

Proposal for  
Long-Term Residue Disposal and  
ADC Capacity Services  
Napa-Vallejo Waste Management Authority

March 15, 2013



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## List of Abbreviations

7-TPD	7-day-average tons-per-day
ADC	Alternative Daily Cover
Air District	Bay Area Air Quality Management District
Authority	Napa-Vallejo Waste Management Authority
C&D	Construction and Demolition
Cal/OSHA	LWDA's Department of Industrial Relations' Division of Occupational Safety and Health
CalRecycle	California Department of Resources Recycling and Recovery
CARB	California Air Resources Board
CCR	California Code of Regulations
CIWMB	California Integrated Waste Management Board
CUPA	Certified Unified Program Agency
DRTS	Devlin Road Transfer Station
DTSC	California Department of Toxic Substances Control
EPA	U.S. Environmental Protection Agency
GHG	Greenhouse Gas
LEA	SCDRM Local Enforcement Agency
LFG	Landfill Gas
LWDA	State of California Labor and Workforce Development Agency
MOLO	Certified Manager of Landfill Operations
MPA	Material Processing Area
MSW	Municipal Solid Waste
OSHA	U.S. Department of Labor Occupational Safety & Health Administration
PHLF	Potrero Hills Landfill
RFP	Request for Proposal
RWQCB	San Francisco Regional Water Quality Control Board
SCDRM	Solano County Department of Resource Management
SWANA	Solid Waste Association of North America
WCI	Waste Connections, Inc.
WDRs	California Waste Discharge Requirements
WRCB	California Environmental Protection Agency State Water Resources Control Board



# 1—Cover Letter







# 1—Cover Letter

Page 1

March 15, 2013

Richard F. Luthy Jr.  
Executive Director  
Napa-Vallejo Waste Management Authority  
1195 Third Street, Suite B-10  
Napa, CA 94559

Subject: Proposal for Long-Term Residue Disposal and ADC Capacity Services

Dear Mr. Luthy:

At Potrero Hills Landfill (PHLF), we are proud of our record of service to the North Bay Area communities. By selecting PHLF for the Long-Term Residue Disposal and ADC Capacity Services contract, the Napa-Vallejo Waste Management Authority (Authority) will be supported in its goals to receive long-term, cost-effective disposal capacity for its residue waste and long-term capacity for the beneficial use of ADC. **PHLF is offering the Authority the best value available for this contract, saving \$28 million:**

- a first-year disposal fee of \$21.69 per ton, saving \$12 million compared to Keller Canyon
- the shortest distance from Devlin Road Transfer Station (DTRS) by 10.8 miles,
- \$16 million in additional location-related cost savings,
- a strong program for the beneficial use of ADC,
- long-term capacity to meet the Authority's needs,
- comprehensive composting and recycling services,
- flexible hours that optimize operations and minimize traffic impacts,
- maximum reduction in greenhouse gas emissions and traffic congestion, and
- tippers that can accommodate large-capacity (23-ton "possum belly") trailers.

**Each of the above benefits of selecting PHLF is described in detail within the Executive Summary of this proposal.**

The team at PHLF appreciates the opportunity to submit our proposal. We look forward to learning more about the Authority's needs and discuss with you the solutions we can offer. We are excited at



the prospect of developing a strong working relationship with the Authority that will meet its needs for the next 20 years!

## Required Cover Letter Content

### Applicant and Key Contact Person

Name Dave Jappert  
Address 3675 Potrero Hills Lane, Suisun, CA 94585  
Telephone (707) 432-4641  
Fax (707) 432-4630

### Organization Type

Potrero Hills Landfill, Inc. is a California corporation.

### Teaming Arrangement

Potrero Hills Landfill, Inc. requires no teaming arrangement to meet the requirements of this contract.

### Entity to Sign Agreement

Potrero Hills Landfill, Inc., a wholly owned subsidiary of Waste Connections, Inc.

### RFP Review Warranty

The undersigned has reviewed the requirements of the project as described in this RFP, its enclosures, and all addenda, by listing all addenda and dates received hereto.

If you should have any questions about this proposal, please do not hesitate to contact Dave Jappert at [DaveJ@WasteConnections.com](mailto:DaveJ@WasteConnections.com) or (707) 432-4641.

Sincerely,



Scott Schreiber  
Vice President, Disposal Operations  
Waste Connections, Inc. and Potrero Hills Landfill, Inc.  
(Signatory Authority)





# 2—Executive Summary







## 2—Executive Summary

The team at Potrero Hills Landfill, Inc. is pleased to submit its proposal to provide the Napa-Vallejo Waste Management Authority (Authority) with Long-Term Residue Disposal and ADC Capacity Services. Below we address the key advantages of selecting Potrero Hills Landfill (PHLF) and provide an overview of how this proposal addresses the evaluation criteria provided in the Request for Proposal (RFP).

### Advantages of Selecting Potrero Hills Landfill (\$28 million in savings)

PHLF is unique in that it is the **only** landfill that can provide the Napa-Vallejo Waste Management Authority (the Authority) with the most complete set of services, with sufficient long-term residual waste disposal capacity and long-term capacity for the beneficial use of alternative daily cover (ADC)—all at the best value. PHLF offers in excess of \$28 million dollars in savings to the Authority:

#### A First-Year Disposal Fee of \$21.69 Per Ton, Saving \$12 Million Compared to Keller Canyon

If future annual volumes remain similar to the 140,000 tons of residue material projected by the Authority in its Request for Proposal, a \$4.31-per-ton savings compared to the Authority's existing disposal rate over 20 years could add up to \$12 million. The 20-year disposal fee savings includes \$4 million in county fee savings.

#### The Shortest Distance From DTRS by 10.8 Miles

**PHLF is more than 35% closer to DRTS than the next closest landfill.** Compared to landfills in Novato, Bay Point, and Vacaville, PHLF is located just 18.9 miles away from Devlin Road Transfer Station (DRTS)—a full 10.8 miles closer to DRTS than the next closest landfill and 13.9 miles closer to DRTS than the farthest.

#### \$16 Million in Additional Location-Related Cost Savings

In Form 2B, we have included details and specific calculations illustrating total potential cost savings of \$20 million if the Authority selects PHLF as compared to Keller Canyon:

**County Fees**—save approximately \$4 million over 20 years, compared to disposal in Contra Costa County (this savings is included in the 20-year disposal savings described above and not included in the \$16 million).

**Bridge Tolls**—save \$4 million over 20 years, by avoiding the bridge tolls associated with disposal in Contra Costa County.

**Reducing Truck Trips**—save approximately \$4 million over 20 years, by switching to large-payload (23-ton “possum belly”) trailers.



**Vehicle Operations Savings**—save approximately \$8 million in operational hauling cost to and from DRTS over 20 years.

## A Strong Program for the Beneficial Use of ADC

PHLF offers the Authority a strong program for the beneficial use of ADC. PHLF uses a dedicated material processing area (MPA) to maximize the diversion of beneficial reuse materials and is the only permitted construction and demolition (C&D) material collection and processing operation in Solano County. PHLF continuously looks for new ADC materials to increase diversion and currently utilizes the following materials as part of its ADC beneficial uses:

- Processed Green Material
- Sludge and Sludge-Derived Materials
- Ash and Cement Kiln Dust Materials
- Treated Auto Shredder Waste
- Contaminated Sediment and Dredge Spoils Compost
- Processed Construction and Demolition Wastes and Materials
- Compost

## Long-Term Capacity to Meet the Authority's Needs

PHLF can meet the disposal capacity needs of its current clients as well as the Authority well into the future. The current operating permits for PHLF authorize the facility to receive a peak daily waste flow of 4,330 tons and a 7-day-average tons-per-day (7-TPD) of 3,400 tons. A recent expansion was completed in 2012 that increased the previous permitted disposal capacity from 21,500,000 cubic yards to over 83,000,000 cubic yards, as identified in Appendix F—PHLF Solid Waste Facility Permits, the February 2012 permit issued by Solano County and CalRecycle.

## Comprehensive Composting and Recycling Services

In addition to residual disposal and beneficial use of ADC, PHLF offers green and wood waste grinding and composting; food waste composting opportunities; concrete debris crushing; sludge and biosolids residue processing and handling; semi-liquid and liquid waste solidification (sludge management); and recyclables and C&D material sorting and processing.

## Flexible Hours That Optimize Operations and Minimize Traffic Impacts

Currently, PHLF is open Monday–Friday from 4:00 a.m. to 6:00 p.m., and Saturday–Sunday from 7:00 a.m. to 4:00 p.m.—and we have flexibilities beyond this. PHLF's current solid waste facility permit allows 24-hour-per-day site operation Monday through Friday and from 4:00 a.m. until 12:00 a.m. Saturday and Sunday. This allows us to offer our customers, like the Authority, maximum flexibility during normalized operations and emergency operations alike. With these hours of



operation, commercial haulers and transfer vehicles can deliver loads during non-peak traffic congestion periods.

## Maximum Reduction in Greenhouse Gas Emissions and Traffic Congestion

Selecting PHLF will realize maximum reduction in Greenhouse Gas (GHG) emissions for the following reasons.

- With the shorter travel distance, the amount of fuel required to transport the waste to PHLF is significantly less. This savings in transportation will amount to at least 414 tons of reduced GHG emissions annually, and 8,280 tons over the 20-year contract.
- PHLF routinely accommodates larger “possum belly” trucks, which will maximize transportation payloads. This results in a reduction in GHG emissions as the necessary number of truck trips from DRTS in Napa County is dramatically reduced. At a 160,000-ton yearly volume, approximately 8,000 truck trips are required annually, assuming an average payload of 20 tons per truck. By switching to possum-belly vehicles, the payload can be increased to 23 tons per truck, thus the total number of annual truck trips would be reduced to less than 7,000. Based on 160,000 tons delivered annually, there would be a reduction of at least 3 truck trips per day.

In addition, with the completion of the Highway 12/Jamieson Canyon Highway improvements, traveling to and from PHLF will result in

- reduced traffic congestion and vehicle idling,
- improved air quality,
- elimination of transfer truck traffic from American Canyon and Napa residential areas, and
- reduced potential for litter in scenic areas.

We have detailed the analysis of the GHG emission reduction benefits in Appendix A—Greenhouse Gas Emissions Resulting from Waste Transport from Napa County, which contains a letter from SCS Engineers outlining specific analyses related to greenhouse gas reduction associated with selecting PHLF. **Annually, PHLF reduces up to 413.8 metric tons of carbon dioxide relative to Keller Canyon, 338.8 relative to Recology Hay Road, and 263.2 relative to Redwood.** By removing 3 trucks per day for 310 days each year at \$200 per truck, the Authority can save \$4,000,000 over 20 years.

## Tipper That Can Accommodate Large-Capacity (23-Ton “Possum Belly”) Trailers

Another advantage of selecting PHLF is that it reduces the number of trucks that transport waste from the Devlin Road Transfer Station. This is accomplished by the use of large-capacity (23-ton “possum-belly”) transfer vehicles instead of the much heavier “walking-floor” trailers currently being used. Potrero Hills Landfill has three tipper that can be used for any customer; these are not dedicated tipper for a single-use customer.



PHLF has available three diesel-powered tippers with the capacity to handle 600 tons per hour (14,400 TPD). Diesel-powered tippers are more efficient and quicker in unloading a transfer load of waste or ADC. **All three of the tippers at PHLF are available to any customer; we do not dedicate a tipper to any single customer. PHLF's tippers can accommodate the Authority's waste, as currently hauled using "walking-floor" trailers—and the Authority's potential use of large-capacity (23-ton "possum belly") trailers.**

## Evaluation Criteria

### Qualifications Criteria

*Relevant company qualifications and experience in performing the scope of work as requested in this solicitation, and thoroughness in providing the requested information.*

PHLF exceeds all of the requirements and provides all of the services requested in the RFP and provides service excellence to public agency and private clients alike. In Section 4.2 Qualifications, we have provided a list of clients and the services we provide to them.

In addition, in order to be thorough, we have responded to each of the bulleted items contained in the RFP, Section 3 Scope of Services. There are a number of subjects covered in the Scope of Services section of our proposal that enhance the topics identified in Section 4.1 Technical Component of the RFP. We have covered each scope item, as requested in the RFP, which will aid the proposal review committee and demonstrate that PHLF is the most qualified landfill to serve the Authority under this contract.

We rigorously covered all the information requested in the RFP, Section 4 Proposal Requirements, as well as in other sections of the RFP. Where similar information has been requested in more than one part of the RFP, we have provided references to other sections of our proposal where the information can be found. We believe that our efforts to minimize the repetition of information where possible will save the proposal review committee time and make information easy to find and review.

### Financial Criteria

*Adequacy of Contractor's financial status and stability, and proposed financing plan.*

As demonstrated in Section 4.3, PHLF and its parent company, Waste Connections, Inc. (WCI), have one of the strongest financial performance records in the solid waste industry. We are an investment grade-rated company with approximately \$5 billion in total assets and operations in 31 states. With over \$250 million in annual free cash flow and almost \$400 million of available excess capacity under our credit facility, we maintain one of the strongest liquidity profiles in our sector.

**PHLF does not anticipate any material capital expenditures beyond its normal operating budget to support the Authority under this contract.** Even so, PHLF is fully financed through WCI to fully perform all necessary operations. The waste quantities identified by the Authority will have no material effect on our operations cost.



## Technical Criteria

*Thoroughness of proposal in presenting all requested information and description of proposed services to assure long term, cost effective capacity for residue and ADC from the DRTS, and the relevancy of the information to the Authority's needs.*

Our proposal has been designed to present all requested information in a manner that demonstrates PHLF's ability to assure long term, cost-effective capacity for residue and ADC from DRTS. In Section 4.1.3. Capacity for Authority's Residue, we demonstrate that **PHLF's Phase I parcel is fully permitted, approved, and uncontested—there is no legal challenge to its capacity. PHLF has the available capacity to accept the Authority's residue waste and ADC material for the fully extended contract term.**

In addition, in Section 4.1.4. Recycling and Diversion, we discuss how all delivered ADC from DRTS will be used as daily cover.

## Agreement Acceptance Criteria

*The number, nature, and materiality of exceptions (if any) that the company identified to the terms of the Agreements, which are included with the RFP.*

Potrero Hills Landfill, Inc. is prepared to sign the Agreement with three minor modifications that we feel will enhance it.

## Cost Proposal Criteria

*The Contractor's submitted costs (Disposal Fee), relative to the cost proposals submitted. The Authority will consider anticipated transportation costs in its evaluation of Disposal fees.*

**PHLF is proposing a base rate of \$21.69 per ton.** Compared to the existing disposal fee paid by the Authority of \$26 per ton, this is a **\$4.31-per-ton savings**. At 140,000 tons residue annually, the total disposal cost savings per ton is \$603,000 per year and \$12 million over the life of the 20-year contract.

As described on pages 3 and 4, by selecting PHLF, the Authority also stands to save \$16 million in transportation-related costs as compared to its current service provider.



# 3—Customers, Community, and Giving Back







## 3—Customers, Community, and Giving Back

PHLF has a long and proud history of being a customer-oriented company, civic partner, and community-involved business. From the early beginnings of PHLF, the owners and employees have strived to distinguish PHLF as a committed member of the North Bay community. This is a philosophy shared throughout WCI. We have included in Appendix B—Waste Connections, Inc. Sustainability Initiatives, a description of WCI’s giving programs that support communities all over the United States.

### Customer Service

PHLF has served a diverse portfolio of clients over its history. Customers regularly cite responsiveness, competitive pricing, customer service, and environmental compliance as the major reasons for using our facility. In Appendix C—Reference Letters, we have included just a few testimonials about our ability to maintain a level of service that is superior to other sites in our industry. WCI provides service excellence at its other 53 landfills and 70 transfer stations located throughout the United States.

### Civic Partnerships

In addition to providing excellent customer service at competitive prices to city, county, and regional agencies, PHLF is committed to civic service organizations. Our employees serve on government commissions and task forces to lend our expertise and help solve the common solid waste, environmental, social, and economic issues of North-Bay-area citizens. We carry this same approach throughout WCI. PHLF staff members are actively involved on boards of directors and advisory teams including the following.

- Chambers of Commerce—Suisun, Fairfield, Vacaville, and Vallejo
- Fairfield Suisun Public Education Foundation
- City of Fairfield Planning Commission
- Rotary Club
- Solano Economic Development Corporation
- Solano Land Trust
- Solano County Library Foundation



## Giving Back

Throughout its history, PHLF has been recognized for its contributions and donations to charitable organizations and non-profit groups. We have taken pride in being part of the successes of existing groups and in fostering the development of new and expanded organizations to serve those who are in need. We annually donate significant funds to support these groups' ability to better serve their communities. Highlighted charitable organizations to which PHLF has contributed time, labor, and/or funding include the following. We have included a full list of organizations supported by PHLF in Appendix D—*In the Community Brochure*.

- The Leaven
- Solano Napa Habitat for Humanity
- Police Activities League/Matt Garcia Foundation
- Mission Solano
- Missouri Street Theater
- Yippie Yogurt

## 4—Proposal Requirements Response







## 4—Proposal Requirements Response

### Introduction to PHLF

PHLF began as a small, local company in 1986 in the vicinity of Fairfield and Suisun City and has developed into a start-of-the-art, major regional disposal facility. PHLF attracts customers from all parts of the San Francisco Bay area and beyond, including major customers from Contra Costa, Lake, Mendocino, Marin, Napa, Solano, Sacramento, San Francisco, San Mateo, Santa Clara, Sonoma, and Yolo Counties. The major reasons for their choosing PHLF are competitive pricing, flexible schedules, easy accessibility using major transportation corridors, a commitment to the highest standards of environmental protection, and superior customer service.

### PHLF Facts

PHLF is currently permitted as a Class III solid waste facility, as defined by Title 27: Environmental Protection of the California Code of Regulations (CCR). PHLF is owned and operated by Potrero Hills Landfill, Inc., and has been a wholly owned entity of WCI since April 2009.

PHLF is located on a 1,400-acre site. The area used for facility activities in the permitted disposal site is 340 acres. This current landfill development area uses about 190 acres for placement of landfilled waste as the landfill "footprint." The remaining 150 acres in the parcel have been utilized for the entrance facilities and the perimeter buffer area.

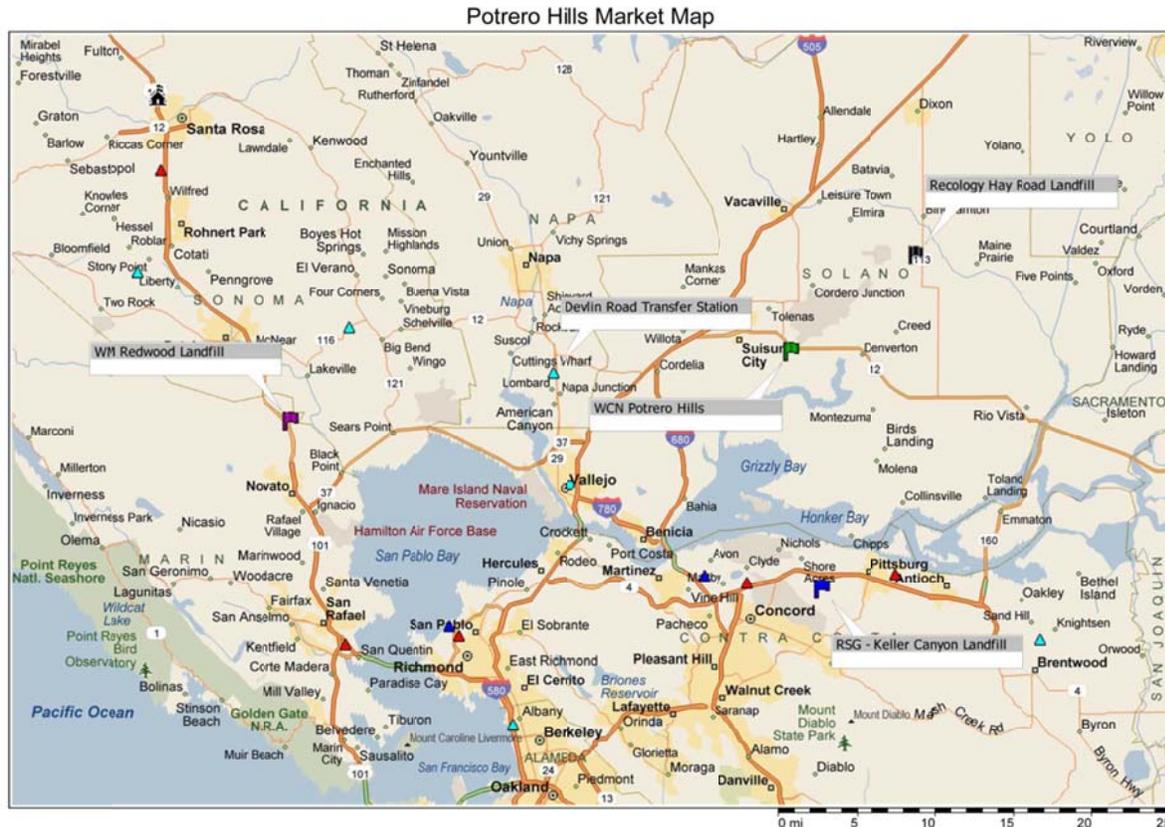
### Ideal Location and Access

#### PHLF Location

The PHLF site is located in central, unincorporated Solano County, approximately 18 miles from the Devlin Road Transfer Station in American Canyon (Napa County). State Highway 12 serves as the major access route to PHLF. This highway connects with alternate routes via Interstate 80 to and from Napa County.



