Acquired Assets, and shall otherwise make available to each other all information, records, or documents relating to liabilities for Taxes in respect of the Acquired Assets. The Sellers and the Purchaser shall preserve all such information, records and documents until the expiration of any statute of limitations or extensions thereof.

(d) As to any Acquired Asset acquired by the Purchaser, the Sellers and the Purchaser shall apportion the liability for real and personal property Taxes, ad valorem Taxes, and similar Taxes ("Periodic Taxes") for all Tax periods including but not beginning or ending on the Closing Date applicable to such Acquired Asset (all such periods of time being hereinafter called "Proration Periods"). The Periodic Taxes described in this Section 8.4(d) shall be apportioned between the Sellers and the Purchaser as of the Closing Date, with the Purchaser liable for that portion of the Periodic Taxes equal to the Periodic Tax for the Proration Period multiplied by a fraction, the numerator of which is the number of days remaining in the applicable Proration Period on and after the Closing Date, and the denominator of which is the total number of days covered by such Proration Period. The Sellers shall be liable for that portion of the Periodic Taxes for a Proration Period for which the Purchaser is not liable under the preceding sentence. The Purchaser and the Seller shall pay or be reimbursed for Periodic Taxes (including instances in which such Periodic Taxes have been paid before the Closing Date) on this prorated basis at Closing. To the extent the liability for Periodic Taxes for a certain Proration

Period or pre-Closing Tax period is not determinable at the time of Closing or such Periodic Taxes are charged in arrears, such Periodic Taxes shall be prorated for such Proration Period, or, in the case of Periodic Taxes for a pre-Closing Tax period, the amount shall be determined for purposes of this Agreement, based on the most recent ascertainable full tax year without adjustment. Purchaser shall prepare all Tax Returns for the Taxes described in this Section 8.4(d) consistent with past practice unless otherwise required by Law and the party hereto responsible under applicable Law for paying a Tax described in this Section 8.4(d) shall be responsible for administering the payment of such Tax. For purposes of this Section 8.4(d), the Proration Period for ad valorem Taxes and real and personal property Taxes shall be the fiscal period for which such Taxes were assessed by the applicable Tax jurisdiction.

(e) Purchaser hereby waives compliance by Seller and its Affiliates with the requirements and provisions of any "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Acquired Assets to Purchaser. Pursuant to Section 363(f) of the Bankruptcy Code, the transfer of the Acquired Assets shall be free and clear of any security interests in the Acquired Assets, including any liens or claims arising out of the bulk transfer laws, and the parties shall take such steps as may be necessary or appropriate to so provide in the Sale Order.

(f) Sellers shall use reasonable best efforts to have in place a valid election under Section 754 of the Code for all of the Transferred Subs that are partnerships for U.S. federal income tax purposes with respect to any taxable year (or portion thereof) which includes the Closing Date.

Section 8.5 Notices. All notices, claims, demands, and other communications hereunder shall be in writing and shall be deemed given upon (a) confirmation of receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand, or (c) the expiration of five (5) Business Days after the day when mailed by registered or certified mail (postage prepaid, return receipt requested), addressed to the respective parties at the following addresses (or such other address for a party hereto as shall be specified by like notice):

(a) If to the Guarantor, to

EQT Infrastructure II Limited Partnership
Attention: EQT Infrastructure II GP B.V.
World Trade Center Schiphol
H Tower, Floor 4
Schiphol Boulevard 355
1118 BJ Schiphol
The Netherlands
Attention: Gideon J. Van der Ploeg

with a copy to

STI Infrastructure Company, Inc.
c/o EQT Partners Inc.

1114 Avenue of Americas, 38th Floor
New York, New York 10036
Facsimile: (917) 281-0845
Attention: Glen Matsumoto

with another copy to
Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201
Facsimile: (214) 746-7777
Attention: Michael A. Saslaw
Martin A. Sosland

(b) If to the Purchaser, to

STI Infrastructure Company, Inc.
c/o EQT Partners Inc.
1114 Avenue of Americas, 38th Floor
New York, New York 10036
Facsimile: (917) 281-0845
Attention: Glen Matsumoto

with a copy to

Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201
Facsimile: (214) 746-7777
Attention: Michael A. Saslaw
Martin A. Sosland

and

(c) If to the Sellers, to

Synagro Technologies, Inc.
435 Williams Court, Suite 100
Baltimore, Maryland 21220
Facsimile: (713) 369-1751
Attention: General Counsel

with a copy to

Skadden, Arps, Slate, Meagher & Flom LLP
155 N. Wacker Drive
Chicago, Illinois 60606

Facsimile: (312) 407-0411
Attention: George Panagakis
Shilpi Gupta

Section 8.6 Descriptive Headings; Interpretative Provisions. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

Section 8.7 No Strict Construction. The Sellers and the Purchaser participated jointly in the negotiation and drafting of this Agreement, and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Sellers and the Purchaser, and no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the drafting party hereto shall be applied against any party hereto with respect to this Agreement.

