# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2009**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [X] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

**D** Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
RECOLOGY EMPLOYEE STOCK OWNERSHIP PLAN

**1b** Three-digit plan number (PN) ▶ 002

**1c** Effective date of plan 10/01/1985

**2a** Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
RECOLOGY INC.

50 CALIFORNIA STREET, 24TH FLOOR
SAN FRANCISCO, CA 94111-9796

**2b** Employer Identification Number (EIN)
94-2922974

**2c** Sponsor's telephone number
415-875-1000

**2d** Business code (see instructions)
221300

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 07/18/2011 | JON BRASLAW |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")
RECOLOGY INC.

50 CALIFORNIA STREET, 24TH FLOOR
SAN FRANCISCO, CA 94111-9796

**3b** Administrator's EIN
94-2922974

**3c** Administrator's telephone number
415-875-1000

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

**a** Sponsor's name

**4b** EIN

**4c** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 3383 |
| **6** | Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**). | | |
| **a** | Active participants | **6a** | 2139 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 1116 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 3255 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 51 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 3306 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 3298 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 11 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2I 2O 2Q 3H

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

**9a** Plan funding arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | X | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**9b** Plan benefit arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | X | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

| | | |
|---|---|---|
| **(1)** | X | **R** (Retirement Plan Information) |
| **(2)** | | **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary |
| **(3)** | | **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |

**b General Schedules**

| | | | |
|---|---|---|---|
| **(1)** | X | | **H** (Financial Information) |
| **(2)** | | | **I** (Financial Information – Small Plan) |
| **(3)** | X | 1 | **A** (Insurance Information) |
| **(4)** | | | **C** (Service Provider Information) |
| **(5)** | X | | **D** (DFE/Participating Plan Information) |
| **(6)** | | | **G** (Financial Transaction Schedules) |

# SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection**

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010

**A** Name of plan
RECOLOGY EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500.
RECOLOGY INC.

**D** Employer Identification Number (EIN)
94-2922974

## Part I Information Concerning Insurance Contract Coverage, Fees, and Commissions

Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

**1** Coverage Information:

**(a)** Name of insurance carrier
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY PRIAC

| (b) EIN | (c) NAIC code | (d) Contract or identification number | (e) Approximate number of persons covered at end of policy or contract year | Policy or contract year (f) From | (g) To |
|---|---|---|---|---|---|
| 06-1050034 | 93629 | 040210 | 168 | 10/01/2009 | 09/30/2010 |

**2** Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

| (a) Total amount of commissions paid | (b) Total amount of fees paid |
|---|---|
| 0 | 0 |

**3** Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| (b) Amount of sales and base commissions paid | Fees and other commissions paid (c) Amount | (d) Purpose | (e) Organization code |
|---|---|---|---|
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| (b) Amount of sales and base commissions paid | Fees and other commissions paid (c) Amount | (d) Purpose | (e) Organization code |
|---|---|---|---|
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

**(a)** Name and address of the agent, broker, or other person to whom commissions or fees were paid

| **(b)** Amount of sales and base commissions paid | Fees and other commissions paid | | **(e)** Organization code |
|---|---|---|---|
| | **(c)** Amount | **(d)** Purpose | |
| | | | |

## Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

| | | | |
|---|---|---|---|
| 4 | Current value of plan's interest under this contract in the general account at year end | 4 | 73768 |
| 5 | Current value of plan's interest under this contract in separate accounts at year end | 5 | 50827 |

**6** Contracts With Allocated Funds:

**a** State the basis of premium rates ▶

| | | | |
|---|---|---|---|
| **b** | Premiums paid to carrier | 6b | |
| **c** | Premiums due but unpaid at the end of the year | 6c | |
| **d** | If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. | 6d | |