**Figure 1. Location of Potrero Hills Landfill Among Other North Bay Area Landfills**



**Table 1. PHLF Is the Shortest Distance from DRTS by 10.8 Miles**

Landfill Name	Trip Miles to DRTS	Distance Further than PHLF
Potrero Hills Landfill	18.9	0
Redwood Landfill	29.7	10.8
Keller Canyon Landfill	31.8	12.9
Recology Hay Road Landfill	32.8	13.9

### Site Access

To reach PHLF, upon leaving Devlin Road Transfer Station, turn left on South Kelly Road for 0.2 miles to highway 29. At highway 29, make a left turn (north) toward Highway 12 for 1.1 miles. Turn right on highway 12 for 5.8 miles to highway 80 (north) for 3.9 miles then turn right on highway 12 for 7 miles exiting the highway at Scally Road. The entrance is approximately 0.75 miles due south of State Highway 12, and about 1 mile south of Travis Air Force Base.



At the intersection of Scally Road and Kildeer Road, a sign is posted directing traffic westward onto Kildeer Road. Traffic continues westerly approximately 1/2 mile on Kildeer Road, and then proceeds south on Potrero Hills Lane. The main gate of the landfill is located on Potrero Hills Lane, south of the intersection of Potrero Hills Lane and Kildeer Road. These access roads are private, two-lane, paved, all-weather access roads of sufficient width to allow safe passage of large trucks.

PHLF offers multiple access routes (via Interstate 80 to Air Base Parkway and/or Highway 12) from Napa County providing convenient access to the facility regardless of traffic conditions.

**Figure 2. Potrero Hills Landfill Site Map**





## 4.1—Technical Component

*Technical information should focus on the method of performing the services required under the Agreement. Contractors should describe in detail the proposed method for providing the following services requested in the RFP:*

### 4.1.1. Methods and Procedures for Scale House Operations

*Provide a detailed description of the following: weighing procedures for incoming and exiting vehicles, receipt issuance, and tracking of all transactions.*

All commercial waste vehicles that use the landfill are required to enter the landfill via the entrance area and use the scales. The majority of waste received at PHLF is delivered by on-road commercial waste transfer vehicles or by other specialty trucks and trailers such as high-capacity (23-ton “possum belly”) trailers that utilize our three high-speed tippers. Some minor waste volumes are received by direct-haul residents or contractors.

**The normal “cycle time” between a truck entering and exiting the scale is less than 25 minutes.** This time can vary depending on peak traffic periods throughout the day, the location of the active face, and seasonal weather conditions.

#### Weighing and Information Tracking

As a waste vehicle is weighed, its information is entered into a computer system that uses a proprietary software program called Waste Works. The system is linked to the scales such that an accurate weight is recorded. Information entered into the computer includes truck number or license, truck or waste origin, gross weight, time of entry, disposal location, and other waste type information (e.g., MSW, diversion material, green waste, biosolids, C&D, recyclables, etc.).



#### Remote Ticketing

As a means of reducing wait time at the scale house, PHLF is equipped with an automated, remote ticketing system for transfer vehicles. Account customers, such as the Authority, utilize a dedicated entrance lane and scale, where the driver enters specific codes for the truck and trailer without leaving the truck. The computer system generates a ticket containing all the pertinent information, then the driver retrieves the ticket and proceeds to the unloading area. There is no need for the driver to wait for a weighmaster and no need for the truck to re-weigh as it leaves the facility.

#### Load Screening

As the vehicles are being weighed, the weighmaster asks the driver about the load contents and point-of-origin. In addition, a visual check may be made to verify and determine the contents of the load. Drivers of loads that are predominantly comprised of one type of material (e.g., broken concrete



or wood demolition debris) are instructed to unload the wastes at specific material recycling or processing locations within the disposal site. Each transaction is recorded by closed-circuit monitors for auditing purposes.

Consistent with CCR Title Section 20710 (Scavenging, Salvaging and Storage), unauthorized scavenging is prohibited and enforced at the site.

When the information has been entered, the weighmaster releases the vehicle and directs the driver to proceed to the designated unloading area. After the truck has discharged its load and returns to the scale house, it is re-weighed, the net (waste) weight is calculated, and the exit time is recorded. At that time, a ticket is printed with all of the information. For trucks with tare weights and those that use the automated scale system, only one transaction is necessary when they enter the facility.

## Reporting

At the end of every monthly reporting period, a detailed report is prepared indicating the types of material received from specific jurisdictions. The report details the total volume of waste material delivered to the landfill and indicates the quantity of each waste type, alternate daily cover material, and other diversion material(s). This report is used to generate a monthly invoice that details each load of waste/ADC/other by date, ticket number, weight and charge.

## Scale Maintenance and Weighmaster Licensing

There are two inbound scales and one outbound scale at PHLF. They are routinely maintained and calibrated on a quarterly basis; they are also certified by the Solano County Department of Weights and Measures biennially. In the event of a breakdown of equipment, trucks can utilize any remaining operating scale for the purposes of weighing and receipt of a scale ticket.

All weighmasters, a.k.a. scale house attendants, are licensed by the California Department of Food and Agriculture, Division of Measurement Standards. All licenses are up-to-date and a copy of the current license is included in E—Weighmaster Licenses.

### 4.1.2. Waste Receiving and Unloading

*Describe proposed procedures for handling vehicles entering the landfill and unloading materials at the tipping area. Describe staffing and equipment anticipated for these procedures.*

## Flexible Hours Optimize Operations and Minimize Traffic Impacts

**Currently, PHLF is open Monday–Friday from 4:00 a.m. to 6:00 p.m., and Saturday–Sunday from 7:00 a.m. to 4:00 p.m.** PHLF's current solid waste facility permit allows 24-hour-per-day site operation Monday through Friday and from 4:00 a.m. until 12:00 a.m. Saturday and Sunday. PHLF is only closed two days each year: Christmas and New Year's Day. This offers the Authority maximum flexibility during normalized operations and for emergency operations, such as following storm events or other natural disasters. With these hours of operation, commercial haulers and transfer vehicles can deliver loads during non-peak traffic congestion periods. The facility may vary

its hours of operation within the allowable periods due to seasonal conditions and volumes of waste received.



### Waste Receiving Area for Residents and Small Self-Haulers

For residents and small self-haul customers, PHLF offers a clean and paved waste receiving area separate from the active disposal area on the landfill. The all-weather surface is void of dangerous dumping conditions, and is easy to keep clean and free from sharp objects that can damage tires and vehicles. The receiving area flow is designed to accommodate quick turn-around for customers. It includes storage boxes that allow for easy inspection and salvaging of metals, and removal of unacceptable waste items.





### Separating Vehicle Traffic to Enhance Safety

The resident and small self-haul customer waste receiving area is located in the immediate vicinity of the entrance area, such that personal vehicle traffic does not proceed to the active landfill face. For safety and efficiency on the busy site that resembles an active construction site, we separate these vehicles from the large commercial vehicles to prevent them from interacting and creating traffic hazards. Separating them also helps commercial haulers, transfer vehicles, and landfill equipment operators by eliminating public vehicles that can hide a small vehicle from the rearview mirrors and sightlines of commercial drivers.

### Load Check Program

PHLF has instituted a load check program for screening and inspection to determine whether regulated, toxic, or hazardous waste has been erroneously or unlawfully deposited in waste loads. Prohibited wastes, if found, are removed from the disposal site. The program includes signs posted at the facility entrance advising customers that hazardous wastes are prohibited. Random inspection of incoming waste loads, continuous visual inspection of waste, proper response procedures, proper handling and storage of any prohibited waste found, and reporting illegal disposal to the appropriate agencies are all actions implemented at the site.

### Load Check Training

The PHLF personnel training program includes methods to check for disposal of unwanted items. Key employees such as the scale attendants, spotters, and equipment operators are trained to look for hazardous materials during screening, and load-check inspectors are trained to conduct random load inspections.

### Load Inspection Frequency, Record Keeping, and Agency Notification

A minimum of two loads per week are randomly chosen for inspection, consistent with load check requirements in the Solid Waste Facility Permit.

When hazardous or unacceptable waste is spotted, a description of the material, manner of delivery, manner of detection, and action that was taken to subsequently handle the material is recorded on a load check inspection form and is entered into the Daily Log . The results of the hazardous materials load check surveys are tabulated and reviewed by PHLF regularly. The reports are submitted



quarterly to the San Francisco Regional Water Quality Control Board (RWQCB) and the Solano County Department of Resource Management (SCDRM).

When a serious unlawful delivery of waste is encountered, the SCDRM Local Enforcement Agency (LEA) is immediately contacted. Discovery of a regulated hazardous waste requires notification of the California Department of Toxic Substances Control (DTSC). If a water pollution threat is discovered, the RWQCB also will be contacted.

### **Rejection of Material**

Upon discovery of a suspicious container or known hazardous waste during screening at the scale house, while observing unloading, or during load inspection, the attendant may either reject the entire load or allow disposal of acceptable wastes only. If the attendant allows disposal of acceptable wastes, he or she will stipulate that the unacceptable waste is not be unloaded and that the customer stop at the scale house on the way out to be checked to confirm the unacceptable material is still in the vehicle. An approved disposal method and location is provided to the customer.

### **Managing Hazardous Material Discovered During Waste Spreading**

If a suspicious container or known hazardous waste material is discovered during waste spreading and compacting activities, the landfill operations manager or company environmental personnel are contacted. Any unacceptable wastes found are removed for storage in one of two hazardous waste temporary storage containers located at the landfill. If the generator or hauler of the hazardous waste is unidentifiable, the hazardous waste materials are appropriately disposed of by a qualified contractor. This may include lab packing, preparation of the transportation manifest, and removal by a licensed hazardous waste hauler to a suitable disposal site.

### **Load Tipping**

The majority of waste collection vehicles proceed to the landfill active face, where acceptable wastes are normally handled as a mixture and landfilled together. Traffic control personnel direct trucks to the correct location on the landfill. Drivers are required to wear appropriate personal protection equipment (PPE), and are not allowed to leave the vicinity of their trucks or have their vehicle idling for any extended period of time. Equipment operators and landfill spotters are trained to utilize the tippers.

### **Disposal**

#### **Bulky Items and Inert Waste**

Bulky items such as large loads of shredded tires and stumps are placed in the lower portion of the lifts and consolidated with compaction equipment. Placing the bulky items at the base of the active face reduces the potential for future settlement issues.

As appropriate, inert wastes such as broken concrete and asphalt may be diverted for recycling and used for on-site features of the landfill such as roadways or unloading pads in wet weather disposal areas.



### Spreading and Compaction

Waste in the landfill lifts is spread and compacted as rapidly as practicable in approximately two-foot-thick layers across the working face. The working face is confined to as small an area as feasible to allow for efficient and safe operations. The slopes at a working face of the landfill are maintained at a grade of less than 5% that facilitates effective compaction and requires a minimal amount of cover/ADC material.

During the day, cover material is used to minimize the extent of the active waste area. Immediately at the end of the day, cover material is placed and the area is made ready for the next day. Equipment operators are informed each day as to the location of the active area. This plan follows an engineered fill-sequencing plan which is updated as needed. New landfill cells are constructed in a timely manner so as to allow for a smooth transition from one disposal area to the next.

### Wet Weather Operations

Maneuvering equipment can be challenging during wet weather. PHLF uses effective site planning to manage these conditions—maintaining all-weather access roads, providing a wet-weather unloading pad, and stockpiling cover soil and ADC material for use near the wet-weather operations area during winter months. Landfill operations conducted during the wet weather season utilize a pad that is underlain by a layer of broken concrete and asphalt. Access to the pad is via a paved or graveled road, providing all-weather passage throughout the year.

### Salvaging and Volume Reduction

Authorized salvaging by site personnel is conducted only in a planned and controlled manner that does not interfere with other aspects of the operations. It is arranged so as to not interfere with vehicles delivering wastes or exiting the site. Allowable salvaged materials generated on-site or imported are stored and segregated from the working face. Salvaged materials are arranged to minimize the risk of fire, health and safety hazards, vector harborage, and other hazards or nuisances.

Consistent with CCR Title 27 Section 20730, volume reduction activities are confined to specified, clearly identifiable areas of the site. Operations are conducted as an integral part of the operation and do not interfere with the proper construction or maintenance of the site or create health, safety, or environmental problems.

### Staffing

Normal daily operations include drivers and laborers supporting qualified equipment operators to perform their tasks. At peak delivery times, operations staff levels increase to accommodate the quantity of waste needing to be unloaded and covered. PHLF anticipates that no additional staff will be needed to handle the proposed quantities of material from the Authority. **The scale house is staffed by a licensed weigh-master whenever the landfill is open.**



## Equipment

The current heavy equipment fleet deployed at PHLF is more than sufficient to accommodate all the current incoming waste—and the Authority’s waste. The landfill maintains an equipment fleet to handle the maximum amount of waste allowed by the operating permits. The front-line machines, which vary from time to time currently include

- two waste compactors for spreading and crushing the trash material,
- four bulldozers equipped with waste handling accessories for pushing the material into the daily working cell,
- one excavator and two dirt haul trucks for transporting soil and ADC for use as daily and intermediate cover,
- two water trucks for dust control, and
- a motor grader for clearing and leveling roadways.

There is also numerous support equipment detailed on Form 2D Equipment List in Section 4.6 of this proposal.

### 4.1.3. Capacity for Authority’s Residue

*Provide information, including daily waste tonnages for the past two years, to demonstrate that the landfill being offered has adequate permitted capacity to accept the Authority’s residue waste for the proposed contract and extension period, including but not limited to existing, permitted capacity, current waste inflow, long term contracts in place. Also describe planned expansions, if any, and the status of permits and approvals for the proposed expansion.*

PHLF is capable of accepting the Authority’s residue waste for the proposed contract and extension period. There are no permit conditions (either state or local) that would have to be modified or required for acceptance of Authority waste, residue, or ADC material during the term of the Agreement and potential extensions. In addition, there are no locally enforceable ordinances or regulations that restrict the transport and disposal of waste from Authority member jurisdictions to PHLF.

#### Existing Permitted Capacity

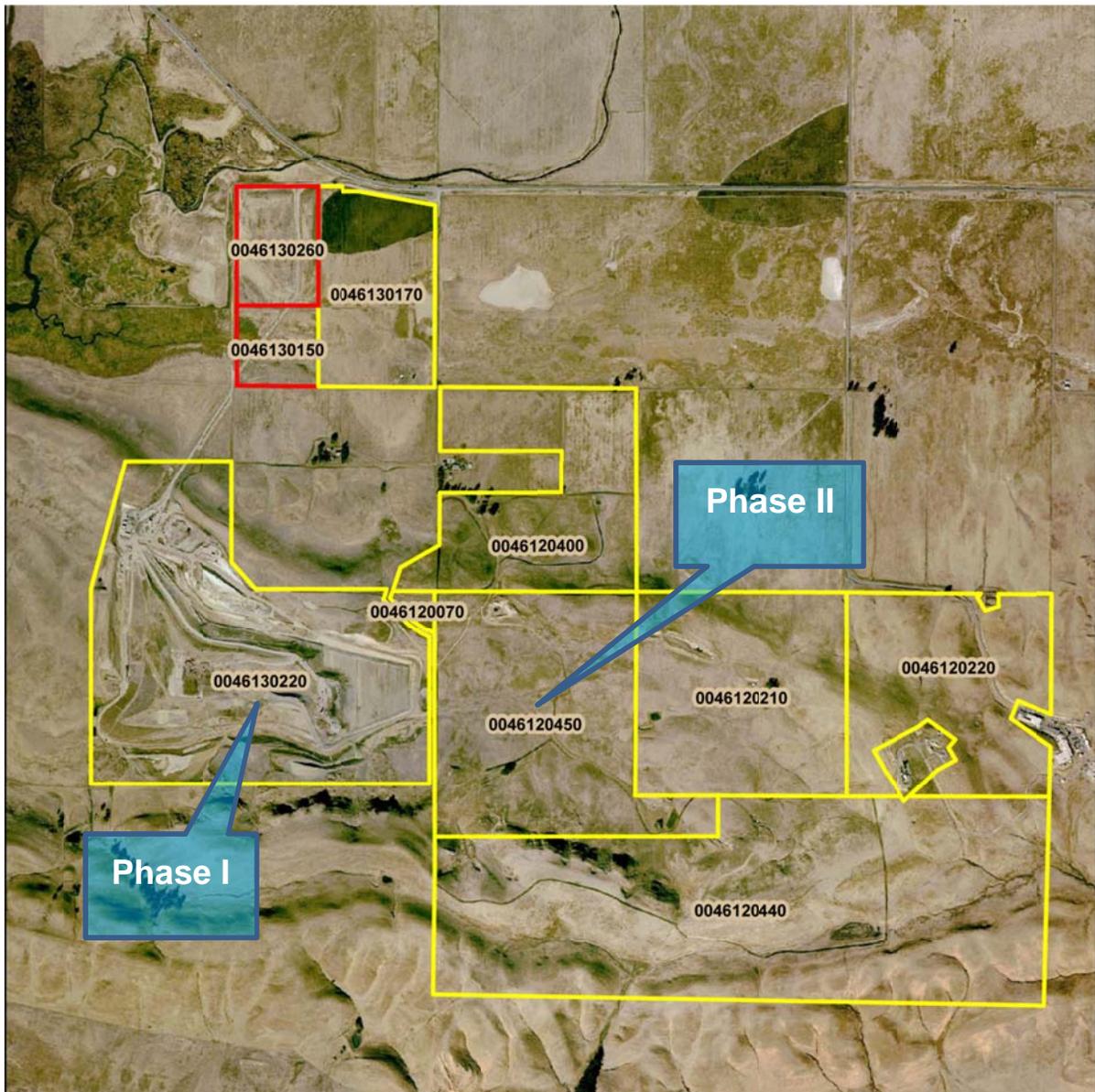
The PHLF is fully permitted as a solid waste disposal facility. The current operating permits for PHLF authorize the facility to receive a peak daily waste flow of 4,330 tons and a 7-day-average tons-per-day (7-TPD) of 3,400 tons. A recent expansion was completed in 2012 that increased the previous permitted disposal capacity from 21,500,000 cubic yards to over 83,000,000 cubic yards, as identified in Appendix F—PHLF Solid Waste Facility Permits, the February 2012 permit issued by Solano County and CalRecycle. This expansion project included a Phase II property parcel that extended the limits of the waste boundary beyond the previously approved Phase I parcel. In the event that the Phase II parcel is not constructed, PHLF has permitted and available capacity in the Phase I parcel to adequately accept the Authority’s residue waste for the contract term including any extension period.



In early 2013, PHLF retained independent engineering firm Golder Associates to calculate and verify the remaining permitted capacity in the Phase I parcel only. The basis for their calculation is the existing and any prior permits that serve as agency authorizations to complete the construction and filling of the waste boundary in the Phase I parcel. **Based on Golder Associates' independent calculation, PHLF has the required permitted capacity to adequately accept the Authority's residue and ADC cover for the complete 20-year contract period, if future annual volumes remain similar to the 160,000 tons of material described in the Authority's RFP.**

A copy of Golder Associates' letter and analysis is included in Appendix G—PHLF Current Permitted Disposal Capacity. Golder Associates' analysis also provides the current annual tonnages for 2012 and a projection for the term of the Authority's proposed contract.

**Figure 3. Potrero Hills Landfill Parcel Map**



### Current Waste Inflow

Appendix H—PHLF Daily Waste Quantities and Traffic Counts includes the daily waste tonnages for the past two years (2011, 2012, and partial 2013). These tables include total daily waste tonnages received at the landfill and the total amount which was disposed. For 2011, the 7-TPD disposal volume was 1,386 tons and for 2012, the 7-TPD disposal volume was 1,096 tons. Based on the current volumes, PHLF is able to receive at least an additional 2,300 tons of waste per day, and greater quantities on peak days if needed. This available daily capacity is in excess of the approximately 550 tons per day (140,000 annual tons) of residue disposal that the Authority is projecting as part of this RFP.



## Long-Term Contracts In-Place

PHLF has many long-term contracts in place for delivery of waste and residue material for disposal, including the following.

- C&S Waste Solutions, Ukiah, Mendocino County
- Contra Costa Waste Services, Pittsburgh, Contra Costa County
- Solano Garbage Company (Republic Services), Fairfield, Solano County
- Solid Waste of Willits, Willits, Mendocino County
- El Dorado Disposal, El Dorado Hills, El Dorado County
- S & S Trucking, Oakland, Alameda County

**These contracts combined represent 900 tons per day as compared to our daily tonnage cap of 3,400 7-TPD.**

## Planned Expansions

There are no permit conditions (either state or local) that would have to be modified or required for acceptance of Authority residue waste during the term of the proposed contract and extension period. There are no local ordinances or regulations that restrict the transport and disposal of waste from the Authority and any of its customers to PHLF.

At this time, PHLF is not pursuing any additional expansion(s) beyond that which was approved in the Feb. 2012 Solid Waste Facility Permit (please see Appendix F—PHLF Solid Waste Facility Permits). Since no expansions to this permit are planned, there are no permit applications pending.



#### 4.1.4. Recycling and Diversion

*Provide a description of recycling and diversion activities that may benefit the Authority, including description of use of ADC on site.*

*From p. 7: "...discuss, in the Technical Component in Section 4, recycling and diversion potential of the Authority's residue and ADC after delivery to the disposal site."*

#### Supporting the Authority's Diversion and Recycling Goals

PHLF has always been a responsible facility with regard to utilization of resources and recycling activities. PHLF operates as a sustainable landfill and has embraced the spirit of "Reduce, Reuse, Recycle" and receives a wide variety of waste debris and materials that are delivered daily. We have successfully implemented salvaging, recovery, recycling, and diversion opportunities that give credit back to the hauler and/or community for reducing the amount of material disposed.