Section 8.8 Entire Agreement; Assignment. This Agreement (including the Ancillary Documents, Exhibits, Schedules and the other documents and instruments referred to herein) (a) 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, including, without limitation, any transaction between or among the parties hereto and (b) shall not be assigned by operation of Law or otherwise; provided that upon prior written notice to Sellers, (i) Purchaser may assign (without relieving it of its obligations under) this Agreement in whole or in part to any of its Affiliates and (ii) Purchaser may collaterally assign its rights (but not its obligations) under this Agreement to any lender providing Financing.

Section 8.9 Governing Law; Submission of Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York without regard to the rules of conflict of Laws of the State of New York or any other jurisdiction. Each of the parties hereto irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the Bankruptcy Court for any litigation arising out of or relating to this Agreement and the transactions contemplated thereby (and agrees not to commence any litigation relating thereto except in the Bankruptcy Court), and waives any objection to the laying

of venue of any such litigation in the Bankruptcy Court. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.10 Expenses. Except as otherwise expressly provided herein, whether or not the transactions contemplated by this Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated thereby shall be paid by the party hereto incurring such expenses.

Section 8.11 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties hereto.

Section 8.12 Waiver. At any time prior to the Closing Date, the parties hereto may (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

Section 8.13 Counterparts; Effectiveness. 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. This Agreement shall become effective when each party hereto shall have received counterparts thereof signed by all the other parties hereto.

Section 8.14 Severability; Validity; Parties in Interest. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable, the remainder of this Agreement, and the application of such provision to other Persons or circumstances, shall not be affected thereby, and to such end, the provisions of this Agreement are agreed to be severable. Nothing in this Agreement, express or implied, is intended to confer upon any Person not a party to this Agreement any rights or remedies of any nature whatsoever under or by reason of this Agreement.

Section 8.15 Schedules; Materiality. The inclusion of any matter in any Schedule shall be deemed to be an inclusion for all purposes of this Agreement, to the extent that such disclosure is sufficient to identify the Section to which such disclosure is responsive, but inclusion therein shall not be deemed to constitute an admission, or otherwise imply, that any such matter is material or creates a measure for materiality for purposes of this Agreement. The disclosure of any particular fact or item in any Schedule shall not be deemed an admission as to whether the fact or item is "material" or would constitute a "Material Adverse Effect."

Section 8.16 Specific Performance; Sole and Exclusive Remedy for Seller Breach.

(a) The parties hereto recognize that if Purchaser breaches this Agreement (whether or not such breach is material or willful), monetary damages alone would not be adequate to compensate the Sellers for their injuries. The Sellers shall therefore be entitled, in

addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement. If any action is brought by the Sellers to enforce this Agreement, Purchaser shall waive the defense that there is an adequate remedy at Law.

(b) In the event of any material breach prior to the Closing by any Seller of any of Sellers' agreements, covenants, representations or warranties contained herein or in the Bidding Procedures Order or the Sale Order (including any such breach that is willful), Purchaser's sole and exclusive remedy shall be to exercise Purchaser's rights to terminate this Agreement pursuant to Section 7.1(d), in accordance with the terms of such Section 7.1(d), and to receive payment of the Break-Up Fee as provided in Section 7.2(b). Upon receipt of the Break-Up Fee, Purchaser shall not have any further cause of action for damages, specific performance or any other legal or equitable relief against Sellers or any of their respective former, current or future equityholders, directors, officers, Affiliates or agents with respect thereto.

Section 8.17 Guarantee of Purchaser's Obligations.

(a) Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Parent the payment of the Cash Payment at Closing by Purchaser arising under this Agreement (collectively, the "Obligation"). Without limiting the generality of the foregoing, this guarantee is one of payment, not collection, and a separate action or actions may be brought and prosecuted against Guarantor to enforce this guarantee, irrespective of whether any action is brought against Purchaser or whether Purchaser is joined in any such actions.

(b) If Purchaser fails to perform the Obligation requiring payment, in whole or in part, when such Obligation is due, Guarantor shall promptly pay such Obligation in lawful money of the United States. Guarantor shall pay such amount within five (5) Business Days of receipt of written demand for payment from Parent. Parent may enforce Guarantor's obligations under this Section 8.17 without first suing Purchaser or joining Purchaser in any suit against Guarantor, or enforcing any rights and remedies against Purchaser, or otherwise pursuing or asserting any claims or rights against Purchaser or any other Person or any of its or their property which may also be liable with respect to the matters for which Guarantor is liable under this Section 8.17. Notwithstanding the foregoing, Guarantor shall not owe or pay more than one Obligation, and Guarantor reserves the right to assert any defenses which Purchaser may have to payment or performance of the Obligation.

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ARTICLE IX

DEFINITIONS

As used herein, the terms below shall have the following meanings:

“*Accounts Receivable*” has the meaning set forth in Section 1.1(c).

“*Acquired Assets*” has the meaning set forth in Section 1.1.

“*Acquired Intellectual Property*” means all Intellectual Property owned by any of the Sellers or any of the Transferred Subs.

“*Acquisition*” has the meaning set forth in the Recitals.