Specify nature of costs ▶

**e** Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☒ guaranteed investment (4) ☐ other ▶

| | | | | | |
|---|---|---|---|---|---|
| **b** | Balance at the end of the previous year | | | 7b | 35838 |
| **c** | Additions: (1) Contributions deposited during the year | 7c(1) | 38024 | | |
| | (2) Dividends and credits | 7c(2) | | | |
| | (3) Interest credited during the year | 7c(3) | 2191 | | |
| | (4) Transferred from separate account | 7c(4) | | | |
| | (5) Other (specify below) | 7c(5) | 115793 | | |
| | ▶ MISCELLANEOUS IN | | | | |
| | (6) Total additions | | | 7c(6) | 156008 |
| **d** | Total of balance and additions (add **b** and **c(6)**) | | | 7d | 191846 |
| **e** | Deductions: | | | | |
| | (1) Disbursed from fund to pay benefits or purchase annuities during year | 7e(1) | 2285 | | |
| | (2) Administration charge made by carrier | 7e(2) | | | |
| | (3) Transferred to separate account | 7e(3) | | | |
| | (4) Other (specify below) | 7e(4) | 115793 | | |
| | ▶ MISCELLANEOUS OUT | | | | |
| | (5) Total deductions | | | 7e(5) | 118078 |
| **f** | Balance at the end of the current year (subtract **e(5)** from **d**) | | | 7f | 73768 |

## Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

**8** Benefit and contract type (check all applicable boxes)

**a** ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance
**e** ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug
**i** ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract
**m** ☐ Other (specify) ▶

| | | | | |
|---|---|---|---|---|
| **9** Experience-rated contracts: | | | | |
| **a** Premiums: (1) Amount received | **9a(1)** | | | |
| (2) Increase (decrease) in amount due but unpaid | **9a(2)** | | | |
| (3) Increase (decrease) in unearned premium reserve | **9a(3)** | | | |
| (4) Earned (**(1)** + **(2)** - **(3)**) | | | **9a(4)** | |
| **b** Benefit charges (1) Claims paid | **9b(1)** | | | |
| (2) Increase (decrease) in claim reserves | **9b(2)** | | | |
| (3) Incurred claims (add **(1)** and **(2)**) | | | **9b(3)** | |
| (4) Claims charged | | | **9b(4)** | |
| **c** Remainder of premium: (1) Retention charges (on an accrual basis) -- | | | | |
| (A) Commissions | **9c(1)(A)** | | | |
| (B) Administrative service or other fees | **9c(1)(B)** | | | |
| (C) Other specific acquisition costs | **9c(1)(C)** | | | |
| (D) Other expenses | **9c(1)(D)** | | | |
| (E) Taxes | **9c(1)(E)** | | | |
| (F) Charges for risks or other contingencies | **9c(1)(F)** | | | |
| (G) Other retention charges | **9c(1)(G)** | | | |
| (H) Total retention | | | **9c(1)(H)** | |
| (2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.) | | | **9c(2)** | |
| **d** Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement | | | **9d(1)** | |
| (2) Claim reserves | | | **9d(2)** | |
| (3) Other reserves | | | **9d(3)** | |
| **e** Dividends or retroactive rate refunds due. (Do not include amount entered in **c(2)**.) | | | **9e** | |
| **10** Nonexperience-rated contracts: | | | | |
| **a** Total premiums or subscription charges paid to carrier | | | **10a** | |
| **b** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount. | | | **10b** | |

Specify nature of costs ▶

## Part IV Provision of Information

**11** Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

**12** If the answer to line 11 is "Yes," specify the information not provided. ▶

# SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

## DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection.**

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010

**A** Name of plan
RECOLOGY EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
RECOLOGY INC.

**D** Employer Identification Number (EIN)
94-2922974

**Part I** **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

**a** Name of MTIA, CCT, PSA, or 103-12 IE: CORE PLUS BOND/PIMCO FUND

**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS & ANNUITY

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 06-1050034-299 | P | 29485 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: DRYDEN S&P INDEX FUND

**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS & ANNUITY

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 06-1050034-123 | P | 3056 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: LARGE CAP GROWTH / WADDELL & REED F

**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS & ANNUITY

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 06-1050034-350 | P | 15889 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: MID CAP GROWTH / FRONTIER CAPITAL F

**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS & ANNUITY

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 06-1050034-559 | P | 1149 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: MID CAP VALUE / SYSTEMATIC FUND

**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS & ANNUITY

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 06-1050034-647 | P | 1248 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

## Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection**

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010

**A** Name of plan
RECOLOGY EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
RECOLOGY INC.

**D** Employer Identification Number (EIN)
94-2922974

## Part I Asset and Liability Statement

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | | 21475 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | | |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | | |
| **(9)** Value of interest in common/collective trusts | 1c(9) | | |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | 35150 | 50827 |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 1200682 | 1803115 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | 35838 | 73768 |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | 336734093 | 325547651 |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 338005763 | 327496836 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 338005763 | 327496836 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| | Income | | (a) Amount | (b) Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 4049610 | |
| | **(B)** Participants | 2a(1)(B) | | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 4049610 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 0 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 14249 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 14249 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **2b** (5) Unrealized appreciation (depreciation) of assets: (A) Real estate | 2b(5)(A) | | |
| (B) Other | 2b(5)(B) | -1593589 | |
| (C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B) | 2b(5)(C) | | -1593589 |
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | 4115 |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 49887 |
| **c** Other income | 2c | | 2191 |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 2526463 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 13035390 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | | |
| (3) Other | 2e(3) | | |
| (4) Total benefit payments. Add lines 2e(1) through (3) | 2e(4) | | 13035390 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | |
| **i** Administrative expenses: (1) Professional fees | 2i(1) | | |
| (2) Contract administrator fees | 2i(2) | | |
| (3) Investment advisory and management fees | 2i(3) | | |
| (4) Other | 2i(4) | | |
| (5) Total administrative expenses. Add lines 2i(1) through (4) | 2i(5) | | 0 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 13035390 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line 2j from line 2d | 2k | | -10508927 |
| **l** Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unqualified (2) [ ] Qualified (3) [ ] Disclaimer (4) [ ] Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: KPMG LLP (2) EIN: 13-5565207

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** | Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | |
| **b** | Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |
| **c** | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| **d** | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| **e** | Was this plan covered by a fidelity bond? | 4e | X | | 1000000 |
| **f** | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| **g** | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| **h** | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| **i** | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| **j** | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| **k** | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| **l** | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| **m** | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| **n** | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| **5b(1)** Name of plan(s) | **5b(2)** EIN(s) | **5b(3)** PN(s) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection.**

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010

**A** Name of plan
RECOLOGY EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
RECOLOGY INC.

**D** Employer Identification Number (EIN)
94-2922974

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... **1**

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 33-6032427 22-1211670

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. ..... **3**

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6** **a** Enter the minimum required contribution for this plan year ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☒ **No**

**11** **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☒ **Yes** ☐ **No**

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | |
|---|---|---|
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | |
|---|---|---|
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | |
|---|---|---|
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete items (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

KPMG

# RECOLOGY
# EMPLOYEE STOCK OWNERSHIP PLAN

Financial Statements and Supplemental Schedule

September 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

**KPMG LLP**
Suite 1400
55 Second Street
San Francisco, CA 94105

## Independent Auditors' Report

The Administrative Committee
Recology Employee Stock Ownership Plan

We have audited the accompanying statements of net assets available for benefits of the Recology Employee Stock Ownership Plan as of September 30, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Recology Employee Stock Ownership Plan as of September 30, 2010 and 2009, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i – schedule of assets (held at end of year) as of September 30, 2010, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

July 6, 2011

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
("KPMG International"), a Swiss entity.

**RECOLOGY EMPLOYEE**
**STOCK OWNERSHIP PLAN**

Statements of Net Assets Available for Benefits

September 30, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| Assets: | | |
| Investment in Recology Inc., at fair value | $ 325,547,651 | 336,734,093 |
| Mutual funds, at fair value | 1,927,710 | 1,271,670 |
| Noninterest-bearing cash | 21,475 | — |
| Total assets | 327,496,836 | 338,005,763 |
| Net assets available for benefits | $ 327,496,836 | 338,005,763 |

See accompanying notes to financial statements.