The Authority has a robust recycling and diversion program. **In the event that the Authority needs to supplement or serve as a back-up to the current processes, PHLF has a complete diversion and recycling program to process all of the Authority's material.**

#### Materials Accepted

PHLF's recycling and diversion services meet local, state, and federal recovery goals. PHLF accepts all manner of non-hazardous items for sorting, processing, and disposal:

- Green and woody waste is segregated and chipped for either on-site beneficial re-use, e.g., ADC, composting, erosion control.
- Metal is accepted and removed from incoming loads, and transported off-site to metal processing facilities.
- Appliances and white goods (bulky items) are accepted; Freon and dangerous chemicals are removed prior to shipment off-site to processing centers.
- E-waste and other electronic items are safely stored and removed by a licensed waste recycling processor.

Permitted or current recycling operations at the landfill include green and wood waste grinding and composting; food waste composting; concrete debris crushing; sludge and biosolids residue processing and handling; semi-liquid and liquid waste solidification (sludge management); and recyclables and C&D material sorting and processing. The solidification process was recently authorized by the LEA as an amendment to the solid waste facilities permit.

#### Alternate Daily Cover Program

**Selected materials are used in the ADC program, affording the Authority expanded opportunities for diversion credits.** As additional materials are recovered through expanded resource recovery efforts, PHLF will provide the disposal of unrecoverable residues.



### All Delivered ADC from DRTS Will Be Used as Daily Cover

PHLF uses a variety of materials for ADC as part of its normal disposal operations. The current list includes processed green waste, sludge materials, ash materials, treated auto shredder waste, contaminated sediments, compost materials, and processed construction and demolition waste and materials (e.g., residuals and fines). **Any of these items currently received and/or recovered at the DRTS will be eligible for use as ADC at PHLF—and will not be buried as residue.** In addition, PHLF has an aggressive demonstration project program in cooperation with the LEA wherein new materials can be tried and studied for their beneficial value as an ADC material.

As additional materials are recovered through expanded resource recovery efforts, PHLF will reuse the beneficial material and dispose of unrecoverable or unacceptable residues.

### Allowable Beneficial Materials

CCR Title 27 Section 20690 details the current list of allowable beneficial materials for use as ADC. PHLF utilizes the majority of these approved items, as illustrated in the table below:

**Table 2. Allowable Beneficial Materials**

20690. California Integrated Waste Management Board (CIWMB), Alternative Daily Cover	Used at Potrero Hills Landfill
Geosynthetic Fabric or Panel Products (Blankets)	
Foam Products	
Processed Green Material	✓
Sludge and Sludge-Derived Materials	✓
Ash and Cement Kiln Dust Materials	✓
Treated Auto Shredder Waste	✓
Contaminated Sediment, Dredge Spoils, Foundry Sands, Energy Resource Exploration and Production Wastes	✓
Compost	✓
Processed Construction and Demolition Wastes and Materials	✓
Shredded Tires	
Spray Applied Cementitious Products	

### Waste Requiring Special Handling

Designated wastes, non-hazardous solid wastes, and inert wastes are defined by the WCRB in Title 27 CCR, Chapter 2, §20210, 20220, and 20230. Waste types requiring special handling include high-moisture-content waste, medical waste, dead animals, non-naturally occurring asbestos-containing wastes (ACW), tires, and ash. Food processing waste will be accepted only if greater than 50 percent solids by weight. Agricultural waste accepted at the site includes tree stumps and triple-rinsed pesticide containers. Semi-solid or liquid wastes can be accepted for treatment prior to



disposal. Solidification of these waste materials allows PHLF to offer a full-service disposal facility for all non-hazardous wastes from the Authority's customers.

### Diverting Beneficial Reuse Materials Via a Dedicated Material Processing Area

Historically, PHLF has diverted beneficial reuse materials from the incoming volumes to the landfill. This has included the collection of concrete, asphalt, clean wood, soil, rock, and gravel. These materials are used for erosion protection and drainage structures, road base, surfacing of all-weather roadways, and other routine projects at the landfill.

Today, this diversion activity has been increased by having a dedicated Material Processing Area (MPA) at PHLF. This fully authorized facility is the only one of its kind in Solano County and accepts and processes for recycling and reuse all forms of construction and demolition material. The MPA receives mixed-debris and separated-debris inbound loads that are sorted into high-quality outbound loads of single-use material. The sorting is done by a specially trained workforce and produces a wide variety of recycled materials ready to be shipped to offsite markets for reuse.

### Destination of Diverted Materials

The types of materials sorted and collected at the MPA, and their destinations, include the following.

- **Concrete, asphalt, dirt and inert materials** are either transported off site as recycled aggregate materials or relocated on the landfill for ADC and/or beneficial re-use
- **Wood** is primarily hauled off site for reuse and Bio Fuel and/or kept onsite for ADC or composting.
- **Cardboard and paper** are hauled off-site for the purpose of recycling.
- **Metals (e.g., steel, aluminum, and tin)** are sold to various companies for the purpose of recycling.
- **Glass and plastic products** are sold to various companies for the purpose of recycling.
- **Gypsum products such as sheet rock** are primarily hauled off site for reuse as soil amendments; can be used onsite for composting
- **Carpeting** is hauled off site for the purpose of recycling.
- **Flooring, roofing, and other construction debris materials that are not readily recyclable, but are acceptable**, will be relocated in the landfill for ADC and/or beneficial reuse or hauled off-site to new markets as they may arise.

### Construction and Demolition Material Processing

PHLF's operations also include mixed C&D material processing. PHLF uses C&D processing to reduce the quantity of debris that must be disposed within the landfill by collecting, sorting, and recycling suitable recyclable materials. C&D processing facilitates the beneficial reuse and/or resale of this material. **This is the only such permitted operation in Solano County.** The operation has been subcontracted since 2011.



## Diversion and Salvaging Methodology

Consistent with CCR Title 27 Section 20730, diversion and salvaging activities are confined to specified, clearly identifiable areas of the site. Operations are conducted in a controlled manner as an integral part of the landfill operation and do not interfere with the proper construction or maintenance of the site or create health, safety, or environmental problems. A copy of the operations plan is included in Appendix I—Construction Debris Handling Plan and more fully describes the activities listed above.

## Composting

As an added benefit to the Authority, PHLF has a composting permit that allows for acceptance and processing of green and wood waste, biosolids and organic sludge, food wastes, and other organic materials. This authorized activity allows PHLF to serve any needs that the Authority and its customers have related to composting. In the past, PHLF composting material has been used by local individuals and donated to community groups.



## 4.2—Qualifications

*Describe your company and staff qualifications as they relate to successfully operating the landfill. In addition, the company qualifications information must demonstrate how the company's local management and corporate structure are linked, and how the company or joint venture fosters innovation and high quality performance. If Contractors are submitting as a team, describe any prior successful working arrangements involving similar types of services for similarly sized communities.*

*Describe these qualifications by providing the following information:*

### 4.2.1. Basic Information

*State the name and address of the company that will be signing the Long Term Residue Disposal and ADC Services Agreement (Agreement). State name, address, phone number, fax number, e-mail address, and title of person to be contacted regarding the proposal. State the names of any other company(ies) that will share significant, substantive responsibilities as team members in performing under the proposed Agreement.*

#### Contracting Entity

PHLF is owned and operated by Potrero Hills Landfill, Inc.

Potrero Hills Landfill, Inc.  
3675 Potrero Hills Lane  
Suisun City, CA 94585  
Tel: (707) 432-4627  
Fax: (707) 432-4630

#### Proposal Contact Person

Dave Jappert  
District Manager  
PO Box 68  
Fairfield, CA 94533  
Tel: (707) 432-4641  
Fax: (707) 432-4630  
davej@wcnx.org

#### Team Member Companies

Potrero Hills Landfill, Inc. will not be teaming with other companies for the proposed agreement.



## 4.2.2. Designated Services Coordinator Resume

*Identify and provide a resume for the designated services coordinator who will be the primary contact and representative for the company or entire team throughout the term of the Agreement.*

### Designated Services Coordinator; Operations Manager—David Jappert

#### Contact Information

Address PO Box 68, Fairfield, CA 94533  
Telephone (707) 432-4641  
E-Mail davej@wcnx.org

#### Responsibilities

At PHLF, Dave Jappert ensures the highest standards of safety, service, compliance, and operational excellence. He is responsible for all aspects of the operations including environmental compliance, safety, customer service, maintenance, and financial. He works closely with division vice president Paul Nelson in developing the strategic plan for the Potrero Hills Landfill that will ensure operational excellence. On a daily basis he works with the supervisors, office manager, and the staff ensuring the implementation of tactical plans and tasks to accomplish the strategic goals.

#### Background

Mr. Jappert has worked in the solid waste industry since 1987. He joined the Potrero Hills Landfill, Inc. as the district manager in June 2012. Mr. Jappert brings extensive experience in landfill operations, and transfer station and hauling management. From 2007 to 2012, he served as regional hauling manager for Burrtec Waste Industries and was responsible for nine hauling companies in the Southern California Market. From 2004 to 2007, Mr. Jappert worked for Waste Management in Los Angeles and Hawaii as director of operations and general manager/vice president. In Los Angeles, he was responsible for three hauling companies, three landfills, and one material recovery facility. In Hawaii, he was responsible for three landfills. From 1998 to 2004, Mr. Jappert was market area general manager for Waste Management of Oregon responsible for six hauling companies, two landfills, two transfer stations, and two material recovery facilities. From 1986 to 2004, he, held a variety of positions in Oregon and Arizona as landfill operations manager, landfill district manager, and landfill/hauling division manager.



### 4.2.3. Staff Responsibilities

*Supply names and resumes of principal officers, partners, or other officials of each company who will assume significant, substantive responsibilities required under the RFP. Clearly identify the names of individual(s) who will implement the Agreement and include resumes for each individual. (Include names, addresses, and telephone numbers of key individuals.) Describe relevant technical experience of key personnel, and their background in solid waste landfill services. Specify training and background check requirements (criminal record, DMV, etc.) that will be used for screening and hiring staff performing services requested in this RFP.*

In addition to Dave Jappert, the designated services coordinator whose resume is included above, the following staff will assume significant, substantive responsibilities in implementing the agreement. If needed, the PHLF team can draw upon the resources of WCI, including 6,000 employees and 750 pieces of equipment from 52 landfills and 70 transfer stations.

#### Division Vice President—Paul Nelson

##### Contact Information

Address 1333 Old Oakland Road, San Jose, CA 95112  
Telephone (408) 283-8500

##### Responsibilities

As division vice president, Paul Nelson will provide guidance to the PHLF district manager to map-out and implement a program that ensures reliable operations. He will ensure that the district manager has the financial, staffing, and equipment resources needed to cost-effectively support solid waste customers in the Napa-Vallejo Waste Management Authority.

##### Background

Mr. Nelson has worked in the solid waste industry since 1989. He is division vice president for the Bay Area division of Waste Connections of California and has been employed with WCI since 2003. Since 2000, Mr. Nelson has performed several roles for GreenWaste and GreenTeam, including district manager. Having spent several years at BFI, he performed municipal contracting and acquisition duties as well as facility management of a landfill and transfer station system in Arizona. From 1995 through 1999, he performed contract negotiations and administration at BFI's operation in San Mateo County. He holds a bachelor of science in business administration from University of California, Berkeley.

#### District Controller—Brian Bigham

##### Contact Information

Address 1333 Oakland Road, San Jose, CA 95112  
Telephone (408) 283-8500

##### Responsibilities

As division controller, Brian Bigham oversees the financial functions of several of Bay Area Division operating locations. He works in tandem with the district manager and the office manager of the



Potrero Hills Landfill to ensure the finances of the district are maintained and reported per generally accepted accounting principles (GAAPs). Brian is also responsible for the monthly financial close, monthly financial reporting, annual budgeting, and quarterly accounting representation reporting for the Potrero Hills Landfill.

### **Background**

Mr. Bigham has been in the solid waste and recycling industry since 1999, including seven years with WCI and seven years with Waste Management. Mr. Bigham holds a bachelor of science in business administration with a concentration in accounting from Fresno State University.

### **Technical, Engineering, Planning, and Permitting Assistance—Tom Reilly, PE**

#### **Contact Information**

Address P.O. Box 68, Fairfield, CA 94533  
Telephone (707) 628-7245

#### **Responsibilities**

As technical, engineering, planning, and permitting specialist, Tom Reilly will work with Dave Jappert to stay abreast of any anticipated permitting, engineering, or planning needed to meet the Authority's solid waste disposal needs. He will confirm regulatory compliance and permitting documents are completed thoroughly and effectively to facilitate timely permit acquisition. Mr. Reilly will work with consultants and contractors to optimize landfill site planning.

#### **Background**

Mr. Reilly has served as WCI's western region waste facilities engineer since 2003. He is a registered civil engineer in the State of California and holds a bachelor of arts in economics, bachelor of science in environmental engineering, and a master of business administration. His 30 years of solid waste experience includes working for the California Integrated Waste Management Board (CIWMB), directing the operations of a large California landfill and transfer station, and managing various solid waste projects for consulting firms. He has extensive experience in solid waste facility siting studies, evaluations, design engineering, construction management, permitting, and operations.

### **Administrator; Reporting and Documentation Manager; Scale Attendant Manager—Natalie Hicks**

#### **Contact Information**

Address PO Box 68 Fairfield, CA 94533  
Telephone (707) 432-4637

#### **Responsibilities**

As office manager at PHLF, Natalie Hicks is responsible for accounts payable and receivable management, including billing verification. She provides monthly forecasting of revenues and expenses, month-end-close accounting, and tonnage reporting to Solano County. Her daily activities include oversight of scale house operations. Ms. Hicks is also responsible for treated wood waste,



California Air Resources Board (CARB) compliance, e-waste, and jurisdictional reporting under AB 939 to various state and local agencies. She serves as PHLF representative on the Solano County Integrated Waste Management Local Task Force and attends regular meetings of the California Recycling and Refuse Coalition, a statewide industry trade group.

### **Background**

Natalie Hicks has worked in the solid waste industry since 2000. She started as an accounting technician responsible for financial activity and grant-related reporting for Tehama County Landfill. She has been at Potrero Hills since 2009. She received an associate of business administration and social science in 2012 and is currently pursuing a bachelor of accounting at California State University, Sacramento. Ms. Hicks attended Solid Waste Association of North America (SWANA)-certified training in The Road to Zero Waste in 2011, earned CalRecycle's certificate in odor recognition and monitoring in 2012, and is licensed by the California Department of Food and Agriculture's Division of Measurement Standards as a certified weighmaster. Ms. Hicks has also been trained in the CalRecycle Load Check Program and provides annual training to other onsite employees. In 2012, she attended CalRecycle's annual technical training conference covering all aspects of solid waste operations and management. She is also trained in landfill gas (LFG) systems monitoring and storm water sampling programs, and serves on the landfill's safety committee.

### **Operations Supervisor; Maintenance Supervisor—Richard Covington**

#### **Contact Information**

Address           7852 Eucalyptus Road, Zamora, CA 95698  
Telephone       (707) 974-6593

#### **Responsibilities**

As one of the landfill operations supervisors, Richard Covington's daily responsibilities include special projects, onsite construction activities, equipment and maintenance supervision, and heavy equipment operator trainer. He is responsible for the equipment operators, drivers, laborers and maintenance staff ensuring they meet all expectations safely, exceptional customer service and compliance. Mr. Covington supervises facility and equipment operators and laborers, ensuring that operational expectations are met for safety, productivity, and meeting customer needs. He will keep designated services coordinator and district manager Dave Jappert informed on a day-to-day basis of the status of operators, customer issues, safety issues, vehicle and equipment needs, as well as issues that need to be reported to the Authority.

Mr. Covington will also serve as contact for municipal solid waste customers who transport their waste by transfer vehicles. Mr. Covington is responsible for planning the fill operations on a medium- to long-term basis.

As a maintenance manager, Mr. Covington will verify that proper preventive maintenance schedules are completed and that equipment is operating in a safe and efficient manner.



## **Background**

Mr. Covington has worked in the solid waste industry since 1983 and has worked at PHLF since it opened in 1986. He started as an equipment operator and progressed to lead foreman and union shop steward. He was promoted to operations supervisor, where he has utilized his skills and talents in working with heavy equipment operators and drivers. Mr. Covington is a certified manager of landfill operations (MOLO) by the SWANA and renewed his credentials in 2011. He also has SWANA training in LFG operations and monitoring, CalRecycle training in load check programs and training in storm water management practices. Mr. Covington also holds a Class A commercial driver's license (CDL).

## **Operations Supervisor; Maintenance Supervisor—Moises Hernandez**

### **Contact Information**

Address 2686 Waverly Way, Fairfield, CA 94533  
Telephone (707) 249-1803

### **Responsibilities**

As one of the landfill operations supervisors, Moises Hernandez's daily responsibilities are slightly different from Mr. Covington's. They include project supervision, litter management, employee scheduling, and management of the safety committee. He organizes the filling operations and ensures that adequate daily, ADC, and intermediate cover material are available and properly used. Mr. Hernandez is responsible for the daily staffing requirements.

Similar to Mr. Covington, Mr. Hernandez will supervise facility and equipment operators and laborers, ensuring that operational expectations are met for safety, productivity, and meeting customer needs. He will keep designated services coordinator and district manager Dave Jappert informed on a day-to-day basis of the status of operators, customer issues, safety issues, vehicle and equipment needs, as well as issues that need to be reported to the Authority.

Mr. Hernandez will also serve as contact for municipal solid waste customers who transport their waste by transfer vehicles. Mr. Hernandez is responsible for planning the fill operations on a medium- to long-term basis.

As a maintenance manager, Mr. Hernandez will verify that proper preventive maintenance schedules are completed and that equipment is operating in a safe and efficient manner.

### **Background**

Mr. Hernandez has worked in the solid waste industry since 1997 and at PHLF since 1997. He started as an equipment operator and was promoted to operations supervisor in 2003. Prior to working at PHLF, he worked in the construction industry and owned his own company doing small- to medium-sized sitework projects including earth moving, grading, and pouring foundations). He utilizes this experience in planning the daily fill sequencing at Potrero Hills. Mr. Hernandez has been trained in landfill operations, CalRecycle load check programs, and storm water management practices.



## Environmental Technician—Bruce Pope

### Contact Information

Address 150 Chelsea Hills Drive, Benicia, CA 94510  
Telephone (707) 208-6744

### Responsibilities

As the environmental technician at PHLF, Bruce Pope provides monthly and regular testing and monitoring of the LFG collection and control system, and sampling and monitoring of the leachate collection and removal system. His daily activities include oversight of the LFG flare unit and the waste load checking program. Mr. Pope is also responsible for the regular sampling, testing, and reporting of storm water discharges in conformance with California Waste Discharge Requirements (WDRs). He is also trained to serve as a back-up to the operations supervisors.

### Background

Mr. Pope has worked in the solid waste industry since 1997. He started as a LFG technician at Richmond Landfill, where he was responsible for gas collection and power generation. Since 2003, he has led leachate management and LFG monitoring at PHLF. He has received CalRecycle load checking program training and attended SWANA-certified training courses in 2010 and 2011 in LFG monitoring and reporting.

## Lead Maintenance Mechanic—Fernando Parra

### Contact Information

Address PO box 68 Fairfield, CA 94533  
Telephone (707) 432-4628

### Responsibilities

As lead maintenance mechanic at PHLF, Fernando Parra manages the maintenance shop and maintains landfill operating equipment. He ensures that all equipment is available for use, schedules equipment maintenance in accordance with company policies and manufacturer's recommendations, orders parts, and coordinates outside repairs as needed. Mr. Parra manages one full-time and one part-time service technician. In addition, he trains equipment operators and drivers in proper pre-trip and post-trip inspections.

### Background

Fernando Parra has worked at PHLF since 2001. He started as an equipment mechanic and progressed to lead foreman and maintenance mechanic. He is a qualified mechanic with Caterpillar and John Deere training in maintaining heavy landfill equipment and training in brake systems and transmissions. Mr. Parra has also been trained in company policies related to hazardous materials identification, handling, storage, and disposal. These materials are regulated by Solano County under the Certified Unified Program Agency (CUPA) permit for hazardous and waste materials management.



## Foreman; Weighmaster—Sharmaine Jones

### Contact Information

Address PO Box 68 Fairfield, CA 94533  
Telephone (707) 432-4628

### Responsibilities

As the lead weighmaster (scale attendant) at PHLF, Sharmaine Jones' daily responsibilities include opening the scale house each morning, scheduling the scale attendants' shifts and duties, and serving as primary contact with waste delivery customers. She directs the various waste vehicles to their proper location, depending on the services required. She uses the waste tracking program to record information for each waste truck—running reports on a daily, weekly, and quarterly basis; scheduling routine sale certifications; and resolving issues related to load acceptability. Ms. Jones also serves as the maintenance service support staff responsible for tracking each piece of equipment at the landfill and its associated work orders.

### Background

Ms. Jones has worked in the solid waste industry since joining the team at PHLF 2002. She started as a scale attendant and progressed to lead weighmaster and union shop steward. Ms. Jones is licensed by the California Department of Food and Agriculture Division of Measurement Standards as a certified weighmaster. She has been trained to operate the licensed operating software, WasteWorks, which is used at PHLF as the vehicle weight, tracking, and billing system. She has also been trained in the CalRecycle load checking programs and is a first-responder for CPR and first aid assistance.

### Background Check Requirements

For all employees at PHLF, a thorough background check is performed prior to employment, including researching prior criminal records and motor vehicle violations.