“*Action*” means any claim, charge, action, suit, arbitration, mediation, inquiry, proceeding or investigation by any person or Governmental Entity before any Governmental Entity or any arbitrator or mediator.

“*Affiliate*” means, with respect to any Person, any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such Person.

“*Agreement*” has the meaning set forth in the Preamble.

“*Alternative Transaction*” means (i) any transaction or series of related transactions (including by merger, stock purchase, asset purchase, reorganization or other type of transaction) in which any Person (other than Purchaser) (A) becomes the beneficial owner of a majority of the voting stock of Parent or (B) acquires a majority of the Acquired Assets or (ii) a standalone plan of reorganization of any of the Sellers.

“*Ancillary Documents*” means the Bill of Sale, Assignment and Assumption Agreement and each other agreement, document or instrument (other than this Agreement) executed and delivered by the parties hereto in connection with the consummation of the transactions contemplated by this Agreement.

“*Annual Balance Sheet*” has the meaning set forth in Section 3.18(a).

“*Annual Financial Statements*” has the meaning set forth in Section 3.18(a).

“*Assigned Contracts*” has the meaning set forth in Section 1.1(e).

“*Assignment and Assumption Agreement*” has the meaning set forth in Section 2.2(a)(v).

“*Assumed Benefit Plans*” has the meaning set forth in Section 5.14(f).

“*Assumed Leases*” has the meaning set forth in Section 1.1(h).

“*Assumed Liabilities*” has the meaning set forth in Section 1.3.

“*Auction*” has the meaning set forth in Section 5.7(a).

“*Baltimore SPE Loan Agreement*” has the meaning set forth in the definition of Project Finance Debt.

“*Bankruptcy Code*” has the meaning set forth in the Recitals.

“*Bankruptcy Court*” has the meaning set forth in the Recitals.

“*Benefit Plan*” means an “employee benefit plan” (within the meaning of Section 3(3) of ERISA), and any employment, termination, severance, retention, change in control, deferred compensation, bonus or other incentive compensation, equity compensation, retirement, welfare benefit, Tax gross up, vacation or other paid time off, educational assistance, or flexible benefit (including expense reimbursement account) plan, program, agreement or arrangement or other material employee benefit plan, program, agreement or arrangement, in each case as to which any Seller or Transferred Sub has any obligation or liability, contingent or otherwise with respect to the Employees.

“*Bidding Procedures*” means bid procedures in substantially the form attached hereto as Exhibit D, to be approved by the Bankruptcy Court pursuant to the Bidding Procedures Order.

“*Bidding Procedures Order*” means an Order of the Bankruptcy Court in substantially the form attached hereto as Exhibit E.

“*Break-Up Fee*” means a dollar amount equal to \$13,800,000, which shall, subject to Bankruptcy Court approval, constitute a super priority administrative expense under Section 503(b)(1) of the Bankruptcy Code and shall be paid as set forth in Section 7.2.

“*Business*” has the meaning set forth in the Recitals.

“*Business Day*” means any day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York are authorized or required by Law or executive order to close.

“*Capital Lease*” has the meaning set forth in the definition of Indebtedness.

“*Cash Payment at Closing*” has the meaning set forth in Section 1.6(a).

“*Chapter 11 Cases*” has the meaning set forth in the Recitals.

“*Closing*” has the meaning set forth in Section 2.1.

“*Closing Date*” has the meaning set forth in Section 2.1.

“*COBRA*” has the meaning set forth in Section 5.14(d).

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Collective Bargaining Agreements*” has the meaning set forth in Section 3.16(a).

“*Confidential Information*” has the meaning set forth in Section 8.2.

“*Contract*” means any loan or credit agreement, bond, debenture, note, mortgage, indenture, lease, supply agreement, license agreement, development agreement or other contract, agreement, obligation, commitment or instrument that is legally binding, including all amendments thereto.

“*Cure Costs*” has the meaning set forth in Section 5.6.

“*Customer Contracts*” has the meaning set forth in Section 1.1(e)(i).

“*Data Room*” means the virtual data room hosted by IntraLinks Holdings, Inc. that was established by Sellers for the purpose of making information, agreements, documents and other due diligence materials regarding the Sellers, the Transferred Subs, the Business or the Acquired Assets available to Purchaser and its representatives in connection with the transactions contemplated by this Agreement.

“*Deposit Funds*” has the meaning set forth in Section 1.6(b).

“*Effective Date*” means the date as of which this Agreement was executed as set forth in the first sentence of this Agreement.

“*Employee*” means each individual who is employed by Sellers in connection with the Business.

“*Encumbrance*” means any charge, lien, claim, mortgage, lease, hypothecation, deed of trust, pledge, security interest, option, right of use, first offer or first refusal, easement, servitude, restrictive covenant, encroachment, encumbrance, or other similar restriction of any kind.

“*Environmental Laws*” means all laws relating to pollution, the protection of human health or safety or the protection, restoration or remediation of or prevention of harm to the environment or natural resources.

“*Environmental Permit*” means all licenses, certificates, permits, authorizations, registrations, certificates of authority, approvals and other similar authorizations that have been issued or granted by any Governmental Entity under or pursuant to Environmental Laws.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended.