**RECOLOGY EMPLOYEE**
**STOCK OWNERSHIP PLAN**

Statements of Changes in Net Assets Available for Benefits

September 30, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| Investment income: | | |
| Net (depreciation) appreciation in fair value of investments | $ (1,523,147) | 21,803,868 |
| Employer contributions | 4,049,610 | 3,263,577 |
| Total additions | 2,526,463 | 25,067,445 |
| Distributions to participants | (13,035,390) | (11,709,624) |
| Total deductions | (13,035,390) | (11,709,624) |
| Net (decrease) increase | (10,508,927) | 13,357,821 |
| Net assets available for benefits: | | |
| Beginning of year | 338,005,763 | 324,647,942 |
| End of year | $ 327,496,836 | 338,005,763 |

See accompanying notes to financial statements.

## (1) Description of Plan

The following summary description of the Recology Employee Stock Ownership Plan (the Plan or ESOP), formerly known as the Norcal Waste Systems, Inc. Employee Stock Ownership Plan and Trust, is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

### *(a) General*

The Plan is a defined contribution plan covering most employees of Recology Inc. and its participating companies (Recology, the Company, and the Plan Administrator). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. As an employee stock ownership plan, the Plan is designed to invest primarily in the stock of the Company and may acquire such stock on a leveraged basis.

### *(b) Eligibility*

Employees of a Participating Company are generally eligible to participate in the Plan after they have completed 1,000 hours of service during a Plan Year.

### *(c) Contributions*

The Company may determine that Company contributions can be paid in cash, shares of stock, or by cancellation of indebtedness for any loan made by the Company to the Plan. Employee contributions to the Plan are not permitted.

The Company contributed cash in the amount of $4,049,610 and $3,263,577 to fund participant distributions for the years ended September 30, 2010 and 2009, respectively.

### *(d) Allocations to Participants*

Each eligible participant's account is credited annually with an allocation of: (i) contributions from the Company in the form of shares of company stock, (ii) forfeitures of terminated participants' nonvested accounts, and (iii) shares reallocated by reason of cash distributions of benefits to eligible participants. The release of shares for allocation to participant accounts is determined in accordance with the applicable regulations under the Internal Revenue Code (the Code) and the Plan document. Allocation of shares to participant accounts is based on the proportion of a participant's eligible compensation in relation to the aggregate eligible compensation for the plan year. During the years ended September 30, 2010 and 2009, forfeited shares of 27,154 and 34,872, respectively, were reallocated to participants' accounts. In addition, repurchased shares of 281,714 and 245,066 were also reallocated to participants' accounts during the years ended September 30, 2010 and 2009, respectively.

### *(e) Vesting*

Prior to October 1, 2008, a participant's account became 100% vested when the participant completed five years of service or upon death. For a participant paid for at least one hour of service on or after October 1, 2008, the participant's account becomes 100% vested upon completion of three years of service or upon death.



(Continued)

*(f) Distributions*

**Timing of Distributions**

If a participant terminates service because of retirement, disability (as these terms are defined in the Plan), or death the distribution of his Plan benefits will be offered to him over a five year period beginning in the first Plan year following the Plan year in which the participant terminated service.

If a vested participant terminates service for a reason other than retirement, disability, or death, distribution of his shares acquired by the ESOP on or after January 1, 1987 (Post-1986 shares) will be offered to him over a five year period beginning on the sixth Plan year following the Plan year in which the participant terminated service. The portion of a participant's Plan benefit attributable to shares acquired by the ESOP prior to January 1, 1987 (Pre-1987 shares) will begin to be distributed only after the participant reaches retirement or otherwise becomes eligible for a full distribution.

**Form of Distributions**

As long as the Company's Articles of Incorporation restrict ownership of substantially all stock to the ESOP, or as long as the Company remains an S corporation, Plan benefits may be paid in cash based on the value of stock and cash (if any) in the participant's account. Alternatively, the Committee may choose to make distributions in the form of Recology stock, subject to the requirement that the distributed stock be immediately sold to the Company at the most recent appraised value.

Effective October 1, 2008, a participant who terminates employment for a reason other than retirement or death and who fails to consent to a distribution will have the portion of the account attributable to Post-1986 shares converted to cash and invested in assets other than Recology stock (Conversion Accounts). This investment conversion will occur using the fair market value of Recology stock as of the Allocation Date immediately preceding the date the distribution is offered to him, and will continue in substantially equal amounts over a period not to exceed five years. A retiree whose retirement age is 61 and who fails to consent to his distribution will not have the investment of his account converted for the Plan year.