All prospective PHLF employees are subject to pre-employment, nine-panel drug testing, which includes screening for pain medications. Today, these drugs are widely abused and are not detected in the current U.S. Department of Transportation five-panel testing program. Throughout employment, all personnel in safety-sensitive positions are subject to WCI's nine-panel random drug testing program.

In the event of an accident or injury-related incident, an immediate drug screening is performed. PHLF has a zero-tolerance policy with respect to drug and alcohol use.

### Employee Training

All new personnel are trained by district, regional, and corporate training personnel using proven techniques. WCI has developed standardized training methods to ensure consistent training that establishes standards of practice and helps all new staff be fully prepared to "hit the ground running."



WCI has established training programs completed by local district training personnel, including comprehensive new-hire and new-position training as well as monthly training on various topics. Regional trainers regularly provide safety training. Corporate trainers provide human resources, equipment maintenance, and additional safety training.

The number one operating value at WCI and PHLF is safety. It is our policy to conduct all operations in a safe and healthful manner. The safety and health of every employee is a fundamental consideration in every business decision and plan, and all reasonable precautions will be taken to protect employees from injury and illness.

Our goal is to prevent the occurrence of all work-related injuries, illnesses, and property losses. It is our philosophy that, by striving to eliminate unsafe conditions and actions, we will eventually achieve this goal. All applicable safety regulations, codes, and accepted work practices are trained upon and followed. Each employee is informed of any hazards associated with his or her job and trained in safe work procedures, the use of personal protective equipment, and other means intended to provide required protection. Training is conducted upon hire of every new employee, prior to an employee being placed in a new position, prior to conducting different work from that to which they are accustomed, and monthly on required topics and as needed.

The safety program includes accident and injury improvement, safety meetings, safety committee meetings, incident review board, safety bonus programs, driver/operator management, reporting and safety assessments, route and work observations, spill response, regulatory training including lock-out/tag-out training, fire prevention training, medical and first aid training, heat and cold stress, accident prevention, defensive driving SMITH system training, PPE training, blood-borne pathogen training, etc.

#### 4.2.4. Company Qualifications

*Fully describe services provided currently or in the past that are directly relevant to services described in this RFP, including description of relevant agreements and degree of involvement and the date the service was provided. Provide names and telephone numbers for all public agency clients over the last five years as references for your experience providing relevant disposal services.*

##### Relevant Agreements

WCI actively serves 800 major municipal and corporate clients. PHLF has served the following public agency and private clients over the last five years.



**Table 3. Relevant Agreements**

Client	Contact Name	Telephone	Services Provided	Service Dates
<b>Public Agency Clients</b>				
California Department of Food and Agriculture	Jen Crow	(916) 403-6513	Agricultural Waste	Since 2009
Caltrans	Karen Mendoza	(916) 227-6111	MSW, General Debris	Since 2009
City of Brentwood, Contra Costa County	Tami Hopkins	(925) 516-6060	Sludge/biosolids	Since 2010
City of Fairfield, Solano County	Esther Blanco	(707) 428-7528	MSW, General Debris	More than 20 years
City of Suisun, Solano County	Suzanne Bragdon	(707) 421-7300	MSW, General Debris	More than 20 years
Fairfield-Suisun Sewer District	Greg Baatrup	(707) 429-8930	Sludge/biosolids	More than 20 years
Fairfield-Suisun Unified School District	Wendy L. Adams	(707) 399-5000	MSW, General Debris	Since 2009
Napa-Vallejo Waste Management Authority	Rich Luthy	(707) 253-4545	Pre-Ground Debris/ADC	Since 2011
Solano County	Narsissa Untal	(707) 784-6765	General Debris	More than 20 years
<b>Private Clients</b>				
Berryessa Garbage Service, Napa	Tom Gomez	(707) 226-9543	MSW	Since 2003
C&S Waste Solutions, Ukiah Mendocino, County	Jack Simmons	(707) 263-7682	MSW, ADC	Since 2008
Contra Costa Waste Services, Pittsburgh, Contra Costa County	Gary Lazdowski	(925) 692-2250	MSW, ADC	Since 1994
El Dorado Disposal, El Dorado Hills, El Dorado County	Jeff England	(530) 295-2800	MSW,	Since 2010
S&S Trucking, Oakland Alameda County	Frank Sanchez	(510) 383-3556	ADC, Biosolids, Soil/debris	Since 2008
Solano Garbage Company, Fairfield, Solano County	Tony Cincotta	(707) 437-8934	MSW, C&D, Greenwaste, Special Waste	More than 20 years
Solid Waste of Willits, Willits, Mendocino County	Gerald Ward	(707) 459-4845	MSW	Since 2000



## Full Cooperation With the Operator of the DRTS

PHLF has a long history of working with transfer station owners, operators, and governmental entities. In recent years, we have provided responsive service to the DRTS on a limited basis. We commit to working cooperatively with the Authority and its operator of the DRTS throughout the term of the Agreement. Listed below are the names and telephone numbers of other transfer station locations which we serve:

- Contra Costa Waste Services, Pittsburgh, Contra Costa County, (925) 692-2250
- Solid Waste of Willits, Ukiah, Mendocino County, (707) 459-4845
- El Dorado Disposal, Placerville, El Dorado County, (530) 295-2800

## Fulfilling the Scope of Services

PHLF can provide all of the required services as described and requested in the RFP, Section 3 Scope of Services. PHLF will be responsible for providing all labor, supervision, equipment, and materials to perform the terms of the Agreement in conformance with applicable permits and regulations. Listed below is a description of our means of performing the required activities as detailed in the RFP Scope of Services.

### Accepting Delivered Residue

*Accepting delivered residue from Authority and recording weights of all delivery vehicles at the time of entry to the disposal facility.*

All commercial waste collection vehicles that use the landfill are required to enter the landfill via the entrance area and use the scales. There are two inbound scales and one out-bound scales. As a waste vehicle is weighed, the specific information for that truck is entered into a computer system. This system is linked to the scales such that an accurate weight is recorded.

For additional information, please see sections 4.1.1. Methods and Procedures for Scale House Operations and 4.1.2. Waste Receiving and Unloading.

### Disposal Facility Operation

*Operating the disposal facility including operation, management, and maintenance of the refuse fill areas, leachate and landfill gas management systems, groundwater monitoring and management systems, treatment facilities, buildings, on-site roadways, utilities, and any other required facility elements.*

PHLF is a fully permitted Class III landfill as defined by CCR Title 27, and is also permitted to receive designated wastes (also identified as Class II wastes), nonhazardous solid wastes, and inert wastes for disposal of within regulated Subtitle D constructed lined areas (cells). A construction quality assurance (CQA) plan is prepared and submitted to the RWQCB prior to the construction of each cell liner that documents testing and conformance.

All landfill cells constructed since 1993 meet the regulatory required Subtitle D design standards. This includes a **liner system** on the base of the landfill comprised of the following layers (listed from bottom to top) placed atop the bedrock or foundation materials:



- Sub-drain system at select locations on the base
- 2-foot-thick compacted clay layer ( $k \leq 1 \times 10^{-7}$  cm/sec)
- 80-mil high-density polyethylene (HDPE) geomembrane
- 12-inch-thick gravel leachate drain or a material with an equivalent drainage characteristic
- nonwoven geotextile filter fabric
- 18-inch-thick soil operations layer

An engineered alternative to the prescriptive standard has been accepted by the RWQCB for the side-slope liner on the northern excavated slopes. The Subtitle D side slope liner system is comprised of the following components, from bottom to top:

- Sub-drain collection system, where needed
- 30 mil HDPE geomembrane, where needed to cover areas of seepage
- Geosynthetic clay liner (GCL) ( $k < 5 \times 10^{-9}$  cm/sec)
- 80-mil HDPE geomembrane
- 2-foot-thick operations soil layer

The use of **80-mil HDPE exceeds the current state and federal standard for lining material by 30%**. This added protection allows for acceptance of a greater variety of materials destined for long-term disposal.

**Leachate** is collected at the base of the landfill and removed by means of a pumping system. The collected liquids are stored in double-contained structures, tested, and recirculated back into the landfill to promote decomposition of organic matter and landfill gas (LFG) generation. As an alternate means of disposal, the leachate can solidified on-site and placed into any active disposal cell.

PHLF is compliant with the applicable requirements developed under the California State Implementation Plan (SIP). The Bay Area Air Quality Management District (Air District) has adopted regulations to control emissions from landfills as part of the local actions to implement the SIP. No waste burning is conducted at PHLF. The modern LFG control system includes extraction wells and one or more flares to combust the gas. **PHLF has a signed agreement with a LFG-to-energy development company to convert the LFG to electricity. It is anticipated that this “green and sustainable” resource power plant will be on-line by the end of 2014 and that it will produce enough electricity to power the equivalent of approximately 6,000 homes.**

In addition, a **gas monitoring program** has been designed and implemented at the landfill. The gas monitoring network has been designed by a registered civil engineer. The hazard potential of methane migrating off-site from this landfill is regarded to be insignificant, due to the physical location of the landfill, the local geological and hydrogeological conditions, final landfill contours, and distance from any potentially impacted areas. The landfill is located in a remote valley area separated from the few adjacent occupied residences by substantial distances.



**Groundwater** is sampled semi-annually in accordance with the WRCB waste discharge requirements applicable to the landfill. The sampling and analyses are performed under the direction of an independent registered geologist. Reports are regularly submitted to the RWQCB and LEA.

Key **ancillary facilities** currently at the site include a quarry area for sand and gravel extraction, water wells, local sewer lines, onsite electric lines, LFG flare, electricity generating equipment, office buildings, employee break building, public information center, public unloading facility, equipment maintenance building, fueling facility, and truck and equipment washing facility. All of these are maintained in working order to support the primary operations of waste receiving and disposal.

PHLF has been an operating landfill for over 25 years and our staff has expertise in disposal operations. PHLF utilizes **a simple system of managing the various disposal operation elements** related to directing traffic to the active area, truck unloading (with and without tippers), waste compaction, placement of daily and intermediate cover (soil and ADC), and planning for short-, medium-, and long-term fill sequencing.

Along with these activities, there are associated efforts that are undertaken to comply with applicable permits, ordinances, and regulations, including limiting nuisances related to dust, odor, litter, vectors, and managing storm water run-off and drainage. Additionally, the management and operations of a leachate and LFG systems are conducted for the waste fill mass.

The potential for nuisances to occur at the landfill is reduced by following best-management practices, and by adhering to the standards established by regulatory agencies. Common **nuisances and preventive measures** are as listed below.

- **Dust Generation and Migration:** Fugitive dust is controlled by the use of water trucks that regularly spray water on road surfaces and other traveled areas. Placement of soil, compaction, and seasonal vegetation all limit dust generation in areas where site activities are diminished. The proper use of ADC materials eliminates the over-use of soil and greatly reduces the opportunity for dust to form.
- **Odors:** Excessive odors are eliminated or reduced by the immediate burial and covering of foul-smelling waste material. In some cases, extremely odorous material may be rejected. Odors are reduced at the active waste area by continuous daily covering operations. The operation of a LFG collection and control system reduces the potential for gas odors to migrate from the waste fill areas.
- **Litter:** Blowing litter is more easily controlled when it is captured in the vicinity of the unloading and active fill areas. This is accomplished by the use of portable fencing that is positioned daily downwind of the active face. Additional fencing is strategically placed in areas where litter can be blown from unloading waste vehicles. PHLF has constructed 30-foot-high netting along the northern boundary to prevent wind-blown litter from escaping to neighboring properties. The landfill also employs a regular team of litter collection personnel. Utilized as needed, this staff is responsible to collect and bag litter from around the landfill property.



- Vectors: Vectors that tend to be attracted to landfills primarily include birds and rodents. PHLF prevents these vectors from becoming a nuisance by using noise-makers and a qualified falconer to deter the assembly of sea gulls at the landfill. To prevent rodents from feeding on waste material, PHLF confines the active area to the smallest size that is practical, constantly compacts the waste to keep voids from forming, places cover material throughout the day to reduce the area of exposed waste, and completely covers the active area at the end of each working day.

### **Trained Personnel**

*Employing trained personnel to effectively operate the facility and provide ongoing safety and personnel training.*

The PHLF is operated by a team of highly qualified, skilled, and experienced employees with a record of service excellence. The landfill is led by a management team that is expert in all facets of solid waste management operations, including daily and long-term fill sequence planning, leachate operations, LFG system monitoring and management, groundwater management, and recycling and diversion activities. They are supported by a regional and corporate management team comprised of industry leaders. **The six members of the PHLF management team average over 20 years of landfill operations and management experience, with a minimum of 12 years of experience.** Senior management at the landfill hold degrees from accredited colleges and universities in business and engineering, including master degrees in business administration. PHLF is also supported by professional engineers licensed in the State of California.

**The 21 members of the PHLF union workforce average over 10 years of experience at PHLF, with a minimum of seven years of experience.** It is through their daily efforts that PHLF has achieved an excellent safety record and maintains an outstanding compliance record. PHLF can also draw upon the many highly qualified operators located at WCI's other 53 landfills, if needed.

**Safety is WCI's and PHLF's #1 core value.** The safety of employees, customers, and the public is paramount in all of our operations. We not only conduct monthly safety meetings that cover a variety of topics, but we also recognize those employees who take an active role in ensuring that safety is made a part of each operation and function of the daily work effort. In 2011, PHLF was recognized for its outstanding safety record within Waste Connections, Inc.

**Ongoing professional training** is an important part of employee development. Training by solid waste organizations and regulatory agencies is utilized to keep employees current in standard industry practices related to waste management. Within the last four years, management and employees of PHLF have completed training classes in LFG systems; SWANA monitoring and management of landfill operations; California State University, Sacramento and CalRecycle odor recognition and monitoring training; CalRecycle load check training; and California Department of Food and Agriculture training as certified weighmasters/scale house attendants.

In addition, WCI has a robust, continuous leadership training program that fosters strong interpersonal management skills and provides a framework for individual career growth at all levels of the company. And, training doesn't stop there: ongoing training on the latest environmental and



regulatory trends, management tools, and technical subject matter ensures WCI employees maintain a leading-edge knowledge and skill set in the solid waste industry.

For information about new employee training, please see the end of Section 4.2.3. Staff Responsibilities.

### **Equipment, Containers, Parts, Etc.**

*Providing all rolling stock, stationary equipment, transfer truck tippers (if required), material storage containers, spare parts, maintenance supplies, and other consumables necessary to perform operations*

PHLF is a fully equipped solid waste management facility capable of handling the permitted quantities of waste on a daily basis. The daily permit limit for waste disposal materials is 3,400 tons on a 7-day average. In 2012, the daily average was just below 1,100 tons. PHLF can receive an additional 2,300 tons per day. We maintain the equipment types and levels for the permit limit, so additional waste material can be accepted without increasing equipment quantities.

PHLF has available two diesel-powered tippers and a back-up unit in the event of a breakdown or surge in waste volume deliveries. Diesel-powered tippers are more efficient and quicker in unloading a transfer load of waste or ADC. **All of the tippers at PHLF are available to any customer; we do not dedicate a tipper to any single customer. PHLF's tippers can accommodate the Authority's potential use of large-capacity (23-ton "possum belly") trailers.**

PHLF has a large and well-supplied equipment maintenance building. Multiple storage units on-site are used to handle the variety of spare parts, equipment supplies, and consumable items needed each day. The maintenance team is trained and equipped to perform all levels of equipment service and all but the largest of repairs. PHLF is supported by nearby equipment suppliers, including Caterpillar and John Deere, in the event of a major repair item or the need for backup equipment.

### **Directing Drivers**

*Providing necessary signs and personnel to direct drivers to proper unloading areas*

PHLF has sufficient signing from the entrance gate to the active disposal area. A "Welcome" sign is at the start of Potrero Hills Lane and is illuminated at night by solar-powered batteries. Upon entering the main entrance area, signs direct drivers to the appropriate scale. Signs also inform customers of unacceptable items and the current charges for disposal. Drivers are directed to the applicable unloading areas (i.e., waste, diversion material, recycling, liquids, etc.) by the scale house attendants. Upon leaving the scale, signs provide roadway speed limits and additional directions along the main access roads. Once at the unloading areas, spotters are used to control the flow of traffic at the active working face. Signs are also used to remind drivers and employees about safe working conditions, vehicle separation requirements and the need for using personnel protection equipment (PPE).

PHLF weighmasters direct drivers onto the scales and off the scales and toward their appropriate destination. Drivers are directed to follow the roadway signs and directions to the active unloading



area. Traffic control personnel (or landfill spotters) direct trucks to the specific location for discharging their loads.

### **Hazardous Waste Management**

*Maintaining an effective monitoring system to prevent hazardous waste from being accepted at the facility as provided in the load checking program to be described by the Contractor and included in Exhibit 3 of the Agreement, and ensuring the capability to manage hazardous waste following inappropriate acceptance of hazardous waste.*

Please see Section 4.1.2. Waste Receiving and Unloading, Load Screening and Inspection Program, which describes our hazardous waste management methodology.

### **Permits and Regulatory Requirements**

*Meeting all disposal site permit conditions and regulatory requirements*

Please see Section 4.2.6. Environmental Compliance, which describes PHLF's ability to meet site permit and regulatory requirements. A detailed review of the facility compliance record is also included there.

### **Monthly Invoicing**

*Invoicing the Authority for disposal services on a monthly basis. Invoices shall be sufficiently detailed to show, at a minimum, the weight, date and time delivered, type of material, and point of origin of each truck load.*

As a waste vehicle is weighed, its information is entered into a computer system that uses a proprietary software program called Waste Works. The system is linked to the scales such that an accurate weight is recorded. Information entered into the computer includes truck number or license, truck or waste origin, gross weight, time of entry, disposal location, and other waste type information (e.g., MSW, diversion material, green waste, biosolids, C&D, recyclables, etc.).

At the end of every month, the computer utilizes the information that was entered into Waste Works to systematically create an invoice. The invoice includes the date of the transaction, ticket number, vehicle number, reference, material description, quantity of material, and the amount due for each individual transaction.

Since PHLF has provided ADC capacity services to the Authority in the past, a typical invoice is included in Appendix J—Sample Invoice indicating the information provided.

### **Closure and Post-Closure Management**

*Safely managing the facility and the facility property in full legal compliance during Closure and Post Closure period(s) including fulfillment of State funding requirements*

PHLF has recently completed a major expansion and permitting effort. As part of this activity, updated closure and preliminary post-closure maintenance plans were submitted and accepted by LEA and CalRecycle as being in compliance with existing regulations. These plans included current, third-party estimates for closure of the complete landfill permit boundary and a 30-year, post-closure maintenance and monitoring period. Surety bonds for the full amount have been submitted and



accepted by CalRecycle. These cost estimates are updated annually in accordance with CalRecycle regulations.

PHLF is committed to meeting the standards for the closure of the landfill and long-term care and monitoring during the post-closure period.

### **Standard Industry Practices**

*Employing Standard Industry Practices in conducting all of the activities specified.*

PHLF has been in operation since 1986. Since 2009, it has been a wholly owned entity of Waste Connections, Inc.—one of the largest solid waste companies in the United States. PHLF utilizes current standard industry practices in the handling and disposal of solid waste, residue materials, and unacceptable items. In addition, PHLF employees are trained in best management practices when dealing with solid waste, storm water management, leachate, and LFG operating systems, and permit compliance. Extensive and regular training from professional societies such as SWANA, regulatory agencies (CalRecycle and LEA), and educational institutions (California State University, Sacramento) are used to improve the operational skills of the landfill staff and the performance of tasks in conducting the activities specified in the RFP.

### **Emergency Services**

*The Contractor shall be capable of providing emergency services and/or make available for Authority use, at Authority's direction, Contractor's personnel and equipment within twenty-four (24) hours of notification by the Authority or as soon thereafter as is reasonably practical in light of the circumstances. Emergency services which exceed the scope of work under this Agreement shall be compensated through Extraordinary Rate Review in accordance with the agreement.*

PHLF is capable and equipped to respond to emergency services as requested by the Authority. PHLF is the closest disposal facility to the Authority and its member jurisdictions and, as such, is able to respond in the timeliest manner.

PHLF has sufficient equipment and personnel to respond to a request from the Authority to perform emergency services within 24 hours, pursuant to the conditions stated in the RFP. PHLF's current permits allow for 24-hour operations, Monday through Friday and 20-hour operations on Saturday and Sunday. These flexible operating hours support our ability to accommodate any request for emergency services deemed necessary by the Authority.

### **Operational Requirements**

With respect to operational requirements of the landfill, PHLF has the following capabilities:

#### **Receiving and Operating Hours**

Please see Section 4.1.2. Waste Receiving and Unloading, Subsection: Flexible Hours Optimize Operations and Minimize Traffic Impacts.

There are no circumstances described in the facility operating permits that would lead to a closure of the site during normal business hours. Within the past three years, PHLF has not been closed for any reason, except holiday closures.



In 2009, PHLF served as an alternate disposal facility for an area landfill that had circumstances of closure and curtailed operations due to high winds.

### **Scale Operation**

Please see Section 4.1.1. Methods and Procedures for Scale House Operations, which describes PHLF's ability to meet the operational requirements pertaining to scale operation.

### **Disposal Operation**

Please see Section 4.1.2. Waste Receiving and Unloading for detailed information about receiving and unloading.

Please also see Section 4.2.4. Company Qualifications, Subsection Fulfilling the Scope of Services, Disposal Facility Operation.

