



23rd July 2007

Dear Customer,

I wrote to you last month regarding the increased disposal costs of waste to landfill as a result of State Government charges via the E.P.A landfill levy and landfill operator increases to Veolia Environmental Services (VES) effective 1st July 2007. VES have subsequently been advised of further changes to the pricing structure surrounding the disposal of waste at landfill sites via bulk containers and compaction units. Privately owned metropolitan landfill operators have elected to institute a minimum tonnage disposal rate to VES for all such waste taken to their landfill sites.

As one of the largest collectors of waste in Metropolitan Melbourne VES commands considerable buying power from landfill operators so we are able to offer to our customers disposal rates at a considerable discount to those offered by the landfill operators themselves, however we have no alternative on this occasion other than to institute a minimum tonnage rate to mirror that imposed on VES by landfill operators.

The attached rate schedules will provide the details of the minimum charges and you will note the substantial price reduction afforded you via VES as opposed to that offered by landfill operators directly. Although VES has been left with no alternative other than to accept this new pricing structure effective 1st July 2007 we have made the decision not to pass on these costs to our customer base until the 1st August 2007, the new pricing structure will therefore be reflected on your August statement.

VES are extremely frustrated by the rapidly increasing costs associated with waste to landfill and welcome the opportunity to work with all our customers to minimise waste disposal costs by conducting waste stream audits to help identify recycling opportunities and potentially divert waste from landfill, if you would like to discuss the possibility of greater recycling at your sites please do not hesitate to contact your VES representative.

Yours Sincerely
Veolia Environmental Services (Aust) Pty. Ltd

A handwritten signature in blue ink, appearing to read "M. Churchin".

Marc Churchin
General Manager
Marketing & Development