Once the participant's investment in Recology stock has been converted, the funds will be credited to a separate Conversion Account for the participant. The investment of the Conversion Accounts will be made by participants through a participant-directed investment arrangement intended to meet requirements of Section 404(c) of ERISA.

**How Distributions Are Made**

If a participant's account is between $1,000 and $5,000, then the Plan will pay the benefit in the form of a lump sum if the participant consents to a distribution. If a participant's account is more than $5,000, the Plan will distribute the benefit based on substantially equal annual installments of shares over a period of years generally not to exceed five years.

If benefits are paid in installments, the undistributed balance will remain invested in stock, and its value may vary at each valuation date.



(Continued)

If the value of a participant's ESOP account is $1,000 or less at the time of determination, it will be distributed in a single lump sum.

Distributions made from the Conversion Accounts (whether by participant request, death, or because the participant reached Normal Retirement Age) are made in one lump sum amount.

*(g) Administration*

The Company stock in the Plan is currently held in trust by Union Bank of California. The Conversion Accounts are currently held in trust by Prudential Bank & Trust, FSB. Effective March 24, 2011, a five-person Administrative Committee (the Committee) administers the Plan, and the Company is the Plan Administrator for purposes of Section 3(16) (A) of ERISA and Section 414(g) of the Internal Revenue Code. Prior to March 24, 2011, a four-person Committee administered the Plan.

*(h) Voting Rights*

The Committee holds a proxy from the Trustee, which empowers the Committee to vote the stock held by the Plan. However, in the case of certain corporate matters, which involve the voting of shares and which relate to a corporate merger, consolidation, recapitalization, liquidation, dissolution or similar transaction, participants are entitled to direct the voting of shares allocated to their accounts, whether or not vested.

*(i) Diversification*

Diversification is offered to certain participants close to retirement so that they may have the opportunity to elect to receive a distribution allowing for diversification of their holdings. Participants who are at least age 55 with at least 10 years of participation in the Plan on September 30th may elect to diversify a portion of their ESOP accounts attributable to post-1986 shares. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of post-1986 shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%.

**(2) Summary of Significant Accounting Policies**

*(a) Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles.

*(b) Investment Valuation and Income Recognition*

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The net realized and unrealized gains or



(Continued)

losses, which include gains and losses on investments bought and sold as well as held during the year, are included in the net (depreciation) appreciation in fair value of investments.

***(c) Risks and Uncertainties***

The Plan invests in common stock of the Company. The common stock of the Company is exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with the common stock, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

***(d) Administrative Expenses***

The Company pays all of the Plan's administrative expenses.

***(e) Use of Estimates***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

***(f) Payment of Benefits***

Benefits are recorded when paid.

***(g) New Accounting Pronouncements***

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures* (Topic 820) – *Improving Disclosures of Fair Value Measurements* (ASU 2010-06). ASU 2010-06 requires new disclosure for transfers in and out of Level 1 and 2 measurements, a reconciliation of Level 3 activity, fair value disclosures for each class of assets and liabilities, and disclosure of valuation techniques and inputs used to measure fair value for Level 2 and Level 3 measurements. ASU 2010-06 is effective for fiscal years beginning after December 15, 2009, except for the reconciliation of Level 3 activity, which is effective for fiscal years beginning after December 15, 2010. The Company does not expect the adoption of ASU 2010-06 to have a material effect on the Plan.



(Continued)

## (3) Investment of Plan Assets

The Trustee, as directed by the Committee, will invest in the Recology Employee Stock Ownership Trust Fund (the Trust Fund) all amounts, which are paid to it with respect to the Plan, other than benefit distributions. Apart from Conversion Accounts, the Trust Fund is generally invested only in common stock of the Company or, on a temporary basis, short-term interest-bearing investments. The Plan's 100% ownership interest in the Company consists of 22,765,570 and 23,433,131 shares of the Company's common stock as of September 30, 2010 and 2009, respectively. The Plan's investment, for financial statement purposes as of September 30, is presented in the following table:

| | | 2010 | 2009 |
|---|---|---|---|
| Recology Inc. common stock | | | |
| Number of shares | | 22,765,570 | 23,433,131 |
| Cost | $ | 154,259,314 | 158,782,702 |
| Estimated fair value | | 325,547,651 | 336,734,093 |
| Mutual funds | | 1,927,710 | 1,271,670 |
| Total | | 327,475,361 | 338,005,763 |

The fair value per share of the common stock as determined by the Committee's independent appraiser as of September 30, 2010 and 2009 was $14.30 and $14.37, respectively.