### **Availability of Alternate Sites**

PHLF is a wholly owned entity of Waste Connections, Inc. As such, PHLF has the ability to direct waste flows to alternate sites in the highly unlikely event of a disaster or emergency response. However, if the occasion were to arise, the John Smith Road Landfill, located in Hollister, San Benito County would be designated as an alternate site. The John Smith Road Landfill is operated by WCI under a life-of-site contract with San Benito County.

### **Availability of Extended Hours of Operation in Emergencies**

Please see Section 4.2.4. Company Qualifications, Subsection: Fulfilling the Scope of Services, Emergency Services.

### **Meeting Alternative Daily Cover Requirements**

With respect to ADC, PHLF will use, track, and report to the Authority monthly the material type and tonnages received from the Authority and used as ADC or for other purposes which may qualify for diversion. PHLF has the following capabilities to perform these tasks:

#### **Record Keeping and Reporting Requirements**

PHLF keeps accurate and complete records on a daily basis of waste, residue, and special waste delivered and disposed at the landfill. The use of ADC, including acceptable residue material for ADC, and other diversion activities are also recorded daily in a manner sufficient for the Authority to determine compliance with the Agreement. The recorded information can be made available to the Authority for subsequent reporting to CalRecycle and other State agencies as needed, member agencies, and as a means to assess liquidated damages if appropriate.

At a minimum for each incoming vehicle, PHLF records will include the date and time of weighing, and the weight of each vehicle. Monthly invoices, with appropriate background information, are prepared by PHLF and submitted to the Authority. In accordance with the Agreement, PHLF will prepare and submit any specified quarterly and annual reports to the Authority.



### Vehicle Turnaround Guarantee

PHLF provides an efficient and effective means of directing trucks from the entrance area, through the scale house system, and to the unloading area. The normal “cycle time” between a truck entering and exiting the scale is less than 25 minutes. PHLF will facilitate the Authority’s trucks’ site entry, discharging, and site departure in the shortest possible time. **PHLF will provide a Vehicle Turnaround Guarantee of 30 minutes, as specified in the Agreement** with the Authority. PHLF understands that liquidated damages will be assessed for not meeting this guarantee.

### Recycling and Diversion

Please see Section 4.1.4. Recycling and Diversion.

### 4.2.5. Litigation History

*Has any company, partner or subsidiary in this venture, subcontractor, or any corporate officer been involved within the past five years in litigation: arising out of performance of a solid waste Agreement or violation of environmental laws, regulations or permits; arising out of or connected with violation of state or federal antitrust laws; or arising from or connected with allegation of corrupt practices?*

*Has any company, partner or subsidiary in this venture, subcontractor, or any corporate officer, been notified of or been the subject of any enforcement action, order, decree, or notice of violation of any environmental laws, regulations or permits? If an answer is "yes," please explain fully. Provide details of any past or pending litigation against the Contractor or its parent company, or joint venture company(ies) by a governmental entity contracting with the Contractor, or its parent, for services relating to waste management, or against such a governmental entity by the Contractor or its parent company, or joint venture company(ies). Failure to identify litigation history may result in disqualification of your proposal.*

Within the past five years, PHLF has been involved in one binding arbitration and one lawsuit with privately owned solid waste services companies, both arising out of breaches or alleged breaches of solid waste disposal agreements. These matters did not involve an agreement with a government entity. These matters involved two separate agreements.

In November 2010, PHLF initiated contractual arbitration proceedings with Judicial Arbitration and Mediation Services, Inc. in San Francisco against The Ratto Group of Companies, Inc. (“Ratto”) alleging Ratto’s breach of the parties’ Solid Waste Disposal Agreement. A Santa Rosa-based company, Ratto and its affiliates primarily serve the communities of Sonoma County. The case was arbitrated in February and March 2012 before the Honorable Fern Smith (ret.). On August 13, 2012, Judge Smith issued her Final Award finding that Ratto had breached the Solid Waste Disposal Agreement by failing to include PHLF in its 2010 bid to Sonoma County and awarding PHLF lost profits, attorney’s fees and costs. Pursuant to this Final Award, on September 13, 2012, Ratto remitted to PHLF \$3,551,000.

In the lawsuit referenced above, GreenWaste Recovery, Inc. (“GreenWaste”) and its affiliate, Zanker Road Resource Management, Ltd. (“Zanker”) sued Waste Connections, Inc. over a contract dispute related to a disposal agreement, dated August 29, 2000, between GreenWaste and Zanker and PHLF. GreenWaste/Zanker is a San Jose-based company that serves communities in the Santa



Clara, San Francisco and Sacramento areas. In March 2011, GreenWaste/Zanker exercised their right to pay a termination fee to terminate the disposal agreement, and the parties then settled the lawsuit in August 2011.

Neither PHLF, or any partner, subsidiary, subcontractor, or corporate officer of PHLF, have been involved within the past five years in litigation arising out of violation of environmental laws, regulations or permits, or arising out of or connected with violation of state or federal anti-trust laws, or arising from or connected with allegation of corrupt practices. PHLF does not believe any of the Solano County Measure E related litigation fits this description, but that litigation is described below nevertheless.

PHLF has been notified or has been the subject of enforcement actions concerning notices of violation of environmental laws, regulations or permits. These notices of violation concerned the operation of onsite diesel-powered electrical generating units and operation and maintenance of the landfill gas collection and control system.

In 2008 and 2009, Bay Area Air Quality Management District (BAAQMD) issued to PHLF notices of violation for installation and operation of a replacement motor to an existing electrical generating unit without a permit. The replacement motor was an upgrade to reduce emissions (a Tier 3 motor replacing a Tier 0 motor). In 2010 a settlement was reached with BAAQMD in which issues for both NOVs were resolved and PHLF paid \$4,500 to BAAQMD.

In 2012, BAAQMD issued to PHLF a notice of violation for excessive emissions related to the landfill surface that is under the control of a landfill gas collection system. This was resolved within the applicable 10-day time period and no further action has been taken by BAAQMD.

In 2012, BAAQMD issued to PHLF a notice of violation for exceeding emission standards for compression-ignited engines. This was resolved by PHLF submitting an application to BAAQMD for a replacement engine.

Waste Connections, Inc. purchased PHLF from Republic Services, Inc. in 2009. Since that time, PHLF has not been a defendant in litigation filed against it by a government entity contracting with PHLF for services relating to waste management. WCN is not aware of any such litigation prior to its 2009 purchase of PHLF.

Waste Connections, Inc. was organized in 1997. It became a public company the following year, and has been filing periodic reports with the U.S. Securities and Exchange Commission ("SEC") since that time. Those reports are available at [www.sec.gov](http://www.sec.gov).

As most recently disclosed in WCN's Annual Report on Form 10-K, filed with the SEC on March 1, 2013 (the "2012 Annual Report"), PHLF is engaged in multi-party litigation involving the constitutionality of a Solano County voter-approved initiative called Measure E, which purports to restrict the importation of out-of-county waste and recyclables into Solano County from jurisdictions outside the County. This litigation was inherited when WCN purchased PHLF in 2009. PHLF and WCN were named real parties in interest in certain lawsuits proponents of Measure E had re-filed in



state court against Solano County seeking enforcement of Measure E, making PHLF, WCN and Solano County essentially co-defendants, each supporting the position that Measure E is unconstitutional. The Attorney general of the State of California also supports the position taken by PHLF, WCN and Solano County. On September 8, 2009, PHLF, WCN and a coalition of other companies filed a lawsuit in federal court against Solano County (the jurisdiction technically charged with enforcing Measure E), seeking to have the Measure declared unconstitutional. PHLF, WCN and their co-plaintiffs chose not to continue pursuing the case when it was dismissed with leave to amend in mid-2012 as a result of motions filed by the supporters of Measure E, which had intervened in the case.

One of the reasons PHLF, WCN and their co-plaintiffs chose not to continue pursuing the federal litigation was because on September 25, 2012, Governor Jerry Brown signed into law Assembly Bill 845 ("AB 845"), an act of the California Legislature, effective January 1, 2013. AB 845 expressly prohibits counties from restricting or limiting the importation of solid waste into a privately owned facility in a county based on the waste's place of origin. Because PHLF and WCN believe that AB 845 renders Measure E unenforceable under state law, they filed motions with the Court of Appeal to dismiss the remaining state court Measure E litigation on September 27, 2012. The Court of Appeal has not yet ruled on this pending motion or set an argument date for the appeal.

A copy of the more comprehensive disclosure related to this litigation copied from the 2012 Annual Report is included as Appendix K—Additional Litigation Information.

The details of other material litigation matters involving WCN and its subsidiaries are disclosed in the 2012 Annual Report, which can be viewed at <http://www.sec.gov/Archives/edgar/data/1057058/000119312513085841/d431432d10k.htm>.

However, other than the Measure E litigation discussed above, none of that litigation involves PHLF or WCN having been sued by or suing a governmental entity contracting with PHLF or WCN, respectively, for services relating to waste management.

One case not disclosed in the 2012 Annual Report that does fit this description is described below.

On November 15, 2010, a complaint was filed in El Paso State Court by Waste Connections, Inc., El Paso Disposal LP and Camino Real Environmental Center, Inc. against the City of El Paso (the "City"), and its Mayor and City Manager, as a result of the City's adoption of its August 2010 flow control ordinance, which breached a Solid Waste Disposal and Operating Agreement between the City and WCN. The City eventually postponed its flow control ordinance until the term of WCN's existing agreement had expired and the City entered into a new franchise agreement with one of WCN's subsidiaries. WCN thereafter agreed to dismiss its lawsuit.

#### 4.2.6. Environmental Compliance

*List any environmental compliance-permit violations incurred by the company, partner or subsidiary in this venture, or subcontractor in the past 5 years for the landfill being offered to the Authority. Provide similar information on significant violations that have occurred at company's other landfills in California, if any.*



## Permits

The PHLF is owned and operated by Potrero Hills Landfill, Inc., a California corporation, and is currently permitted as a Class III solid waste facility, as defined by Title 27: Environmental Protection of the California Code of Regulations (CCR).

The facility is operated in accordance with numerous permits from applicable federal, state, regional, and county agencies. The primary permits in effect to operate PHLF have been issued by: Land Use Permit/Marsh Development Permit issued by Solano County; Solid Waste Facility Permit and Compostable Material Handling Facility Permit issued by Solano County and CalRecycle; Waste Discharge Requirements (WDR) issued by the RWQCB; Permit to Operate issued by the Bay Area Air Quality Management District; and the Business License Permit issued by Solano County. In total, there are at least 35 individual permits, licenses, authorizations and/or approvals granted to PHLF to perform all of the requested services described in the Request for Proposal. A list of the permits is provided in Appendix F—PHLF Solid Waste Facility Permits.

## Meeting and Exceeding Standards

The PHLF is a highly regulated facility, subject to numerous permits, regulations, codes and standards. PHLF prides itself on meeting and exceeding these standards through a combination of a well-qualified and experienced staff, ongoing training, constant permit review, and compliance tasking, and consistent reporting to applicable agencies.

In 2012, PHLF completed a 10-year effort in expanding the landfill, including physical enlarging the permitted waste boundary and adding numerous services and activities. Many of these service enhancements and activities required permits or permit updates.

PHLF is a major industrial-type facility with a diverse customer base, and ever-fluctuating waste volumes and waste types. In total, PHLF now operates in compliance with over 35 individual permits, authorizations, or licenses. The majority of these permits were issued within the last two years. In addition, PHLF is required to comply with numerous solid-waste-related codes and standards falling under the laws and ordinances enforced by U.S. Department of Labor Occupational Safety & Health Administration (OSHA), State of California Labor and Workforce Development Agency (LWDA) Department of Industrial Relations' Division of Occupational Safety and Health (Cal/OSHA), U.S. Department of Transportation, Caltrans, and Solano County.

## Environmental Compliance Record

With regard to the environmental compliance record for PHLF, we have provided in the table below a list of all violations over the past 5-year operating history. With each noted violation, the issue was immediately addressed with the appropriate agency and did not constitute a recurring violation. None of the violations were a result of a release into the groundwater or surface water and none of the violations were a result of discharge of waste to the environment. Appendix L—CalRecycle Facility/Site Inspection Listings contains a copy of the CalRecycle inspection reports for the last five years.



During the most recent LEA/CalRecycle joint inspection conducted in December 2011, the facility received noteworthy comments about the site cleanliness and record-keeping.

**Table 4. Inspection Record**

Year	Landfill Facility Inspections	Compost Facility Inspections
2008	No violations by LEA/CalRecycle 1 violation by Air District (failure to submit a permit application for an onsite engine)	No Violations
2009	No violations by LEA/CalRecycle 1 violation by Air District (operating an onsite engine without a current permit)	No Violations
2010	No violations by LEA/CalRecycle	No Violations
2011	5 violations by LEA/CalRecycle (Daily Cover, ADC//Litter/Erosion/Leachate Control)	No Violations
2012	2 violations (Elevated Gas/Alternate Daily Cover) 2 violations by Air District (elevated LFG emissions, operating onsite engine without adequate emission controls)	No Violations
2013	No Violations	No Violations

LEA = Solano County Local Enforcement Agency

CalRecycle = California Department of Resources Recycling and Recovery

Air District = Bay Area Air Quality Management District





## 4.3—Financial Component

Provide the following information in sufficient detail to allow the Authority to determine the company's financial capabilities:

### 4.3.1. Financial Background

Provide satisfactory evidence that the contractually responsible party has been in existence for at least three years and has financial resources sufficient to undertake the proposed project. List the anticipated revenues for 2014 through 2018 that will be earned from services currently under contract with other parties.

PHLF has been in operation since 1986 and has more than sufficient financial resources to undertake this contract. We have provided financial statements for the last three years and anticipated revenues for 2014 through 2018 below.

**Table 5. PHLF Anticipated Revenues**

Year	2014	2015	2016	2017	2018
Revenues (1,000s)	\$22,295	\$22,850	\$23,425	\$24,000	\$24,600

### 4.3.2. Financial Stability

Provide audited financial statements, including income and balance sheets for the contractually responsible party and any parent company and joint venture company(ies), for the most recent three complete fiscal years and through the most recently completed quarter of the current fiscal year. Provide a statement from the chief financial officer indicating that there has been no material change in the financial circumstances of the proposing entity (or its parent or owners if they are providing financial assurance of performance) since the date of the last audited statements. **Note: the Agreement will require annual audited financial statements from the Contractor(s)**

Waste Connections, Inc. (WCI) is the parent company of the entity that will be contracting with the Napa-Vallejo Waste Management Authority for Long-Term Residue Disposal and ADC Capacity Services. WCI is a publicly traded company (NYSE:WCN) and subject to all the provisions of the U.S. Securities and Exchange Commission.

All of our public financial information is also available at the “Investor Relations” section of our website at [www.wasteconnections.com](http://www.wasteconnections.com).

The following information demonstrating the financial stability of Waste Connections, Inc. and its subsidiaries, including Potrero Hills Landfill, Inc., is available within Appendix M—Waste Connections, Inc. Financial Information:

- 2011 Waste Connections, Inc. Annual Report,
- 2012 Form 10-K financial information provided by the U.S. Securities and Exchange Commission (SEC), and



- October 2012 Standard & Poor's credit rating of Waste Connections, Inc.

*In order to avoid unnecessary printing and paper consumption, we have not included hard copies of the above documents, which are over 400 pages in length. **Electronic versions are included on the enclosed CD, within Appendix M of the PDF file containing the proposal.***



## 4.4—Agreement Acceptance

*The proposal schedule (refer to Section 1.5) for selecting a Contractor designates June 2013 to finalize the Agreement with the selected Contractor. In an effort to successfully accomplish this objective, the Agreement is provided in Attachment 4 to inform Contractors of the Authority’s intentions regarding the roles, responsibilities, and obligations of the Contractor and the Authority. Contractors are required to review the Agreement prior to submittal of proposals to the Authority. This review process allows Contractors to clearly focus the proposal and costs for services with full consideration of roles, responsibilities, and risks.*

*The Authority is interested in selecting a Contractor that is prepared to sign the Agreement in its current form. Contractors may, if necessary, comment on the Agreement. Any comment must be accompanied by recommended alternative language. However, the number, and more importantly, the substantive nature of the comments will be compared to those noted by the other Contractors during proposal evaluation. If comments include significant exceptions to the Agreement terms, the Authority may reject the proposal regardless of its other merits and proposed rates. Except at the sole discretion of the Authority, all negotiations with the Contractors will be limited to the Contractor’s comments and recommended alternative Agreement language contained in their proposal.*

The Agreement in the RFP was provided to inform Contractors of the Authority’s intentions regarding the roles, responsibilities, and obligations of the Contractor and the Authority.

Potrero Hills Landfill, Inc. legal counsel has reviewed the Agreement prior to submittal of this proposal to the Authority. The review process allowed PHLF to clearly focus the proposal and costs for services with full consideration of roles, responsibilities, and risks.

We have some recommended enhancements to the agreement as follows.

**Table 6. Proposed Agreement Language**

Section	Section as It Currently Reads	Proposed Language
Page 11. e. No Litigation.	No Litigation. There is no action...	No Litigation. Except as disclosed in the Securities and Exchange Commission filings of Waste Connections, Inc., there is no action...
Page 36. 11.01 Contractor Breaches, (5) Labor or Legal Difficulties (i)	(i) the subject of any Labor Action (including work stoppage or slowdown, sick-out, picketing, lockout or other concerted job action) in excess of thirty (30) calendar days...	(i) the subject of any Labor Action (including work stoppage or slowdown, sick-out, picketing, lockout or other concerted job action) in excess of thirty (30) calendar days <b>that results in the contractor breaching its performance obligations under this agreement.</b>



Section	Section as It Currently Reads	Proposed Language
D. Other Insurance Provisions	1. c. ...to state that the insurer(s) must provide the Contractor and Authority with thirty (30) calendar days' notice prior to any cancellation, change or other modification by certified mail, return receipt requested, has been given to the Authority and name...	1. c. ...to state that the insurer(s) must provide the Contractor and Authority with notice prior to any cancellation <b>in accordance with the applicable provisions of such policies</b> and name...



## 4.5—Cost Proposal

Please see Section 4.6, Form 2E Cost Proposal.

In the event that Potrero Hills Landfill initiates waste disposal operations in the Phase II parcel of the site, there will be additional governmental fees as a pass-through component required to be added to the disposal fee. These fees are identified for the Suisun Resource Conservation District (\$0.40 per disposed ton) and the Suisun Marsh Public Education Project Fee (\$0.15 per disposed ton). At this time, we do not have a scheduled date for initiating waste disposal activities in the Phase II parcel.





## 4.6—Proposal Forms

Completed proposal forms are on the following pages.



**Form 2A**  
**Contractor Validity and Commitment to Sign Agreement**

I acknowledge the following commitment, inherent in submitting a proposal, to sign the Agreement upon selection as a Finalist, subject to resolution of any specific exceptions to the Authority's language submitted with this proposal. Any exceptions to the Authority's language should be attached to this form.

I (authorized agent) Scott Schreiber having authority to act on behalf of (Company name) Potrero Hills Landfill, Inc. do hereby acknowledge that (Company name) Potrero Hills Landfill, Inc. will be bound by all terms, costs and conditions of this proposal for a period 180 days from the date of submission; and commit to sign the Agreement as noted above. I understand that the Authority reserves the right to enter into negotiations with another firm if, in the sole discretion of the Authority, satisfactory progress is not being made toward execution of an Agreement.

Signed 

Scott Schreiber  
(Print name)

Title Vice President, Disposal Operations  
Waste Connections, Inc. and Potrero Hills Landfill, Inc.

Date 3-15-2013

Form 2A, Continued

Section	Section as It Currently Reads	Proposed Language
Page 11. e. No Litigation.	No Litigation. There is no action...	No Litigation. Except as disclosed in the Securities and Exchange Commission filings of Waste Connections, Inc., there is no action...
Page 36. 11.01 Contractor Breaches, (5) Labor or Legal Difficulties (i)	(i) the subject of any Labor Action (including work stoppage or slowdown, sick-out, picketing, lockout or other concerted job action) in excess of thirty (30) calendar days...	(i) the subject of any Labor Action (including work stoppage or slowdown, sick-out, picketing, lockout or other concerted job action) in excess of thirty (30) calendar days <b>that results in the contractor breaching its performance obligations under this agreement.</b>
D. Other Insurance Provisions	1. c. ...to state that the insurer(s) must provide the Contractor and Authority with thirty (30) calendar days' notice prior to any cancellation, change or other modification by certified mail, return receipt requested, has been given to the Authority and name...	1. c. ...to state that the insurer(s) must provide the Contractor and Authority with notice prior to any cancellation <b>in accordance with the applicable provisions of such policies</b> and name...

## Form 2B Summary of Operations Plan

Provide a brief summary of the Contractor's methodology for providing the scope of services. All information should be provided in this form in a short, concise manner. It is intended to provide a snapshot overview of the services and should be limited to 3 pages.

### Core Principals

The methodology to be used by PHLF in providing the requested scope of services will be based on the core principals of our parent company, Waste Connections, Inc. (WCI). We must consistently perform at a high level to achieve stakeholder satisfaction. We have identified **five objectives** to attain world-class status:

- Provide unparalleled waste collection, transfer, and disposal services to our customers.
- Foster a corporate culture centered on profitable growth.
- Develop a business environment that engages our employees through continuous learning and improvement.
- Provide a superior rate of return for our shareholders.
- Make a positive contribution to the communities in which we operate.

### Operating Values

As part of WCI, Potrero Hills Landfill, Inc. has a set of operating values that support the achievement of these objectives.

**Safety.** We strive to assure complete safety of our employees, our customers, and the public in all of our operations. Protection from accident or injury is paramount in all we do.