“*Escrow Agent*” has the meaning set forth in Section 1.6(b).

“*Escrow Agreement*” means that certain Escrow Agreement in the form attached hereto as Exhibit H.

“*Excluded Assets*” has the meaning set forth in Section 1.2.

“*Excluded Liabilities*” has the meaning set forth in Section 1.4.

“*Existing Letters of Credit*” has the meaning set forth in Section 5.12(a).

"Existing Surety Bonds" has the meaning set forth in Section 5.12(b).

"Exit Bonuses" means the bonuses payable by the Sellers pursuant to that certain Key Employee Incentive Plan in connection with, related to, or arising out of the consummation of the transactions contemplated by this Agreement that were approved by the board of directors of the Parent on February 9, 2013 and are set forth on the Schedule 1.3(j).

"Expense Reimbursement" means a dollar amount equal to the reasonably documented, actual, out-of-pocket costs and expenses incurred by the Purchaser in connection with the transactions contemplated by this Agreement, which shall (i) subject to Bankruptcy Court approval, constitute a super priority administrative expense under Section 503(b)(1) of the Bankruptcy Code, (ii) be paid as set forth in Section 7.2 and (iii) be subject to a cap of \$4,500,000.

"Final Order" means an action taken or Order issued by the applicable Governmental Entity as to which: (i) no request for stay of the action or Order is pending, no such stay is in effect, and, if any deadline for filing any such request is designated by statute or regulation, it is passed, including any extensions thereof, (ii) no petition for rehearing or reconsideration of the action or Order, or protest of any kind, is pending before the Governmental Entity and the time for filing any such petition or protest is passed, (iii) the Governmental Entity does not have the action or Order under reconsideration or review on its own motion and the time for such reconsideration or review has passed, and (iv) the action or Order is not then under judicial review, there is no notice of appeal or other application for judicial review pending, and the deadline for filing such notice of appeal or other application for judicial review has passed, including any extensions thereof.

"Financing" has the meaning set forth in Section 5.18.

"GAAP" means United States generally accepted accounting principles (consistently applied throughout the periods indicated, as applicable).

"Governmental Entity" means any federal, state, provincial, local, county or municipal government, governmental, judicial, regulatory or administrative agency, commission, board, bureau or other authority or instrumentality, domestic or foreign, including any court, arbitration panel or similar body.

"Guarantor" has the meaning set forth in the Preamble.

"Hazardous Substances" means any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "controlled waste," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "contaminants," "pollutants," "toxic pollutants," or words of similar meaning and regulatory effect under any applicable Environmental Law including, without limitation, petroleum, petroleum products, polychlorinated biphenyls and asbestos.

"Houston Consolidation Costs" means all costs incurred by Sellers in connection with the consolidation of Sellers' Houston facility, including, without limitation, any moving costs, relocation costs and employee retention or severance costs.

"HSR Act" has the meaning set forth in Section 3.4.

"Indebtedness" means (without duplication): (i) all current and long-term obligations of any of the Sellers or the Business for borrowed money (excluding any trade payables or accounts payable that are required under GAAP to be reflected on or reserved for in a balance sheet)); (ii) all obligations of any of the Sellers or the Business in respect of letters of credit, to the extent drawn, and notes, debentures, bonds or other similar debt instruments; (iii) all obligations of any of the Sellers or the Business issued or assumed as the deferred purchase price of property, all conditional sale obligations of any of the Sellers or the Business and all obligations of any of the Sellers or the Business under any title retention agreement (but excluding trade accounts payable and other accrued current liabilities included in liabilities on the Interim Balance Sheet (other than the current liability portion of any indebtedness for borrowed money)); (iv) all obligations of any of the Sellers or the Business under interest rate or current swap transactions (valued at the termination value thereof); (v) all obligations of any of the Sellers or the Business to pay any amounts under a lease which is required to be classified as a capital lease or other capitalized liability on the face of a balance sheet prepared in accordance with GAAP (each, a "Capital Lease"); (vi) all obligations of the type referred to in clauses (i) through (v) of any of the Sellers or the Business for the payment of which any of the Sellers or the Business is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; (vii) all obligations of the type referred to in clauses (i) through (v) of Persons other than any of the Sellers or the Business secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Encumbrance (other than Permitted Encumbrances) on any property or asset of the Sellers or the Business; and (viii) any accrued interest and fees (including prepayment and redemption premiums or penalties and expense reimbursements) related to any of the foregoing.

"Insurance Claim" means reimbursement obligations of the insured relating to deductibles, among other liabilities owing from the insured to the underwriter based on and subject to the terms of the applicable insurance policy.

"Intellectual Property" means all: (a) trade names, trademarks, service marks, trade dress, logos, slogans, Internet domain names and other similar designations of source or origin, together with the goodwill symbolized by, and any registrations, applications, renewals and extensions for, any of the foregoing; (b) patents and patent applications (including continuation, continuation-in-part, divisional and provisional applications) and any renewals extensions and substitutes of any of the foregoing; (c) copyrights and any copyright registrations and applications and any renewals, extensions and reversions of any of the foregoing; (d) trade secrets and confidential know-how, information, processes, methods, formulae, technology, inventions, improvements, works of authorship, compositions, algorithms, databases, customer lists and supplier lists; (e) software; and (f) other similar intellectual property.