The following table presents the fair value of investments. Individual investments that exceed 5% of the fair value of the Plan's net assets as of September 30, 2010 and 2009 are separately identified (*) and (**), respectively:

| Description of investment | | 2010 | 2009 |
|---|---|---|---|
| Investment in Recology Inc. (*) (**) | $ | 325,547,651 | 336,734,093 |
| Mutual funds | | 1,927,710 | 1,271,670 |
| Total | $ | 327,475,361 | 338,005,763 |

During the years ended September 30, 2010 and 2009, the Plan's investments (including gains and losses on investments bought, sold, and held during the year) (depreciated)/appreciated in value by ($1,523,147) and $21,803,868, respectively, as follows:

| | | 2010 | 2009 |
|---|---|---|---|
| Investment in Recology Inc. | $ | (1,593,589) | 21,558,480 |
| Mutual funds | | 70,442 | 245,388 |
| Total | $ | (1,523,147) | 21,803,868 |



(Continued)

## (4) Nonparticipant –Directed Investments

Significant components of the changes in net assets relating to the nonparticipant-directed investments are as follows:

| Description of investment | September 30, 2010 | 2009 |
|---|---|---|
| Investment in Recology Inc. | $ 325,547,651 | 336,734,093 |
| Total | $ 325,547,651 | 336,734,093 |

| Nonparticipant Directed Investments | Year ended September 30, 2010 |
|---|---|
| Changes in net assets: | |
| Contributions | $ 4,049,610 |
| Distributions to participants | (12,672,822) |
| Net depreciation | (1,593,589) |
| Transfers to participant-directed investments | (969,641) |
| Total | $ (11,186,442) |

## (5) Fair Value Measurements

FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements* establishes a framework for measuring fair value, which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy from highest to lowest are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2010 and 2009:

- Investment in the common stock of the Company is valued at its estimated fair value as determined by the Committee based upon an independent appraisal. Because of the inherent subjectivity in any valuation, the estimated value might differ significantly from the value that would have been used


(Continued)

had a ready market for the security existed. For the Plan year ended September 30, 2010, there was a change in valuation technique to include a 5% lack of marketability discount to reflect evolving practices in the industry. This change should be evaluated in the context of the complete valuation, which includes a number of assumptions and judgments.

- Investments in mutual funds are valued at fair value based upon quoted market prices in an active market.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2010 and 2009:

| | September 30, 2010 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Blended fund | $ 1,787,215 | — | — | 1,787,215 |
| Fixed income fund | 73,768 | — | — | 73,768 |
| Intermediate-term bond fund | 29,485 | — | — | 29,485 |
| Large cap growth fund | 15,889 | — | — | 15,889 |
| Small cap value fund | 9,317 | — | — | 9,317 |
| Small cap growth fund | 6,124 | — | — | 6,124 |
| Large cap value fund | 3,515 | — | — | 3,515 |
| Mid cap value fund | 1,248 | — | — | 1,248 |
| Mid cap growth fund | 1,149 | — | — | 1,149 |
| Company Common Stock | — | — | 325,547,651 | 325,547,651 |
| Total | $ 1,927,710 | — | 325,547,651 | 327,475,361 |

| | September 30, 2009 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds | $ 1,271,670 | — | — | 1,271,670 |
| Company Common Stock | — | — | 336,734,093 | 336,734,093 |
| Total | $ 1,271,670 | — | 336,734,093 | 338,005,763 |



(Continued)

**Level 3 Gains and Losses**

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets for the years ended September 30, 2010 and 2009.

| | Company Common Stock |
|---|---|
| Balance, beginning of year, September 30, 2008 | $ 324,615,387 |
| Unrealized gains relating to investments held at reporting date | 21,558,480 |
| Employer contributions, distributions to participants, net | (9,439,774) |
| Balance, September 30, 2009 | 336,734,093 |
| Unrealized losses relating to investments held at reporting date | (1,593,589) |
| Employer contributions, distributions to participants, net | (9,592,853) |
| Balance, September 30, 2010 | $ 325,547,651 |

## (6) Plan Termination

The Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA and the Code. In the event of plan termination, participants will become 100% vested in their accounts.