**Integrity.** We define integrity as "saying what you will do and then doing it." We keep our promises to our customers, our employees and our stockholders. Do the right thing, at the right time, for the right reason.

**Customer Service.** We provide our customers the best possible service in a courteous, effective manner, showing respect for those we are fortunate to serve.

**A Great Place to Work.** We maintain a growth culture where our employees can maximize their potential personally and professionally. Our objective is to provide an environment where people enjoy what they do and take pride in their work. We wish to embody a work hard, play harder culture.

**To Be the Premier Solid Waste Services Company in the U.S.** We continue to provide superior returns, remain environmentally responsible, and continue to grow in a disciplined way, deploying resources intelligently and benefiting communities we live in.

## Comprehensive Services at the Best Value

Potrero Hills Landfill is unique in that it is the **only** landfill that can provide the Napa-Vallejo Waste Management Authority with the most complete set of services, at the most competitive price, and save the Authority from wasted and non-productive expenses.

**Services Offered:** PHLF is the only landfill that can offer all of the services that the Authority could potentially need. This includes the requested residue disposal and ADC capacity services and existing services utilized by the Authority. In the event of a natural disaster or other event that requires an immediate response, PHLF can expand or supplement the current services offered within the Authority’s jurisdiction, including composting, construction and demolition (C&D) handling and processing, material sorting of recyclables, and liquid bulking (solidification).

**Competitive Price:** PHLF is able to offer the most competitive pricing to the Authority for the requested services. As a result of a recent expansion of the landfill, our costs of operation have been significantly reduced. We also benefit from lower vendor and subcontractor costs by being part of WCI’s national service contracts.

## \$20 Million in Total Location-Related Savings for the Authority

### County Fee Savings

PHLF is located in Solano County, which has significantly lower fee structure than surrounding counties. When comparing the fees (relative to 2012) to be paid on each ton of residue for disposal (140,000 tons each year), the savings are significant:

County	Approximate Fees Per Ton Saved in Solano County	Approximate Fees Saved Over Five-Year Term in Solano County	Approximate Fees Saved Over 20-Year Term in Solano County
Contra Costa	\$1.40	\$980,000	\$3,920,000
Marin	\$7.00	\$4,900,000	\$19,600,000

### Bridge Toll Savings

There will be no bridge toll expense for the Authority when using PHLF. The savings can be calculated by using the number of truck trips and the bridge toll rate. The Authority is projecting annual volumes of 160,000 tons and with an assumed 20 tons per load, which equates to 8,000 truck trips going to its current service provider. The savings by using PHLF is as follows.

County	Bridge Toll Per Truck	Bridge Toll Savings Over Five-Year Term	Bridge Toll Savings Over 20-Year Term
Contra Costa	\$25	\$1,000,000	\$4,000,000

### Reducing Truck Trips

Another advantage of selecting Potrero Hills Landfill is that it reduces the number of trucks that transport waste from the Devlin Road Transfer Station. This is accomplished by the use of large-capacity (23-ton “possum-belly”) transfer trailers instead of the much heavier “walking-floor” trailers currently being used. Potrero Hills Landfill has three tippers which can be used for any customer; these are not dedicated

## Potrero Hills Landfill, Inc.

tippers for a single-use customer. At the volumes of material projected annually by the Authority (160,000 tons total), this would equate to approximately 8,000 truck trips (assuming an average load of 20 tons per truck). By switching to “possum-belly” trailers, the payload can be increased to nearly 23 tons per truck, and thus the total number of truck trips would be reduced to less than 7,000. This would lower the current cost to the Authority, due to the reduced number of trucks needed to move the same volume of material. Based on projections in the RFP, there would be a reduction of at least 3 truck trips per day.

Number of Truck Trips Saved	Savings Over Five-Year Term	Savings Over 20-Year Term
Three per day for 310 days each year at \$200 per truck	\$930,000	\$3,720,000

## Transfer Station Proximity and Hauling Cost Savings

PHLF can further reduce Authority expenses and increase operational efficiency as a result of its proximity to the transfer point in Napa County. PHLF is by far the closest disposal site to the DRTS.

Landfill Name	One-Way Trip Miles to DRTS, as Indicated by MapQuest in Appendix N
Potrero Hills Landfill	18.9
Redwood Landfill	29.7
Keller Canyon Landfill	31.8
Recology Hay Road Landfill	32.8

Based on normal vehicle costs, the Authority will realize substantial savings by the selection of the closest disposal location. The advantage of using PHLF as compared to other locations allows the Authority to reduce its transportation expenses as follows.

Landfill Name	Vehicle Operation Savings Over Five-Year Term in Solano County	Vehicle Operation Savings Over 20-Year Term in Solano County
Redwood Landfill	\$956,000	\$3,824,000
Keller Canyon Landfill	\$2,086,000	\$8,344,000
Recology Hay Road Landfill	\$1,078,000	\$4,312,000

## Summary

In summary, with the selection of PHLF, the Authority will reduce its expenses (based on the costs for the current provider) on the transportation and disposal services by approximately \$5 million over the initial 5-year term of the Agreement. This savings will increase to almost \$20 million over the full 20-year term.

### Basis of Calculations

Landfill Distance (2-way mileage)	Cost Per Truck Load	Number of Trucks Per Year	Trucking Cost Per Year	One-Year Savings, Using PHLF
PHLF: 38 miles	\$170.00	6,957	\$1,182,690	
Redwood: 59 miles	\$197.50	6,957	\$1,374,000	\$191,310
Keller Canyon: 62 miles	\$200.00	8,000	\$1,600,000	\$417,310
Hay Road: 65 miles	\$201.00	6,957	\$1,398,357	\$215,667



## Form 2C Staffing Plan

In the table provided, list all proposed operating personnel required for supplying the scope of services and which are included in the cost form. The staffing list below is only an example of potential categories. Only complete for Contractor planned staffing for this RFP.

Position	No. of Staff	Duties Description (very short)
<b><u>Management/Administration</u></b>	<b>6</b>	<b>Site management, permit compliance, billing, employee supervision</b>
<b><u>Scale House</u></b>	<b>3</b>	<b>Weighs each vehicle, validates material loads, issues disposal tickets, directs customers to applicable unloading areas</b>
<b><u>Operations</u></b>	<b>10</b>	<b>Daily waste placement and compaction, application of daily cover, processing of diversion material</b>
<b><u>Maintenance</u></b>	<b>3</b>	<b>Services and repairs site equipment, orders parts and supplies</b>
<b><u>Others (specify)</u></b>		
<b>1) Laborers</b>	<b>5</b>	<b>General site activities, litter removal, drainage and erosion</b>
<b>2) Sales</b>	<b>1</b>	<b>Respond to customer requests for information and services</b>
<b>3) Environmental Tech</b>	<b>1</b>	<b>Oversight of leachate and landfill gas systems, sampling and reporting</b>



## Form 2D Equipment List

In the table provided, include only the proposed equipment required to perform scope of services and included in the cost form. Equipment list below is only an example of potential equipment types.

Equipment Type	Make/Model	Number
<b>Wheeled Loader</b>	<b>Kawasaki 90Z</b>	<b>1</b>
	<b>Komatsu WA-450</b>	<b>1</b>
<b>Scraper</b>	<b>N/A</b>	<b>0</b>
<b>Excavator</b>	<b>CAT 330</b>	<b>1</b>
<b>Compactor</b>	<b>CAT 836H</b>	<b>2</b>
<b>Grader</b>	<b>CAT 140G</b>	<b>1</b>
<b>Service Vehicles</b>	<b>Peterbilt 335</b>	<b>1</b>
	<b>Ford F-750</b>	<b>1</b>
<b>Pick-up Trucks</b>	<b>GMC</b>	<b>1</b>
	<b>Ford</b>	<b>1</b>
	<b>Chevy</b>	<b>1</b>
<b><u>Others (specify)</u></b>		
<b>1) Tippers</b>	<b>Columbia 50</b>	<b>3</b>
<b>2) Water Trucks</b>	<b>International, Volvo</b>	<b>1, 1</b>
<b>3) Dozers</b>	<b>Cat D8, D6</b>	<b>3, 1</b>
<b>4) Haul Trucks</b>	<b>John Deere 350D</b>	<b>2</b>
<b>5) Backhoe</b>	<b>JCB 214 SM</b>	<b>1</b>
<b>6) Street Sweeper</b>	<b>Sterling/Elgin 800</b>	<b>1</b>
<b>7) Roll-off truck</b>	<b>GMC</b>	<b>2</b>



## Form 2E Cost Proposal

The service fee components are presented in the following forms. All service fee components information shall be adjusted periodically in accordance with Section 8.03 of the Agreement. All costs below are based on initial years of operations January 2014 through December 31, 2018.

### E2-A Disposal Fee (\$/per ton) Required Response

<u>MSW</u> DISPOSAL COSTS	Base Disposal Component(\$/ton)	Disposal Pass-Through Component(\$/ton)*	Disposal Fee (\$/ton)
2014	\$14.00	\$7.69	\$21.69
2015	\$15.00	\$7.69	\$22.69
2016	\$15.45	\$7.69	\$23.14
2017	\$15.91	\$7.69	\$23.60
2018	\$16.39	\$7.69	\$24.08

Additional Compensation for Extended Receiving Hours: \$250.00/hr

\* Provide a description of specific fees included in the Pass-Through Component:

Governmental Fees included in Pass-Through Component:

FEE DESCRIPTION	AMOUNT (as of 01/01/2014)
Solano County Mitigation Fee	.21
Solano County Disposal Fee	\$1.03
Solano County Business License Fee	\$5.05
California AB 939 Fee	\$1.40

<u>ADC</u> DISPOSAL COSTS	Base Disposal Component(\$/ton)	Disposal Pass-Through Component(\$/ton)**	Disposal Fee (\$/ton)
2014	\$14.00	\$0.00	\$14.00
2015	\$14.42	\$0.00	\$14.42
2016	\$14.85	\$0.00	\$14.85
2017	\$15.30	\$0.00	\$15.30
2018	\$15.76	\$0.00	\$15.76

\*\*If applicable to ADC disposal

**Form 2E Continued  
E2-B Disposal Fee (\$/per ton) Alternative Response**

As an Alternative to E2-A above, the Contractor may propose costs and term up to 20 years. The Authority may select either alternative.

	Base Disposal Component (\$/ton)	Disposal Pass-Through Component (\$/ton)	Disposal Fee (\$/ton)
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
Discount to disposal fee for materials used as alternative daily cover(ADC)		__ % of total disposal fee	

Additional Compensation	Per Extended Operating Hour
Compensation for extended operating hours	\$_____/hour

***Please Note: We have not proposed a 20-year rate, because market conditions can be unpredictable. We want the Authority (and PHLF) to have the opportunity to be able renegotiate after the first 5-year term, based on existing market conditions. The Consumer Price Index may vary and we wish to benefit the Authority to the maximum extent possible.***

**Form 2F  
Application Fee**

**Attach Cashier's Check to:**

**Napa-Vallejo Waste Management Authority**

**A CASHIER'S CHECK IN THE AMOUNT OF \$ 10,000.00 IS ENCLOSED.**



## 4.7—Other Proposal Requirements

It is a requirement of the RFP, that Potrero Hills Landfill, Inc. (Contractor) have a responsibility to do the following prior to submitting this Proposal:

**Table 7. Required Activities and Completion Status**

Required Action or Activity	Completion Status
1. Examine this RFP, including all enclosures and the Agreement, thoroughly.	✓
2. Attend a mandatory pre-proposal conference and tour with representatives of the Authority scheduled to be held on February 1, 2013, 10:00 a.m. at the DRTS Administration Building.	✓
3. Become familiar with local conditions that may affect cost, permitting, progress, performance, or furnishing of services described in this RFP.	✓
4. Consider all federal, state and local laws, statutes, ordinances, regulations and other applicable laws that may affect costs, permitting, progress, performance, or furnishing of the project.	✓
5. Clarify, with the Authority, any conflicts, errors, or discrepancies in this RFP.	✓
6. Agree not to collaborate or discuss with other Contractors the content of the proposal or rates proposed.	✓
7. Agree not to use the California Public Records Act to obtain information on competitive proposals prior to Authority selection.	✓
8. Before submitting a proposal, each Contractor shall, at Contractor's own expense, make or obtain any additional examinations, investigations, and studies, and obtain any additional information and data that may affect costs, permitting, progress, performance or furnishing of the project and that Contractor deems necessary to prepare its proposal.	✓



# Appendix A—Greenhouse Gas Emissions Resulting from Waste Transport from Napa County





## SCS ENGINEERS

February 8, 2013  
Project 01204082.01, Task 30

Jim Dunbar  
Waste Connections, Inc.  
3675 Potrero Hills Lane  
Suisun City, CA 94585

Subject: Greenhouse Gas Emissions Resulting from Waste Transport from Napa County

Dear Jim:

Per your request, SCS Engineers (SCS) has evaluated the greenhouse gas (GHG) emissions resulting from the proposed transport of waste from Napa County. The evaluation of GHG emissions included GHG emissions from transport of the waste from Napa County to the proposed disposal sites: Potrero Hills Landfill, Keller Canyon Landfill, Recology Hay Road Landfill, and Redwood Landfill. The evaluation did not include GHG emissions resulting from the decomposition of the waste at any of those sites.

### EMISSIONS METHODOLOGY AND RESULTS

Based on the assumptions and calculations, the GHG emissions from the transportation to Potrero Hills Landfill will be the least of any of the four proposals. A summary of the findings is shown in Table 1. All GHG emissions are shown in metric tons of carbon dioxide (CO<sub>2</sub>) equivalent (MTCO<sub>2</sub>E), a standard unit used to compare GHG emissions. Table 2 shows the emissions relative to a baseline scenario of transporting the waste to Potrero Hills Landfill.

Figure 1 shows a graphical representation of the total GHG emissions calculated for each destination.

GHG emissions were calculated using The Climate Registry (TCR) General Reporting Protocol (GRP). These emissions were calculated using the following assumptions:

- 160,000 tons of waste would be transported annually.
- Trucks going to Potrero Hills Landfill, Recology Hay Road Landfill, and Redwood Landfill carry 23 tons of waste.
- Trucks going to Keller Canyon Landfill carry 20 tons, due to limitations of site equipment.
- Haul distances are based on the distance from the Napa County Transfer Station to each landfill.
- Potrero Hills Landfill is shown as the baseline scenario due to its proximity to the waste origin.
- Haul emissions were calculated using a standard emission factor and do not account for traffic and idle times.

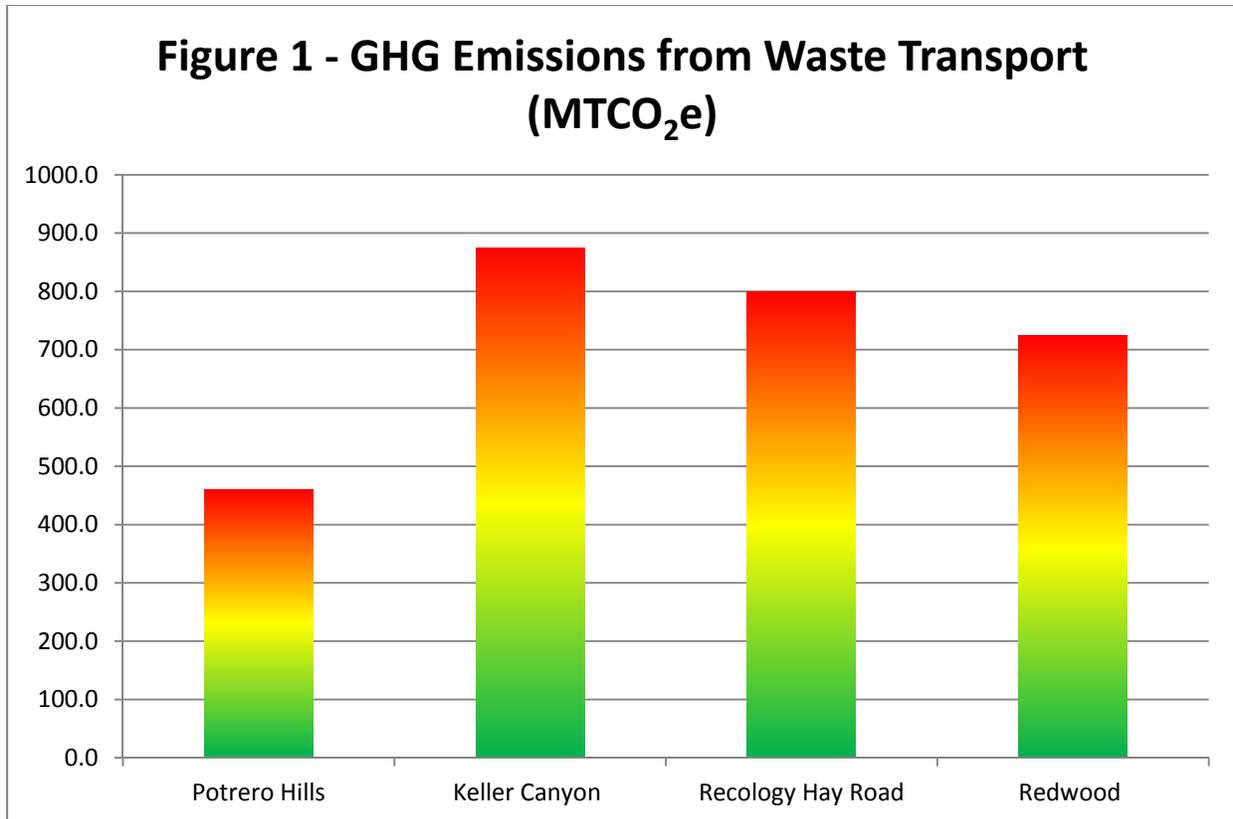
- All vehicles are assumed to be heavy duty diesel trucks using diesel fuel.
- All trucks are assumed to have a fuel efficiency of 5.8 miles per gallon of diesel fuel.
- Direct household GHG emissions based on Department of Energy (DOE) Annual Energy Review and includes heating, electricity, and refrigeration.
- Vehicle emissions based on emission factor of 423 grams of CO<sub>2</sub> per mile driven and 15,000 vehicle miles traveled (VMT) per year.
- Annual vehicle and household emissions are shown.

**Table 1 - Summary of Greenhouse Gas Emissions from Transport of Napa County Waste**

Site	Trips per year	Trip Distance (one-way)	Annual VMT	Total GHG (MTCO <sub>2</sub> e)	CO <sub>2</sub> (MT)	Methane (MT)	Nitrous Oxide (MT)	Emissions Over Baseline (MTCO <sub>2</sub> e)
Potrero Hills	6,957	18.9	262,975	461	460	0.0013	0.0013	0.0
Keller Canyon	8,000	31.2	499,200	874	874	0.0025	0.0024	413.8
Recology Hay Road	6,957	32.8	456,379	799	799	0.0023	0.0022	338.8
Redwood	6,957	29.7	413,246	724	723	0.0021	0.0020	263.2

**Table 2 - Emissions Relative to Baseline**

Site	Emissions over Baseline (MTCO <sub>2</sub> e)	Equivalent Household Emissions (homes)	Equivalent Vehicle Emissions (Vehicles)	Equivalent Public VMT Reduction (miles)
Potrero Hills	0.0	0	0	0
Keller Canyon	413.8	33	65	978,954
Recology Hay Road	338.8	27	53	801,498
Redwood	263.2	21	42	622,747



## CONCLUSIONS

Intuitively, transporting waste to the nearest landfill should have the lowest GHG profile, and the calculations confirm that assessment.

If you have any questions about the methodology or assumptions used in this assessment, please contact the undersigned at 916-361-1297.

Sincerely,

John Henkelman  
Project Professional  
**SCS ENGINEERS**

Patrick S. Sullivan  
Senior Vice President  
**SCS ENGINEERS**



# Appendix B—Waste Connections, Inc. Sustainability Initiatives



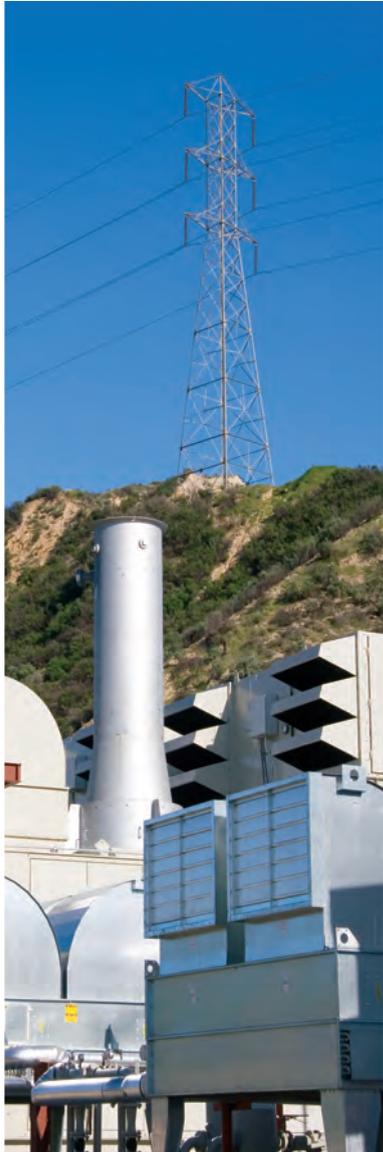




# SUSTAINABILITY INITIATIVES



WASTE CONNECTIONS, INC.



# CONTENTS

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LETTER FROM THE CHAIRMAN



Thank you for your interest in sustainability initiatives at Waste Connections. We recognize the importance to our stakeholders of our continuing efforts to minimize our impact on the environment by:

- encouraging materials recycling and reuse;
- using waste to generate clean, renewable energy;
- reducing our carbon footprint and use of fossil fuels; and
- exploring alternatives to landfill disposal.

