

January 18, 2010

To the Creditors of Budget Waste Inc. (the "Company");

Pursuant to Article 13.11 of the Company's Plan of Arrangement (the "Original Plan") dated January 5, 2010 and mailed to creditors on January 8, 2010, the Company has made modifications to the Original Plan and the cash flows in support of the Original Plan. Accordingly, we attach for your review the following:

- Amended Plan of Arrangement dated January 15, 2010 (the "Amended Plan");
- Revised pro-forma weekly cash flow to December 26, 2010;
- Revised pro-forma monthly cash payment plan; and
- Form of voting letter and proxy.

Capitalized terms used herein, but not otherwise defined, shall have the meanings given to them in the Amended Plan.

Summary of the Original Plan:

The Original Plan filed by the Company, and mailed to creditors contemplated (a) payments to unsecured creditors on a pro rata basis from a \$600,000 fund to be financed from operations or (b) an offering of shares of BWI Holdings Inc. ("BWIH") in satisfaction of such unsecured claims. The Original Plan further provided for payments to Priority and Unaffected Creditors, which were to be funded through the liquidation of assets and contributions by shareholders.

Cash flows were based upon assumptions that included the DIP lender deferring repayment of the DIP loan until several other Priority and Unaffected Creditors had been dealt with, and asset liquidations taking place on a monthly basis commencing December 2009 and continuing until September 2010.

The share offering was predicated on the assumption that the Company would be able to obtain an opinion from United States counsel that BWIH was authorized to issue shares to Unsecured Creditors in satisfaction of debt obligations of the Company under applicable United States securities laws and that such offering was exempt from prospectus requirements of the applicable securities laws, among other things.

Subsequent to the filing of the Original Plan the Company became aware that the assumptions set out above and used in formulating the Original Plan were in fact incorrect. As a result, the Company is not able to meet the funding projected in the original cash flows in the anticipated time frames. The Company further determined that the costs of obtaining the necessary legal opinions and reviews required to allow it to proceed with the share offering were prohibitively expensive and that based on changes to the share price of BWIH, there may be few creditors who would select this option. As a result of these matters, the Company formulated the enclosed Amended

The Amended Plan – Summary of Changes:

The Monitor has reviewed this Amended Plan. Our comments which follow highlight the differences from the Original Plan and the Company's explanations for the changes. We also provide below the Monitor's opinions and recommendations with respect to the Amended Plan.

A condition precedent to the Amended Plan (see Article 6.1), which was also contained in the Original Plan, is that certain conditions be satisfied or fulfilled before the Amended Plan may be implemented, including arrangements for payment of Unaffected Creditors' debts satisfactory to the Unaffected Creditors and the Company having been made. Additionally, Article 4.4 provides that prior to any distributions to Unsecured Creditors or on account of Disclaimed Lessor Obligations: payments to the Monitor, its counsel and the Company's counsel must be paid in accordance with the cash flows; post-filing amounts owing to the federal government on account of certain remittances are current; and the Plan Sanction Order has been granted and the appeal period with respect to same has expired without any appeals having been taken out.

Subsequent to the filing of the Original Plan the Company was advised that the monthly auctions they were relying on for funding payments contemplated under the Original Plan were not scheduled for the months of January and February 2010. The effect of this was to take approximately \$280,000 in planned cash flow and defer it until September and October 2010. The Company had also underestimated professional fees which resulted in a further \$55,000 deterioration in cash flow.

More significantly, the Company had originally planned to defer payment to the DIP lender until August and September 2010 as per the original DIP financing agreement. This agreement, however, was based on the assumption that there would be no erosion of the assets the DIP lender was relying on for security in the intervening period. With the Company's plan to sell assets to fund payments to Unaffected Creditors, the DIP lender became concerned that its position might deteriorate and requested repayment of the DIP loan immediately upon issuance of the Plan Sanction Order. The Company advises that the DIP lender is requiring payment of all but the final \$75,000 of the DIP loan in February 2010. The final \$75,000 is anticipated to be paid in September 2010. The Monitor is still awaiting confirmation from the DIP lender of this arrangement. The effect of this change has been to accelerate the payment of \$225,000 to the DIP lender to immediately following the Plan Sanction Order. Combined with the other changes to the cash flows the effect is a shortfall of \$560,000 from the original cash flows as at the date of the Plan Sanction Order. The situation corrects itself by October 2010 such that, except for the effect of the underestimated professional fees, the overall cash flows remain the same as in the Original Plan, only the timing changes.