"Interests" has the meaning set forth in the Recitals.

"Interim Balance Sheet" has the meaning set forth in Section 3.18(a).

"Interim Financial Statements" has the meaning set forth in Section 3.18(a).

"Inventory" has the meaning set forth in Section 1.1(g).

"IRS" means the Internal Revenue Service.

"Knowledge of the Sellers" means the actual knowledge (without inquiry) of Eric Zimmer, Carolyn Stone, Joe Page, Mark McCormick, Pam Racey, Geoff Clark, Mark Sheppard, Brian Kendall and Steve Slauter.

"Law" means any United States federal, state, local or foreign statute, law, ordinance, regulation, rule, code, Order, other requirement or rule of law.

"Legal Proceeding" means any judicial, administrative or arbitral actions, suits, proceedings (public or private) or claims or any proceedings by or before a Governmental Entity.

"Lender" has the meaning set forth in Section 5.12(a).

"Material Adverse Effect" means any event or condition in respect of the operation of the Business, the Acquired Assets, and the Assumed Liabilities that in the aggregate results in a material adverse effect on the business, financial condition and operations of the Business taken as a whole, other than the effects of events or conditions resulting from (i) the Chapter 11 Cases, (ii) changes in general economic, financial market or geopolitical conditions in the United States, (iii) general changes or developments in the industries and markets in which the Business operates, (iv) the announcement and performance of this Agreement and the other transactions contemplated by this Agreement, including termination of, reduction in or similar negative impact on relationships, contractual or otherwise, with any customers, suppliers, distributors, partners or employees of the Business to the extent due to the announcement and performance of this Agreement or the identity of Purchaser, (v) any actions required under this Agreement to obtain any approval or authorization required under applicable antitrust or competition Laws for the consummation of the transactions contemplated by this Agreement, (vi) changes in (or proposals to change) any applicable Laws or regulations or applicable accounting regulations or principles or interpretations thereof or (vii) any outbreak or escalation of hostilities or war or any act of terrorism shall, in each case, be excluded from the determination of a Material Adverse Effect; provided that such events or conditions referred to in clauses (ii), (iii), (vi) and (vii) above do not disproportionately affect the Business, taken as a whole, as compared to other businesses in the industries in which the Business operates.

"Material Contracts" has the meaning set forth in Section 3.23(a).

"Material Customers" has the meaning set forth in Section 3.24.

"Material Suppliers" has the meaning set forth in Section 3.25.

"Motion to Approve the Bidding Procedures and Sale" means the motion filed or to be filed by the Sellers requesting that the Bankruptcy Court enter the Bidding Procedures Order and the Sale Order.

"Non-SPE Transferred Subs" means JABB II, LLC, Parsippany-Troy Hills Bio-Energy Center, LLC, Charlotte County Bio-Recycling Center, LLC and Philadelphia Biosolids Services, LLC.

"Obligation" has the meaning set forth in Section 8.17(a).

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Entity.

"Owned Real Property" has the meaning set forth in Section 1.1(h)(i).

"Parent" has the meaning set forth in the Preamble.

"Periodic Taxes" has the meaning set forth in Section 8.4(d).

"Permits" has the meaning set forth in Section 3.21.

"Permitted Encumbrances" means (i) statutory liens for current property Taxes and assessments (a) not yet due and payable or (b) being contested in good faith and by appropriate proceedings and which are reflected as current liabilities on the Interim Balance Sheet, (ii) statutory liens and rights of set-off of landlords, banks, carriers, warehousemen, mechanics, repairmen, workmen, suppliers and materialmen, and other Encumbrances imposed by Law, in each case, incurred in the ordinary course of business (x) for amounts not yet overdue, (y) being contested in good faith and by appropriate proceedings and which are reflected as current liabilities on the Interim Balance Sheet, or (z) for which payment and enforcement is stayed under the Bankruptcy Code or pursuant to orders of the Bankruptcy Court, (iii) rights of third parties pursuant to ground leases, leases, subleases, licenses, concessions or similar agreements that do not individually or in the aggregate in any material respect interfere with the Business' present use of the property subject thereto, (iv) easements, covenants, conditions, restrictions and other similar matters of record or imperfections of title with respect to the Real Property on Real Property or personalty that do not individually or in the aggregate in any material respect interfere with the Business' present use of the property subject thereto, (v) local, county, state and federal Laws, ordinances or governmental regulations, including ordinances or building codes, now or hereafter in effect relating to the Real Property, including liens set forth in any permits, licenses, governmental authorizations, registrations or approvals, that do not individually or in the aggregate in any material respect interfere with the Business' present use of the property subject thereto, (vi) Encumbrances caused by or resulting from the acts of Purchaser or any of its Affiliates, employees, officers, directors, agents, contractors, invitees or licensees, (vii) encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the Real Property and that do not materially impair the use of the Real Property for its intended purpose, (viii) rights granted to any licensee of any Intellectual Property in the ordinary course of business consistent with past practice, and (ix) those matters identified on the Permitted Encumbrances Schedule attached hereto.