## (7) Income Tax Status

The Internal Revenue Service has determined and informed the company by a letter dated August 11, 2003, that the Plan and related trusts are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trusts are tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of September 30, 2010 and 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2007.



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## (8) Litigation

The Company is involved in various legal actions in the normal course of business. It is the Company's opinion that all such matters relating to litigation are adequately provided for or that resolution of such matters will not have a material adverse impact on the financial condition of the Company; however, there can be no assurance that the impact of such matters on its results of operations or cash flows for any given reporting period will not be material.

## (9) Related-Party Transactions

Recology Inc. common stock transactions between the Plan and the Company are subject to the party in interest transaction restrictions and must meet an exemption. Certain Plan investments are mutual funds managed by Prudential Bank and Trust, FSB, trustee. Prudential Bank and Trust, FSB is the trustee and Prudential Retirement Insurance & Annuity Co. is the custodian as defined by the Plan and, therefore, these transactions qualify as related-party transactions.

## (10) Subsequent Events

The Plan has evaluated events subsequent to September 30, 2010 through July 6, 2011, the date at which the financial statements were available to be issued.

The Plan was amended effective October 1, 2010 to exclude from the definition of Compensation, any cash payment made to an employee in lieu of group health coverage because the employee certifies to the Company that he/she has other health coverage.

In March 2011, the Company contributed cash in the amount of $3,731,887 to fund participant distributions, including diversification distributions that took place during the Plan year ending September 30, 2011. In addition, the ESOP distributed 748,462 shares to participants that were immediately repurchased for $10,703,017 by the Company in 2011.

# SUPPLEMENTAL SCHEDULE

**RECOLOGY EMPLOYEE**
**STOCK OWNERSHIP PLAN**

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

September 30, 2010

| Issuer | Description | Units | Cost | Fair value |
|---|---|---|---|---|
| Recology Inc.* | Common stock, $0.01 par value | 22,765,570 | $ 154,259,314 | $ 325,547,651 |
| | Mutual funds: | | | |
| Prudential Retirement Insurance and Annuity Company * | Oakmark Equity and Income | 68,065 | (1) | 1,771,742 |
| Prudential Retirement Insurance and Annuity Company * | Guaranteed Income Fund | 2,755 | (1) | 73,768 |
| Prudential Retirement Insurance and Annuity Company * | Amer: EuroPacific Grow R4 | 318 | (1) | 12,417 |
| Prudential Retirement Insurance and Annuity Company * | Core Bond Enhanced Index / PIMCO Fund | 1,722 | (1) | 29,485 |
| Prudential Retirement Insurance and Annuity Company * | Large Cap Growth / Waddell & Reed | 1,364 | (1) | 15,889 |
| Prudential Retirement Insurance and Annuity Company * | Dryden S&P 500 Index Fund | 42 | (1) | 3,056 |
| Prudential Retirement Insurance and Annuity Company * | Small Cap Value/Target | 509 | (1) | 9,317 |
| Prudential Retirement Insurance and Annuity Company * | Small Cap Growth / Blackrock | 328 | (1) | 6,124 |
| Prudential Retirement Insurance and Annuity Company * | Large Cap Value / Eaton Vance | 212 | (1) | 3,515 |
| Prudential Retirement Insurance and Annuity Company * | Mid Cap Value / Systematic | 127 | (1) | 1,248 |
| Prudential Retirement Insurance and Annuity Company * | Mid Cap Growth / Frontier | 119 | (1) | 1,149 |
| Total | | | $ 154,259,314 | $ 327,475,361 |

* Party-in-interest

(1) The cost was omitted as the investments are participant-directed.

See accompanying independent auditors' report.

**RECOLOGY EMPLOYEE**
**STOCK OWNERSHIP PLAN**

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

September 30, 2010

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