Effect of the Amended Plan:

In order to accommodate the changes to the anticipated cash flows and the Company's ability to meet the conditions precedent of the Plan, significant changes were necessary to the payment schedules for the Priority and Unaffected Creditors.

These changes are reflected in the revised pro-forma monthly cash payment plan which is attached, and include:

- A smoothing of the cash payments to CRA to reflect the revised cash availability, although full repayment will still occur in the six months following the Plan Sanction Order as required by legislation;
- A smoothing of the catch up of the Post CCAA Lease Payments to be completed in September 2010; and
- A smoothing of the payment of the Disclaimed Lessor Obligations to be completed in October 2010.

The only effect the foregoing cash flow variances will have on the proposed recovery to Unsecured Creditors is a delay in the commencement of payments for distribution to the Unsecured Creditors by three weeks, from January 24, 2010 to February 14, 2010. Delayed payments are made up through out the Amended Plan payment schedule as outlined in the weekly cash flows.

The Amended Plan, however, does contain one change that may have an affect on the amounts available to Unsecured Creditors. Due to the costs involved in satisfying the court with respect to BWIH's ability to issue shares as contemplated in the Original Plan, the Company has eliminated the option of a share offering in satisfaction of Unsecured Claims in the Amended Plan. The Monitor has no way of determining the numbers of creditors that may have elected to take shares; therefore, we can not determine the effect, if any, the removal of this provision will have on creditor recovery.

Summary and Recommendations:

While there are significant changes in the Amended Plan as a result of cash flow issues that arose after the filing of the Original Plan, these changes appear to have little, if any, effect on the overall recovery being proposed to Unsecured Creditors. The pool of money being proposed for distribution to Unsecured Creditors remains at \$600,000 and Unsecured Creditors continue to share in any surplus that may be generated from the sale of a quantity of bins over a certain threshold. As a result the proposed recovery remains within the range of reasonableness when compared to a liquidation. The removal of the share offering may result in some decreased recovery below what would have been the case if some Unsecured Creditors had elected to take shares in satisfaction of their Claims. However, as discussed above, the Monitor has no way to determine how many Creditors may have selected to accept a share offering and, therefore, cannot estimate what difference this may have made in terms of overall cash recoveries to Unsecured Creditors.

As outlined in the ninth report of the Monitor dated December 22, 2009 (the "Ninth Report"), successful plan implementation hinges on the Company satisfying the conditions precedent to the Amended Plan, which include arrangements for the payment of the Unaffected Creditors' debts satisfactory to the Unaffected Creditors. As these creditors do not form a class that will be compromised by the Amended Plan and do not have a vote on the Amended Plan, we expect that the Company is in contact with them individually to discuss the arrangements for payment as outlined in the Amended Plan and to ensure such arrangements are satisfactory. We also expect

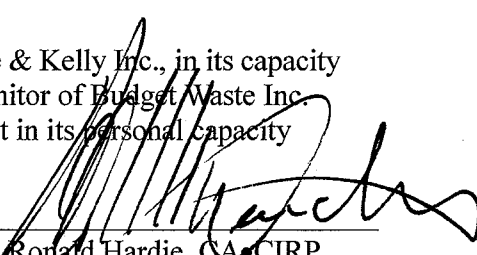
the Company will provide a report to the Unsecured Creditors on the progress of these arrangements prior to any vote on the Amended Plan.

The Monitor wishes to again highlight for the creditors that the ultimate success of the Amended Plan is dependent on the Company's ability to meet its cash flow projections and the concerns with respect to that continued ability, as outlined in our Ninth Report, remain.

On the basis of the foregoing, the Monitor continues to be supportive of the Amended Plan and of a continuation of the stay of proceedings to allow the company to present the Amended Plan to its Unsecured Creditors.

Hardie & Kelly Inc., in its capacity
as Monitor of Budget Waste Inc.
and not in its personal capacity

Per: _____


A. Ronald Hardie, CA-CIRP
President