But for Waste Connections, our sustainability efforts extend beyond the environment; we also measure the positive impacts we have on the communities we serve, the development and welfare of our employees, the financial health of our company, and the returns to our stockholders.

As an environmental services company with a large presence on the West Coast, sustainability is not a new concept for us. Over the years we have been recycling a significant portion of the waste

stream on the West Coast, with diversion rates in some markets in excess of 70%. Our recycling efforts recover valuable materials for reuse, and include the composting of organic materials for reuse as a soil amendment. Off the West Coast, we are working to bring these programs and technologies to other communities throughout the states we service.

In addition to recycling and recovery, we also harvest methane gas from landfills to generate renewable energy to power homes, small industry and, eventually, our fleet. We deploy route optimization software, retrofit existing fleet and utilize alternative fuels to reduce fuel consumption and emissions, lowering our overall carbon footprint. We construct environmental enhancements to certain of our sites through the creation of wetlands and public trails. These efforts are fundamental to a sustainable business model and the success of our company.

Everything we do today is with an eye towards the

future. We constantly monitor and evaluate new technologies and programs that can enhance our commitment to the environment and improve our competitive positioning. Within our industry, these changes have historically been evolutionary in nature, but there is an enormous effort currently being made in alternative technologies to reduce landfill disposal, reduce greenhouse gas emissions and harness bio-fuels.

We recognize that our employees identify and lead many of our sustainability efforts at a local level. As a result, development and welfare of our employees is critical. Our corporate culture is centered on the principles of Servant Leadership, which hold management accountable to employees. We analyze and track our success in improving Servant Leadership scores, reducing employee turnover, improving safety statistics, and providing fair compensation and attractive employee health benefits. We also dedicate a significant amount of management time and resources to leadership training and personnel development.

We owe our success to the communities we serve. Our employees support hundreds of local organizations, and we back their efforts with financial support for many of these groups. We accept the responsibility we have to increase corporate giving and introduce or broaden sustainability efforts as our company expands.

Environmental, organizational and financial sustainability initiatives have been key components of our success since we were founded in 1997. We remain committed to growing and expanding these efforts as our industry and technology continue to evolve.



Ronald J. Mittelstaedt  
CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER



# RECYCLING

Recycling has been a well established component of the municipal solid waste system on the West Coast for over 20 years. In fact, we recycle over 50% of our collected waste volumes on the West Coast, in some cases over 70%. We are proactively deploying this recycling expertise in many of our markets off the West Coast, often for the first time, to further encourage materials reuse and waste minimization.

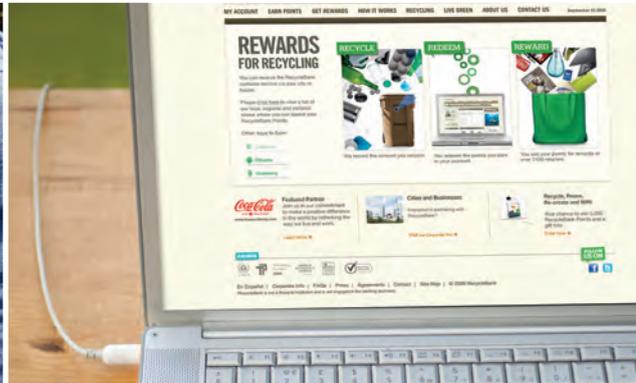




# REWARD YOUR COMMUNITY

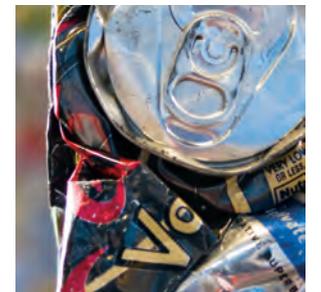


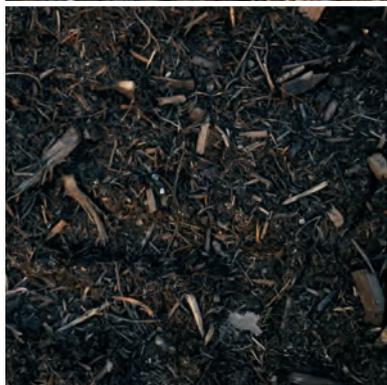
Waste Connections and RecycleBank help municipalities increase recycling and promote the local economy by rewarding residents.



## RECYCLEBANK

Through our partnership with RecycleBank, we have introduced a loyalty and rewards program in certain markets to encourage customers to either recycle for the first time or increase their current recycling efforts. With RecycleBank, customers earn points based on the weight of their recycled waste stream that can be redeemed for meaningful rewards. The rewards are obvious: waste minimization; savings to participating customers for monthly trash service, groceries, restaurants, etc.; and increased support of local merchants.

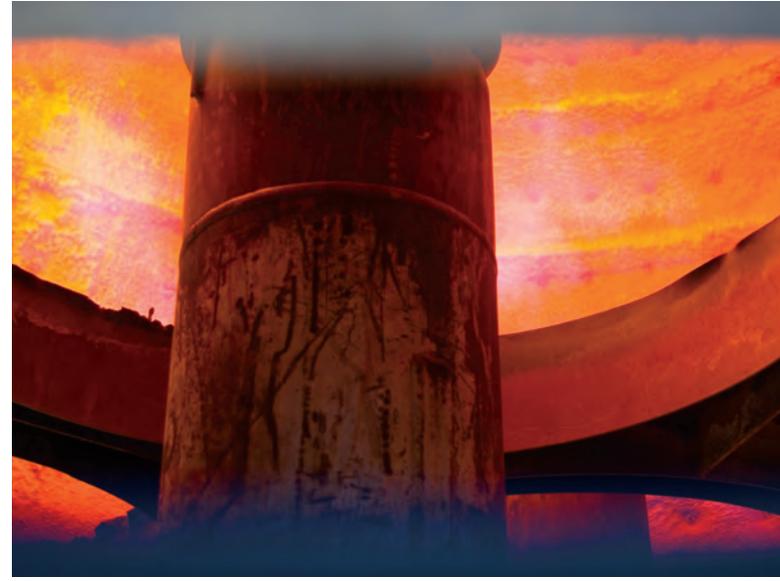




# COMPOSTING

The composting and reuse of green or yard waste and food waste are critical components for any community's march to a Zero Waste goal. We continue to increase our composting efforts through investments to expand capacity at existing operations and through the acquisition of new facilities.





## RENEWABLE ENERGY

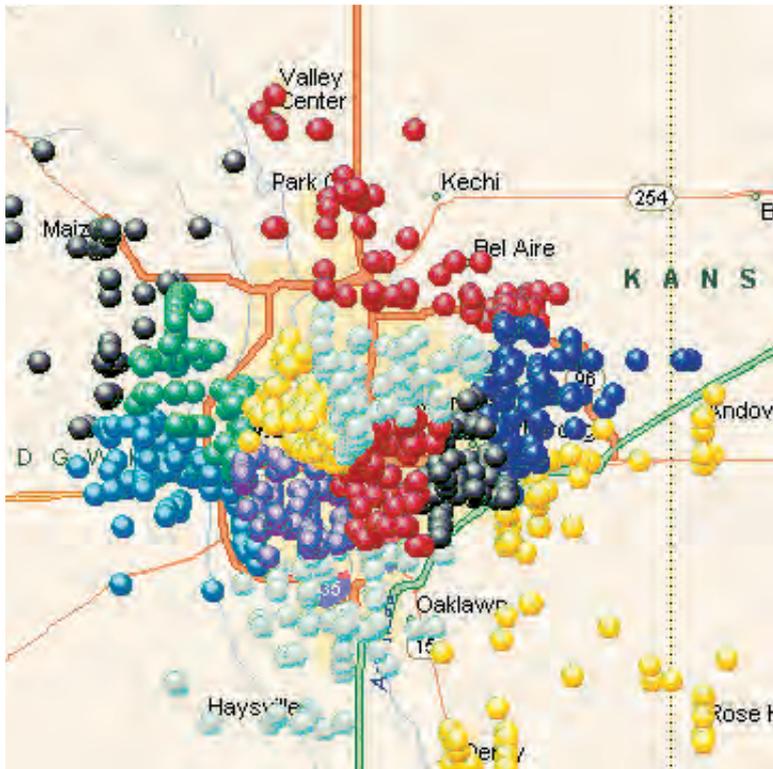
Solid waste landfills over time generate a greenhouse gas, methane, which can be converted into a valuable source of clean energy. We deploy gas recovery systems to collect methane which is then used to generate electricity for local households, fuel local industrial plants, power alternative fueled vehicles, or qualify for carbon emission credits.





## ALTERNATIVE FUEL VEHICLES

Vehicles that use alternative fuels (CNG, LNG, Bio-diesel) can reduce fleet emissions and our dependency on foreign oil. We have deployed alternative fueled vehicles in certain markets and plan on directing an increasing portion of our future fleet capital on such vehicles. However, a convenient and reliable fueling infrastructure is critical to how fast we can convert our fleet. So we have partnered with third parties, such as Clean Energy, Inc., to facilitate their investment in local fueling infrastructures.



## FLEET OPTIMIZATION

As a route-based business, the majority of our carbon footprint is linked to our fleet. We seek to reduce our fleet emissions and consumption of fuel and petroleum-related products by replacing older trucks with newer, more efficient trucks, deploying route optimization software to minimize driving time, utilizing a network of transfer stations to consolidate waste onto fewer trucks and minimize drive time, installing controls to minimize idling time, switching to synthetic motor oils with longer replacement intervals, and reducing emissions by installing more advanced engine filters and carburetors.



## COMMUNITIES

We measure our success by the continuing positive impacts we have within our local communities. Our employees support hundreds of local organizations through direct contributions, volunteering, fundraising, or sponsoring or participating in educational activities. Additionally, each year our community activities culminate with a company-wide Christmas bike drive, through which we and our employees purchase and build thousands of bicycles to donate to local charities and military bases for distribution to deserving youth.



## GIVING FOR SUSTAINABILITY

Waste Connections aligns its major financial contributions with its goal to further advance environmental sustainability. For example, our first major grant helped establish the Global Waste Research Institute (“GWRI”), developed in conjunction with California Polytechnic State University, San Luis Obispo. The GWRI’s mission is to advance state-of-the-art research and development of sustainable technologies and practices to more effectively manage existing and emerging wastes and byproducts.

## STATEMENT OF VALUES

### PURPOSE

Honoring our commitments provides our stakeholders peace of mind and establishes us as the premier solid waste services company in the markets we serve. This creates a safe and rewarding environment for our employees while protecting the health and welfare of the communities we serve, thereby increasing value for our shareholders.

### OPERATING VALUES

#### SAFETY

We strive to assure complete safety of our employees, our customers and the public in all of our operations. Protection from accident or injury is paramount in all we do.

#### INTEGRITY

We define integrity as “saying what you will do and then doing it.” We keep our promises to our customers, our employees and our stockholders. Do the right thing, at the right time, for the right reason.

#### CUSTOMER SERVICE

We provide our customers the best possible service in a courteous, effective manner, showing respect for those we are fortunate to serve.

#### TO BE A GREAT PLACE TO WORK

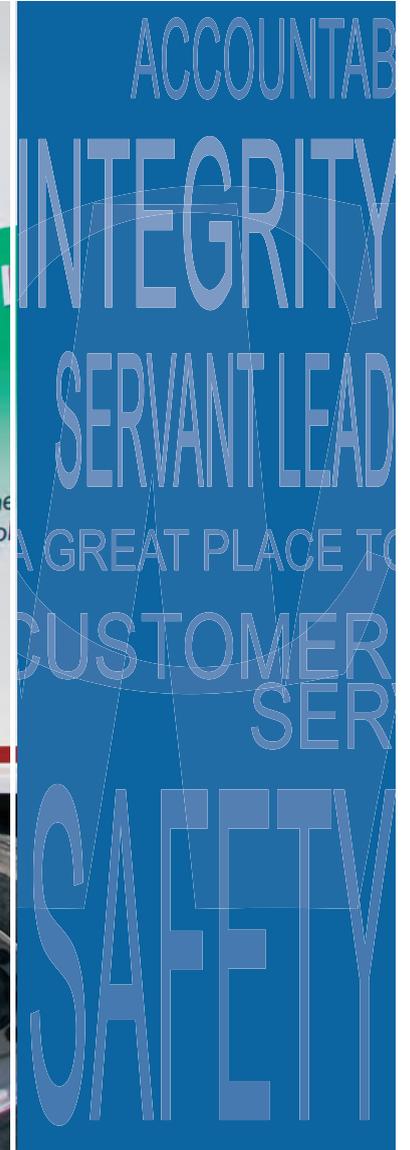
We maintain a growth culture where our employees can maximize their potential personally and professionally. Our objective is to provide an environment where people enjoy what they do and take pride in their work. We wish to embody a work hard, play harder culture.

#### TO BE THE PREMIER SOLID WASTE SERVICES COMPANY IN THE U.S.

We continue to provide superior returns, remain environmentally responsible, and continue to grow in a disciplined way, deploying resources intelligently and benefiting communities we live in. We remain a “different breed”.

### VISION OF THE FUTURE

Our goal is to create an environment where self directed, empowered employees strive to consistently fulfill our constituent commitments and seek to create positive impacts through interactions with customers, communities, and fellow employees, always relying on our Operating Values as the foundation for our existence.





WASTE CONNECTIONS, INC.

CORPORATE OFFICE

Waterway Plaza Two  
10001 Woodloch Forest Drive  
Suite 400  
The Woodlands, TX 77380  
832.442.2200 office  
832.442.2290 fax

[www.wasteconnections.com](http://www.wasteconnections.com)





# Appendix C—Reference Letters







March 11, 2013

Napa/Vallejo Solid Waste Management Authority

To Whom It May Concern,

Contra Costa Waste Services is a solid waste collection, recycling, and transfer company servicing many communities within Contra Costa County. We are a family-owned business started in the 1930's with a longstanding goal of providing our customers with the best service possible at the most economical prices.

We entered into a disposal agreement with Potrero Hills Landfill in 1994 to secure long-term and reliable disposal services at a time when landfill rates were escalating in our area. Since that time, Potrero Hills has consistently exceeded our standards for flexible hours, onsite truck cycle time, and diversity of services offered. Potrero Hills Landfill has the ability to handle all of our municipal solid waste and diversion material for alternate daily cover. More recently, Potrero Hills Landfill has provided us with processing our construction and demolition material to increase our diversion and recycling rates.

The operations and management staff at Potrero Hills Landfill has demonstrated a high quality of customer service and technical ability in running the facility. We view Potrero Hills Landfill as a leader in the industry when it comes to solid waste management, recycling, and resource recovery and conservation. We have taken great pride in being associated with Potrero Hills Landfill and the community services they are supportive of.

Sincerely,

Gary Lazdowski  
CONTRA COSTA WASTE SERVICE

GL/cc

February 8, 2013

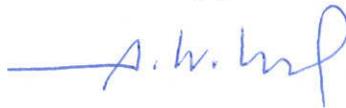
To Whom It May Concern:

Solid Wastes of Willits, Inc., a refuse and recycling material processing company operates throughout Mendocino County several transfer stations and certified buy-back recycling facilities with a material processing facility located in Willits California.

SWOW entered into a contract with Potrero Hills Landfill back in February 2000 to accept all waste collected from its franchise and transfer station agreements. At that time Mendocino County was going through a process of closing all their landfills and Potrero Hills Landfill played a very important in not only providing the adequate space for Mendocino County's waste, but landfill tipping fees were significantly lower which in return allowed lower collection rates to our customers.

Management at Potrero Hills has worked closely with our firm in assisting us in disposing of all of our non-hazardous waste and through the years has supported the environmental events in our community. I would recommend any jurisdiction needing landfill services for their waste stream look to Potrero Hills Landfill for that service.

Sincerely yours



Gerald W. Ward



*P.O. Box 2085 Fairfield, CA 94533 (707)328-8433*

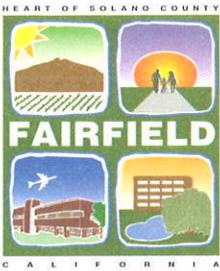
To Whom It May Concern:

This letter is being written to indicate the support that Portrero Hills Landfill and its employees are yearly supporters of our fundraising efforts to support the local community. It is with much thanks and appreciation that we recognize this wonderful organization and its effort in supporting so many community projects and fundraisers over the years.

The Twilight Rotary Charitable Fund non Profit 5001 (c)3 Federal Tax ID is #20-4179657. If you have any questions or need any additional information, please contact us at the numbers listed below.

Sincerely,

Grace Hindes  
President 2013-2014



# Mayor Harry T. Price

November 21, 2012

**COUNCIL**

Mayor  
Harry T. Price  
707.428.7395  
Vice-Mayor  
Rick Vaccaro  
707.429.6298  
Councilmembers  
707.429.6298  
Pam Bertani  
Catherine Moy  
John Mraz

•••  
City Manager  
Sean P. Quinn  
707.428.7400  
•••  
City Attorney  
Gregory W. Stepanicich  
707.428.7419

•••  
City Clerk  
Jeanette Bellinder  
707.428.7384

•••  
City Treasurer  
Oscar G. Reyes, Jr.  
707.428.7496

**DEPARTMENTS**

Administrative Services  
707.428.7394

•••  
Community Development  
707.428.7461

•••  
Community Resources  
707.428.7465

•••  
Fire  
707.428.7375

•••  
Police  
707.428.7362

•••  
Public Works  
707.428.7485

James Dunbar  
2821 Seminole Drive  
Fairfield, CA 94534

Re: Planning Commissioner  
Term: November 20, 2012 to June 30, 2015

Dear Mr. Dunbar:

Congratulations on your appointment to the Planning Commission. I'd like to thank you for your willingness to serve and devote your time and energy to City affairs. As a growing and active community, Fairfield provides plenty of challenge and work for the people who are associated with the commissions and committees that advise the City Council. I look forward to working with you and appreciate the commitment you have made to this community by accepting this appointment.

I'd like to share with you some of the expectations for what makes a good commission member:

- People who exercise leadership on behalf of the entire city and not for one narrow interest group.
- People who do their homework, coming to the meetings knowledgeable on the important issues facing youth in the city.
- People who want to make decisions that will endure the test of time.
- People who listen to the public and try to address the concerns of the community at large.
- People who have the highest standards of quality in design and programs.

You are a team member in a very important effort to build this community to the best quality possible. Your work is important and I value it greatly. I hope you will feel free to comment to me on this letter and share any concerns that you may have. Thank you, again, for your application and your willingness to serve as a member of the Fairfield Planning Commission.

Sincerely,

Harry T. Price  
Mayor

HTP/cma



# Fairfield Police Activities League

---

February 03, 2013

Board Members  
Executive Director  
Napa-Vallejo Waste Management Authority

The Fairfield Police Activities Board is excited to present this letter of recommendation for the Potrero Hills Landfill. It is our understanding that the Potrero Hills Landfill is pursuing the possibility of providing services to your organization. I would like to share some of the community involvement our organization has had the pleasure of experiencing with the Potrero Hills Landfill for many years.

The Potrero Hills Landfill family, along with many other businesses and individuals, played a huge part in starting the Fairfield Police Activities League. A Potrero Hills Landfill representative, Jim Dunbar, has been an active member of the Executive Board for PAL since its inception in 2007. Jim Dunbar has served as the President of the Board in the past despite a grueling schedule and many other commitments. Being a non-profit organization, one of the basic functions of our board is fundraising. Jim Dunbar has been instrumental in assisting the executive team in various fundraisers and securing in kind donations or services.

The Potrero Hills Landfill has contributed thousands of dollars for programing and supplies at the Fairfield Police Activities League Youth Center. The Potrero Hills Landfill made a commitment of providing sweatshirts for the kids that attend PAL with no financial means to purchase a coat or sweatshirt on their own during the winter time. The Potrero Hills Landfill has held to this tradition every year since PAL opened. The Potrero Hills Landfill has also donated the fund needed to purchase t-shirts and other supplies.

We appreciate the continued monetary contributions, continued time commitments that have accompanied the partnership between the Fairfield Police Activities League and the Potrero Hills Landfill family.

Sincerely,

KEVIN CARELLA  
President, Fairfield Police Activities League



## FAIRFIELD-SUISUN SEWER DISTRICT

1010 CHADBOURNE ROAD • FAIRFIELD, CALIFORNIA 94534 • (707) 429-8930 • WWW.FSSD.COM  
GREGORY G. BAATRUP, GENERAL MANAGER

February 28, 2013

AD-100.10.10/13

To Whom It May Concern:

We are pleased to submit this reference letter for Potrero Hills Landfill and Mr. Jim Dunbar. For many years, the Fairfield-Suisun Sewer District (District) has relied on the Potrero Hills Landfill for management of the District's Biosolids using Biosolids as an alternative daily cover. They provide good service to us and communicate with us regularly about landfill operations that may impact our operation. The Potrero Hills Landfill has also cooperated with us in identifying and evaluating other Biosolids management solutions including composting and Biosolids to Energy. We appreciate their cooperation and consideration.

The relationship we have with the Potrero Hills Landfill is enhanced by the efforts of Jim Dunbar. In addition to his concern for our satisfaction in using their landfill, we have found Mr. Dunbar to be very helpful in helping us to spread an environmental message. He is active with us in community events like Earth Day and other environmental outreach efforts. We appreciate he recognizes the importance of community and improving the environment.