“*Person*” means any individual, corporation, partnership, limited partnership, joint venture, limited liability company, trust or unincorporated organization or Governmental Entity or any other entity.

“*Petition Date*” has the meaning set forth in the Recitals.

“*Petitions*” has the meaning set forth in the Recitals.

“*Philadelphia SPE Loan Agreement*” has the meaning set forth in the definition of Project Finance Debt.

“*Project Finance Debt*” means: (i) that certain Loan Agreement, dated December 1, 2009, between Philadelphia Project Holdings, Inc. and Pennsylvania Economic Development Financing Authority (the “Philadelphia SPE Loan Agreement”); (ii) that certain Loan Agreement, dated December 1, 2002, between Sacramento Project Finance, Inc. and California Pollution Control Financing Authority (the “Sacramento SPE Loan Agreement”); (iii) that certain Amended and Restated Loan Agreement, dated July 1, 2008, between Synagro-Baltimore, L.L.C. and Maryland Industrial Development Financing Authority (the “Baltimore SPE Loan Agreement”); and (iv) Section 7.5(b) of that certain Amended and Restated Operating Agreement – Sludge Disposal Facility, dated November 5, 2003, by and among the City of Woonsocket, Woonsocket Regional Wastewater Commission and Synagro Woonsocket, Inc. (and any promissory note relating thereto).

“*Project Finance Indentures*” means: (i) that certain Indenture of Trust, dated December 1, 2009, between Pennsylvania Economic Development Financing Authority and U.S. Bank National Association, (ii) that certain Indenture of Trust, dated as of December 1, 2002, between California Pollution Control Financing Authority and BNY Western Trust Company and (iii) that certain Amended and Restated Trust Indenture, dated as of July 1, 2008, between Maryland Industrial Development Financing Authority and U.S. Bank National Association.

“*Proration Periods*” has the meaning set forth in Section 8.4(d).

“*Purchase Price*” has the meaning set forth in Section 1.6(a).

“*Purchaser*” has the meaning set forth in the Preamble.

“*Purchaser Termination Notice*” has the meaning set forth in Section 7.1(d).

“*Real Property*” means the Owned Real Property, real property owned by the Transferred Subs, the real property that is the subject of the Assumed Leases and real property leased by the Transferred Subs.

“*Registered Intellectual Property*” means all issued patents, pending patent applications, trademark or service mark registrations, applications for trademark or service mark registrations, copyright registrations, applications for copyright registration and Internet domain name registrations owned, filed or applied for by any of the Sellers or Transferred Subs.

"*Release*" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the environment (including, without limitation, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Substances through or in the air, soil, surface water, groundwater or property.

"*Restricted Mark*" has the meaning set forth in Section 5.19(a).

"*Retention Bonuses*" means the retention bonuses payable by the Sellers pursuant to that certain Key Employee Retention Plan in connection with, related to, or arising out of the consummation of the transactions contemplated by this Agreement that were approved by the board of directors of the Parent on February 9, 2013 and are set forth on the Schedule 1.3(i).

"*Sacramento SPE Loan Agreement*" has the meaning set forth in the definition of Project Finance Debt.

"*Sale Order*" means an Order of the Bankruptcy Court in substantially the form attached hereto as Exhibit C authorizing and approving the sale of the Acquired Assets to Purchaser on the terms and conditions set forth herein.

"*Seller*" and "*Sellers*" have the meanings set forth in the Preamble.

"*Seller Disclosure Schedule*" has the meaning set forth in the introductory paragraph to Article III.

"*Seller Termination Notice*" has the meaning set forth in Section 7.1(e).

"*Short-Term Incentive Plan Bonuses*" means the bonuses payable by the Sellers pursuant to that certain Short-Term Incentive Plan in connection with, related to, or arising out of the consummation of the transactions contemplated by this Agreement that were approved by the board of directors of the Parent on February 9, 2013 and are set forth on the Schedule 1.3(k).

"*Software*" has the meaning set forth in Section 1.1(k).

"*Subsidiary Benefit Plans*" has the meaning set forth in Section 3.15(a).

"*Successful Bidder*" has the meaning specified in the Bidding Procedures.

"*Supplier Contracts*" has the meaning set forth in Section 1.1(c)(ii).

"*Surety*" has the meaning set forth in Section 5.12(b).

"*Tangible Personal Property*" has the meaning set forth in Section 1.1(i).

"*Tax*" or "*Taxes*" means (i) all federal, state, local or foreign taxes, assessments, duties, fees, levies, imposts or other assessments and similar charges, including all income, environmental, profits, inventory, capital stock, license, withholding, franchise, transfer, sales, gross receipt, use, ad valorem, unclaimed property, property, excise, severance, stamp, payroll,

social security, employment, unemployment, withholding, and estimated taxes and any charges of any kind whatsoever, (ii) all additions to tax, penalties, and interest related thereto or additional amounts imposed by any Taxing Authority in connection with any item described in clause (i), and (iii) any transferee liability in respect of any items described in clauses (i) or (ii) payable by reason of contract, assumption, transferee or successor liability, operation of Law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law) or otherwise.

“*Tax Notices*” has the meaning set forth in Section 8.4(b).

“*Tax Return*” means any tax return, filing or information statement filed or required to be filed in connection with or with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof) including any information return, claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes the Sellers or any Affiliates thereof.

“*Taxing Authority*” means the IRS and any other governmental body responsible for the administration of any Tax.

“*Transfer Taxes*” has the meaning set forth in Section 8.4(a).

“*Transferred Employee*” shall have the meaning set forth in Section 5.14(a).

“*Transferred Sub*” and “*Transferred Subs*” have the meanings set forth in the Recitals.

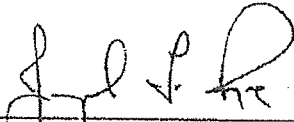
“*Transferred Subs Financial Statements*” has the meaning set forth in Section 3.18(b).

“*Union Employees*” has the meaning set forth in Section 5.14(a).

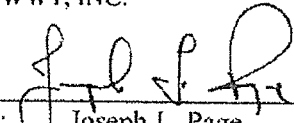
IN WITNESS WHEREOF, the Sellers, the Purchaser and the Guarantor have caused this Agreement to be executed as of the Effective Date.

SELLERS:

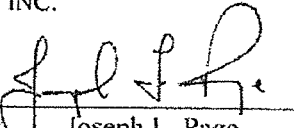
SYNAGRO TECHNOLOGIES, INC.

By: 
Name: Joseph L. Page
Title: Vice President

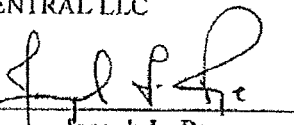
SYNAGRO – WWT, INC.

By: 
Name: Joseph L. Page
Title: Vice President

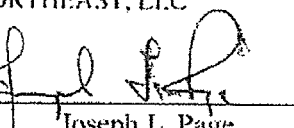
ST INTERCO, INC.

By: 
Name: Joseph L. Page
Title: Vice President

SYNAGRO CENTRAL LLC

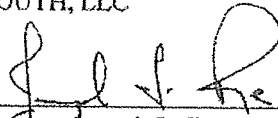
By: 
Name: Joseph L. Page
Title: Vice President

SYNAGRO NORTHEAST, LLC

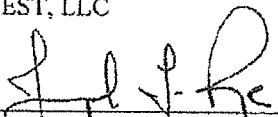
By: 
Name: Joseph L. Page
Title: Vice President

[Signature Page to Acquisition Agreement]

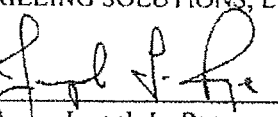
SYNAGRO SOUTH, LLC

By: 
Name: Joseph L. Page
Title: Vice President

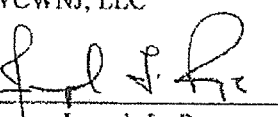
SYNAGRO WEST, LLC

By: 
Name: Joseph L. Page
Title: Vice President

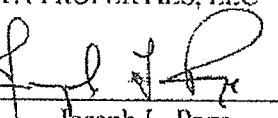
SYNAGRO DRILLING SOLUTIONS, LLC

By: 
Name: Joseph L. Page
Title: Vice President

SYNAGRO - WCWNJ, LLC

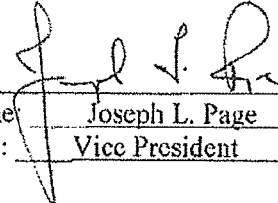
By: 
Name: Joseph L. Page
Title: Vice President

SOARING VISTA PROPERTIES, LLC

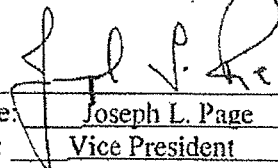
By: 
Name: Joseph L. Page
Title: Vice President

[Signature Page to Acquisition Agreement]

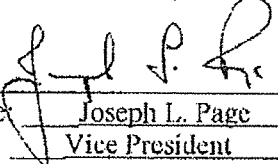
SOUTH KERN INDUSTRIAL CENTER, LLC

By: 
Name: Joseph L. Page
Title: Vice President

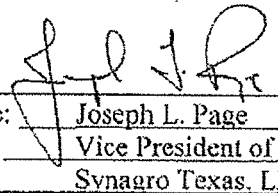
SYNAGRO - CONNECTICUT, LLC

By: 
Name: Joseph L. Page
Title: Vice President

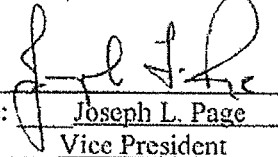
SYNAGRO WOONSOCKET, LLC

By: 
Name: Joseph L. Page
Title: Vice President

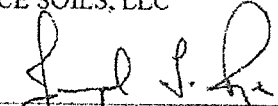
SYNAGRO MANAGEMENT, L.P.

By: 
Name: Joseph L. Page
Title: Vice President of its General Partner,
Synagro Texas, LLC

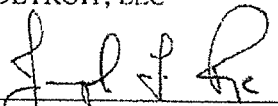
SYNAGRO TEXAS, LLC

By: 
Name: Joseph L. Page
Title: Vice President

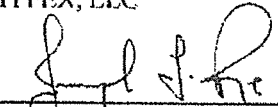
PROVIDENCE SOILS, LLC

By: 
Name: Joseph L. Page
Title: Vice President

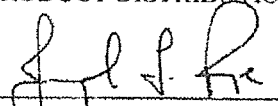
SYNAGRO DETROIT, LLC

By: 
Name: Joseph L. Page
Title: Vice President

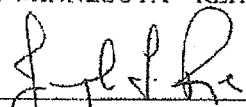
SYNAGRO HYPEX, LLC

By: 
Name: Joseph L. Page
Title: Vice President

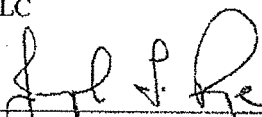
SYNAGRO PRODUCT DISTRIBUTION, LLC

By: 
Name: Joseph L. Page
Title: Vice President

SYNAGRO OF MINNESOTA - REHBEIN, LLC

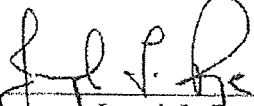
By: 
Name: Joseph L. Page
Title: Vice President

ENVIRONMENTAL PROTECTION & IMPROVEMENT
COMPANY, LLC

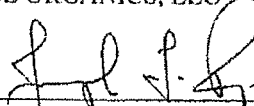
By: 
Name: Joseph L. Page
Title: Vice President

[Signature Page to Acquisition Agreement]

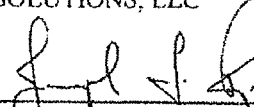
SYNAGRO OF TEXAS - CDR, INC.

By: 
Name: Joseph L. Page
Title: Vice President

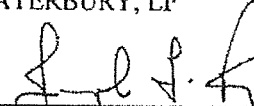
EARTHWISE ORGANICS, LLC

By: 
Name: Joseph L. Page
Title: Vice President

DRILLING SOLUTIONS, LLC

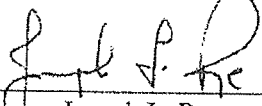
By: 
Name: Joseph L. Page
Title: Vice President

NETCO - WATERBURY, LP

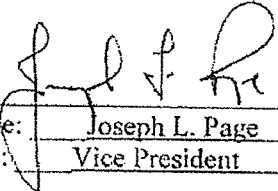
By: 
Name: Joseph L. Page
Title: Vice President of its General Partner
Synagro of Texas-CDR, Inc.

[Signature Page to Acquisition Agreement]

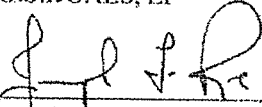
NEW YORK ORGANIC FERTILIZER COMPANY

By: 
Name: Joseph L. Page
Title: Vice President

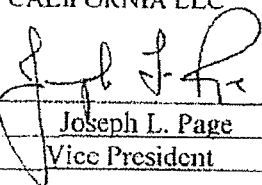
SYNAGRO COMPOSTING COMPANY OF CALIFORNIA, LLC

By: 
Name: Joseph L. Page
Title: Vice President

NEW HAVEN RESIDUALS, LP

By: 
Name: Joseph L. Page
Title: Vice President of its General Partner.
Synagro of Texas-CDR, Inc.

SYNAGRO OF CALIFORNIA LLC

By: 
Name: Joseph L. Page
Title: Vice President

PURCHASER:

SPF INFRASTRUCTURE COMPANY, INC.

By: 

Name: Gideon Johannes Van der Ploeg

Title: Chairman, President and
Chief Executive Officer

By: 

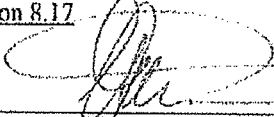
Name: Marc Hugo Joan Hedeman Joosten

Title: Director, Secretary and Treasurer

[Signature Page to Acquisition Agreement]

GUARANTOR:

EQT INFRASTRUCTURE II LIMITED
PARTNERSHIP, represented by its general partner
EQT Infrastructure II GP B.V., solely for purposes
of Section 8.17

By: 
Name: Gideon Johannes Van der Ploeg
Title: Director

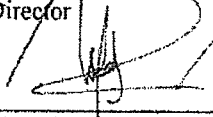
By: 
Name: Marc Hugo Joan Hedeman Joosten
Title: Director

Exhibit 1

Transferred Subs

Synagro - Baltimore, L.L.C.

Sacramento Project Finance, Inc.

Synagro Organic Fertilizer Company of Sacramento, Inc.

Philadelphia Project Holding, Inc.

Philadelphia Project Finance, LLC

Philadelphia Renewable Bio-Fuels, LLC

Philadelphia Biosolids Services, LLC

JABB II, LLC

Parsippany-Troy Hills Bio-Energy Center, LLC

Charlotte County Bio-Recycling Center, LLC

EXHIBIT 2

Vested Causes of Action

[TO COME]