Very truly yours,

Greg Baatrup  
General Manager



February 13, 2013

Officers

**Ann Cousineau**  
*President*

**Andrew Killeen**  
*Vice President*

**Craig Paterson**  
*Treasurer*

**Nancy Nelson**  
*Secretary*

To Whom It May Concern,

I am writing to you to voice our support of Potrero Hills Landfill and their community-minded efforts as advocates of the work we here at Solano-Napa Habitat for Humanity are doing here in Solano County.

Potrero Hills Landfill and specifically Mr. Jim Dunbar, District Manager, have been closely associated with us ever since the grand opening in late 2011 of our ReStore, our retail outlet that sells new and gently used home improvements items, furniture and building materials that are donated to us by the general public, local businesses and building contractors.

Board of Directors

**Donald Dupree**

**Dr. Roddy Feldman**

**Kathy Hoffman**

**Patricia Jansen**

**Jack Kane**

**Cliff Lawrence**

**Gerry Raycraft**

**Robert Schwab**

Keeping these items out of the landfill is one of the main benefits of our having such a store. With Potrero Hills' ongoing support, we have been able to successfully grow this portion of our business, thus allowing more dollars raised to be earmarked for building affordable housing for low-income families in the county.

We are hoping that their support of our mission continues for many years to come.

Sincerely,

A handwritten signature in blue ink that reads "Diane Agnone".

Diane Agnone  
Executive Director

Staff

**Diane Agnone**  
*Executive Director*

**Delia Rapolla**  
*Office Manager*

**Mike Glancy**  
*ReStore Manager*

**Chris Davis**  
*Asst. ReStore Manager*

**Al Maddalena**  
*Construction Coordinator*

**Jamie Calderwood**  
*Construction Coordinator*



# Jimmy Doolittle Air & Space Museum Education Foundation

*“Join me in supporting the new Jimmy Doolittle Air and Space Museum. Get involved. Volunteer, support the fundraising campaign, learn about the planes, meet the veterans; whatever you can do will enrich your life and those of generations to come.”*

**Tom Hanks, Actor & Director**

ET

r

February 13, 2013

AF (Ret)

To whom it may concern:

It is my pleasure to write this letter in support of Jim Dunbar and Potrero Hills Landfill, Waste Connections. Jim Dunbar is a well-known community leader in Fairfield and Solano County. Jim and his company have been extremely supportive of the capital campaign for the Jimmy Doolittle Air & Space Museum. Jim has devoted and volunteered hundreds of hours working on the fundraising cabinet to raise the necessary funds for our project. Potrero Hills Landfill consistently gives back to the communities they serve and donates funds, time and special event sponsorships to our cause and many other non-profit organizations.

It is my understanding the Potrero Hills Landfill is making a proposal for services in Napa County. As a longtime resident of Napa Valley I personally and professionally endorse the community support Potrero Hills Landfill and Jim Dunbar has given to the Jimmy Doolittle Air & Space Museum Education Foundation.

Ret)

Best regards,

John Youngberg  
Fundraising Counsel  
Jimmy Doolittle Air & Space Museum Education Foundation

Counsel

Counsel



YIPPIE Foundation

1955 West Texas Street, #4, Fairfield CA 94533; [www.YippieYogurt.org](http://www.YippieYogurt.org)

Sherilyn Henry  
President

February 15, 2013

Daniel Bell  
Vice President

To Whom It May Concern,

Doug Henry  
Treasurer

It is my sincere privilege to share my deep appreciation and respect for Jim Dunbar and Potrero Hills Landfill. Jim is a caring and generous man with both his personal donations and community volunteer time. He is deeply caring about the children and youth in our community. As leader in our community, Jim has spearheaded, supported and worked on many fundraisers for several of our local charities. He is highly respected.

Mark Foley  
Secretary

Directors

In particular, Potrero Hills Landfill has been a staunch supporter of Yippie Foundation for the past two years. Potrero Hills Landfill has been a "brochure level" sponsor each year and one of the first businesses to sponsor our Foundation.. In addition, in 2012 when we were doing the tenant improvements to open the Yippie Yogurt® job training facility, Jim waved all dump fees for our charity. We are deeply grateful for the support and leadership of this fine man.

Shontell Beasley

Elaina Dimond

Frani Dimond

Potrero Hills Landfill is helping the Yippie Foundation provide much-needed career development for poverty-level and foster care youth. Our 9-month program includes 3 months of job readiness classroom training. Once youth successfully master the coursework, they then receive 6 months of 1:1 mentoring and a paid internship in our Yippie Yogurt® job training shop. This provides them with the on-the-job training and work experience opportunities that these at-risk youth deserve but cannot get.

Adrienne Eichenberger

Charles Monahan

Susan Provencal

We have seen miracles happen. Yippie Youth have new skills and believe in their own abilities thus raising their confidence and employability options. All have remained in school and there is a decrease in their risky behaviors as they strive to succeed in the Yippie program. We believe that "teaching kids to fish" provides the "hand up" these neglected and disadvantaged youth need to choose responsible living over violence, drugs and crime.

Christine Smith

Don Sneed

Lisa Tolbert

We are very grateful for Jim Dunbar and Potrero Hills Landfill!

Sincerely,

*Sherilyn Henry*

President, Yippie Foundation

**Mission:** *YIPPIE (Youth Initiating Professional Preparedness In Employment)* is helping low-income and foster care youth reach their potential as caring, contributing and family-sustaining citizens through job training, work experience, mentoring and career development.

**Missouri Street Theatre**  
1125 Missouri Street, Fairfield Ca. 94585  
707-422-1598 [www.missouristreettheatre.com](http://www.missouristreettheatre.com)  
Harbor Theatrical Group, PO Box 207 Suisun Ca. 94585

February 15, 2013

To whom it may concern

I have the privilege of being asked to write a letter of recommendation for the Potrero Hills Landfill organization.

It is not often that you have the opportunity to talk about somebody you really have the utmost respect and admiration for. As a company, Potrero Hill Landfill has been a staunch supporter of the community in which it operates. Their programs to promote a sustainable and "green" operation, and conservation efforts are top notch. They are not only innovative but very creative in working with the community on all levels ... from the biggest business to the individual citizens of the community.

I think my first encounter with the management of Potrero Hills was when one afternoon Mr. Jim Dunbar came wandering into the Missouri Street Theater; he basically said was getting to know the community and was curious about what we did there. We were more than happy to give him a tour and explain our extensive youth programs. Our goal is to build self-confidence and teach kids how to work together and develop a work ethic of commitment and responsibility. Needless to say he was impressed. But what was very impressive to us was while looking around he asked what he can do for us. At that time we had just put together a black box theatre and were short and about 80 chairs. Jim said that this is something he can help with.

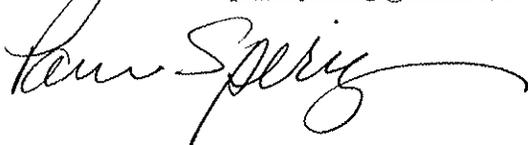
Jim has the talent to assess situations and the desire to be proactive in how he and the company can be of help to the community: from providing recycle bins that are on wheels so we can move them from room to room to providing a stable yearly contribution that we can plan our programming around. Today with all the cuts in the schools it is even more important for non-profit organizations like ours to ensure that the children and youth have the opportunity to be exposed to live performing arts.

Potrero Hills and Jim Dunbar have continued on this journey with us well over the past five years. I truly do not think we would have been as successful without their help. My husband and myself have been very involved in the community for over 30 years and no matter where we go we see the positive influence being felt by the community because of Potrero Hills and Jim Dunbar and his philosophy toward community involvement. They live here...they work here...and they play here. We could not ask for a better friend or business partner in our community.

This is a special thank you to Jim and Potrero Hills Landfill.

Pam Spering Mgt. Director

707-492-3264 [pamspering@aol.com](mailto:pamspering@aol.com)



**Board of Directors**

- Jim Dunbar, President  
*Potrero Hills Landfill*
- Amy Mason, Treasurer  
*Community Advocate*
- Cherelyn Ellington, Secretary  
*First 5 Solano*
- Steve Huddleston, Past President  
*NorthBay Healthcare*
- Andy Anderson  
*Retired*
- Jennifer Barton  
*Executive Manager, BART*
- Salvatore Coniglio  
*Manager, Garaventa Enterprises*
- Glen A. Faison  
*Managing Editor, Daily Republic*
- Bonnie A. Katz (ex-officio)  
*Solano County Library*
- James D. Marshall  
*Realtor, Remax Gold*
- Ken Maxey  
*Comcast*
- Frances McCullough  
*Educator*
- James Moehrke, Member at Large  
*Webmaster*
- Alfonso Poiré  
*Attorney*
- Karen Seghetti  
*Consultant, Big Valley Mortgage*
- Beth Shedden  
*Business Owner*
- Donald Sperring  
*Community Advocate*
- Shelli Vasquez  
*Community Advocate*

**Honorary Board Members**

- Sue Vaccaro  
*Past President, 2002*
- Rhunette Alums  
*Past President 2004*
- David Balmer  
*1994-2010*

**Executive Director**

Dilenna Harris

601 Kentucky Street  
Fairfield, CA 94533  
707.421.8075  
FAX 707.421.6098  
The Solano County Library Foundation  
is a 501(c)(3) non-profit corporation

November 20, 2012

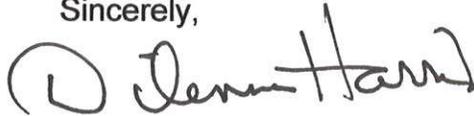
Jim Dunbar  
2821 Seminole Drive  
Fairfield, CA 94534

Dear Jim,

It is my pleasure to thank you, as a member of the Authors Luncheon 2012 Committee, for a job well done. Your hard work, talent, and creativity made a difference in every aspect of the event. I appreciate the personal time you took from your busy schedule to lend a hand.

We all know how vital the work of The Solano County Library Foundation is in our community. Thanks for being a big part of making this event a success.

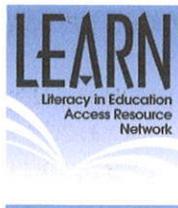
Sincerely,



Dilenna Harris  
Executive Director

*You always come through!*

*"The mission of the Solano County Library Foundation is to support the programs of the Solano County Library and the literacy and lifelong learning needs of the community it serves."*





**Board of Directors**

- Jim Dunbar, President  
*Potrero Hills Landfill*
- Amy Mason, Treasurer  
*Community Advocate*
- Cheryln Ellington, Secretary  
*First 5 Solano*
- Steve Huddleston, Past President  
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is a 501(c)(3) non-profit corporation

November 20, 2012

Jim Dunbar  
Potrero Hills Landfill  
PO Box 68  
Fairfield, CA 94533

Dear Jim,

On behalf of the Board of Directors and staff of the Solano County Library Foundation, thank you for your generous \$10,000.00 sponsorship of Authors Luncheon 2012 – our premiere literacy and fundraising event of the year.

We appreciate your support and believe our shared mission - bringing literacy and lifelong learning to all citizens, young and old, throughout Solano County - is vitally important, especially in this challenging economic climate. In the past year, library literacy program enrollment and library usage have increased. Your support of SCLF makes a positive difference, helping us to provide the extra resources to meet the need.

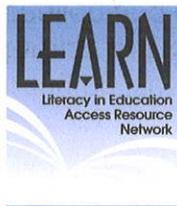
Again, please accept our thanks. We hope you and your guests enjoyed the event.

Sincerely,

A handwritten signature in black ink, appearing to read "Dilenna Harris".

Dilenna Harris  
Executive Director

*"The mission of the Solano County Library Foundation is to support the programs of the Solano County Library and the literacy and lifelong learning needs of the community it serves."*





**Board of Directors**

- Jim Dunbar, President  
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- Jennifer Barton  
*Executive Manager, BART*
- Constance Boulware  
*Community Activist*
- Glen A. Faison  
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- Ken Maxey  
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- Frances McCullough  
*Educator*
- James Moehrke, Member at Large  
*Webmaster*
- Tom Phillips  
*General Manager, Recology, Inc.*
- Alfonso Poire  
*Attorney*  
Karen Seghetti  
*Consultant, Big Valley Mortgage*
- Beth Shedden  
*Business Owner*
- Shelli Vasquez  
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*1994-2010*

**Executive Director**

Dilenna Harris

601 Kentucky Street  
Fairfield, CA 94533  
707.421.8075  
FAX 707.421.6098  
The Solano County Library Foundation  
is a 501(c)(3) non-profit corporation

June 26, 2012

Jim Dunbar  
2821 Seminole Drive  
Fairfield, CA 94534

Dear Jim,

Thank you for your very generous commitment to the Solano County Library Foundation Board of Directors. Your recruitment of two new Board members and two vendors to solicit for support for Authors Luncheon 2012, and well as your intention to continue Potrero Hill Landfill's major support, is so appreciated.

Please let me know if I can assist you in any way. I am confident that SCLF will continue the life-changing work that it does, and with your support, we'll make even greater strides in our community.

Thank you again for your generosity and your belief in our shared mission; literacy for all in the place we call home.

Sincerely,

A handwritten signature in black ink, appearing to read "Dilenna Harris", written over a light blue horizontal line.

Dilenna Harris  
Executive Director

*"The mission of the Solano County Library Foundation is to support the programs of the Solano County Library and the literacy and lifelong learning needs of the community it serves."*



www.solanocountylib.org

February 9, 2013



**To Whom It May Concern:**

The support of our programs by Potrero Hills Landfill has had a significant impact on children in Solano County. Their financial contributions have been instrumental in the opening of all four Leaven centers in Fairfield and our newest one in Suisun City, and the title sponsorship of our Wine and Cheese Auction Social has helped raise more than \$100,000 each year for at-risk children.

Going even further, Potrero Hills have provided resources for our Leaven children, and donated their employee's time again and again to attend events at the centers. They have been a wonderful role model for our students, and have been so instrumental in introducing The Leaven to community stakeholders.

We are grateful for their commitment and support over the years to ensure that each Leaven center is established on a firm foundation and remains sustainable to benefit the communities Potrero Hills serves.

To be successful, a nonprofit organization depends on the commitment and support of many individuals and companies, but it is the deeper investment by a few that allows the program to expand and truly be transformational. Potrero Hills and the leadership of Jim Dunbar have been especially significant partners for The Leaven.

We will never fully know the impact of their investment in the lives of boys and girls, but we are confident that countless children will grow up to be responsible members of society because of The Leaven and our extraordinary partners.

Our children have bright futures because of Potrero Hills landfill, and we are grateful for their continual support.

Sincerely,

Mark J. Lillis  
Executive Director  
[Mark@myleaven.org](mailto:Mark@myleaven.org)  
707-410-9955

2397 Heath Drive | Fairfield, CA 94533

Peter M. Gaudet, President  
Chuck Timm, Fairfield City Councilman, Advisor

## Appendix D—*In the Community Brochure*







# In the Community

For the Potrero Hills Landfill team and our parent company, Waste Connections, Inc., giving back to the communities we serve is an important part of how we do business. Here's a small sampling of projects we're involved in locally:

*Jim Dunbar*  
Jim Dunbar, PE  
Regional Manager

- Advocate for the Arts
- American Cancer Society
- Armijo High School Grad Night
- Bobby Sox Softball League
- Child Haven
- City of Fairfield Earth Day
- Court Appointed Special Advocates (CASA)
- Fairfield Lions Club
- Fairfield Police Activities League
- Fairfield Suisun Chamber of Commerce
- Fairfield Suisun Public Education Foundation
- Fairfield Youth Baseball League
- Friends of the Library
- Holy Spirit Community Breakfast
- Jelly Belly Charities
- Kiwanis Club of Suisun
- The Leaven
- Matt Garcia Foundation
- Mission Solano
- Missouri Street Theater
- North Bay Guild Charity
- North Bay Jubilee Sponsor
- Orchard Elementary School
- Pumpkin Patch
- Rotary Noon Club
- Rotary Twilight Club
- SafeQuest Solano
- Salisian Boys and Girls Club
- Solano Economic Development Corporation
- Solano Fun on the Run
- Solano Kids Read Program Sponsor
- Solano Land Trust
- Solano Library Foundation
- Solano Resource Conservation District
- Solano Symphony
- Suisun Resource Conservation District
- Travis Air Force Base Chief's Club
- Travis Air Force Base Honorary Commanders
- Travis Air Force Base Military Recognition Dinner
- Travis Air Force Base Booster Club
- Travis Regional Armed Forces Committee
- Vacaville Chamber of Commerce
- Vacaville Cultural Diversity Fair
- Yippie Yogurt
- Vacaville High School Football Booster Club



# Appendix E—Weighmaster Licenses







42-002(Rev 7/04)

**DEPARTMENT OF FOOD AND AGRICULTURE  
DIVISION OF MEASUREMENT STANDARDS**

Remit fees to: PO Box 942872, Sacramento, CA 94271-2872  
6790 Florin-Perkins Rd., Ste. 100, Sacramento, CA 95828-1812

E-mail: [dms@cdfa.ca.gov](mailto:dms@cdfa.ca.gov) Web Address: [www.cdfa.ca.gov/dms/programs/wm/wm.html](http://www.cdfa.ca.gov/dms/programs/wm/wm.html)  
Phone #: (916) 229-3040 Fax #: (916) 229-3055

## **WEIGHMASTER LICENSE**

**LICENSE NO. 004180**

**Weighmaster**

**POTRERO HILLS LANDFILL, INC.  
P O BOX 68  
FAIRFIELD, CA 94533**

**Total Fees Remitted: \$295.00**

**Effective Date: 9/1/2012**

**License Year: 09/01/2012 - 09/01/2013**

The Weighmaster is responsible to renew this license. (Division 5, Chapter 7, Section 12707, Business and Professions Code)

**THIS LICENSE SHALL BE AVAILABLE TO WEIGHTS AND MEASURES OFFICIALS AT EACH WEIGHING LOCATION.**  
This license is not transferable. Any change in ownership requires a new license.

**Principal Location**

3675 Potrero Hills Lane  
Suisun, CA 94585  
County: Solano  
(707) 432-4627

Only persons listed below may perform the functions of a Deputy Weighmaster for the licensed Weighmaster.  
(Division 5, Chapter 7, Section 12703, Business and Professions Code)

For instructions on adding/deleting Deputies to your license, refer to the instruction sheet on our website.  
<http://www.cdfa.ca.gov/dms/programs/wm/wm.html>

**Deputy Weighmaster(s) - 11**

DELEON, JACLYN

ENRIQUEZ, ROBERT

FOWLER, RENEE

GONZALEZ, JESUS

GUZMAN, JOSE

HERNANDEZ, MOISES

HICKS, NATALIE

JAPPERT, DAVID

JONES, SHARMAINE

POPE, BRUCE

QUINONEZ, JANEE

**Number of vacant deputy positions: 0**



# Appendix F—PHLF Solid Waste Facility Permits







**POTRERO HILLS LANDFILL**

P.O. Box 68  
 Fairfield, CA 94533  
 T: 707-432-4621  
 F: 707-432-4630

<u>PERMIT NAME / TYPE / DESCRIPTION</u>	<u>ISSUE DATE</u>	<u>EXPIRATION DATE</u>
1. LAND USE PERMIT / MARSH DEVELOPMENT PERMIT	June 9, 2009	N/A
2. SOLID WASTE FACILITY PERMIT (SWIS# 48-AA-0075)	Feb. 14, 2012	Feb. 14, 2017
3. COMPOSTABLE MATERIALS HANDLING FACILITY PERMIT	Feb. 15, 2012	Feb. 15, 2017
4. WASTE DISCHARGE REQUIREMENTS (R2-2011-0032, WDRs)	May 11, 2011	N/A
5. WASTE DISCHARGE REQUIREMENTS (Order No. 93-113)	Oct. 9, 1993	N/A
6. WATER QUALITY CERTIFICATION (Section 401)	May 11, 2011	N/A
7. AIR PERMIT TO OPERATE(Plant #2039)	Dec. 1, 2012	Dec. 1, 2013
8. AIR PERMIT TO OPERATE(Plant #2039, Source 1)	Mar.27, 2011	Dec. 1, 2012
9. TITLE V MAJOR FACILITY REVIEW PERMIT	Sept. 29, 2011	Sept 29, 2016
10. AIR PERMIT TO OPERATE (Plant #2039, Source-33, Diesel Engine)	Oct. 2, 2012	Oct. 2, 2014
11. BCDC PERMIT (#3-10(M))	Nov. 1, 2010	N/A
12. STREAMBED ALTERATION PERMIT (Section 1600-2010-0382-3)	Mar.6, 2012	Dec.31, 2016
13. INCIDENTAL TAKE PERMIT (No. 2081-2011-073-03)	Feb. 24, 2012	Dec. 31, 2021
14. WETLANDS FILL PERMIT (Corps of Engineers, Section 404, Phase II)	Nov. 23, 2011	Dec. 31, 2022
15. WETLANDS FILL PERMIT (#21252E95 for Phase I)	Aug. 29, 1995	Aug. 1, 1998
16. SUISUN FIRE DISTRICT PERMIT (#2012-011)	Jan. 1, 2013	Jan. 1, 2014
17. SELLERS PERMIT ( BOARD OF EQUILIZATION PERMIT)	N/A	N/A
18. BUSINESS LICENSE PERMIT (BL2009-402)	Jan. 1, 2013	Dec. 31, 2013
19. RECLAMATION PLAN; MINING PERMIT (CA MINE ID#91-48-0003)	Apr. 19, 1984	N/A
20. CUPA PERMIT (80626-3038)	Mar. 1, 2013	Feb. 28, 2014
21. ENCROACHMENT PERMIT (ADOPT-A-HIGHWAY PERMIT)	Dec. 30, 2009	Nov 30, 2014
22. RECLAIMED (NON-POTABLE) WATER USE PERMIT (#2011-02)	Nov. 1, 2011	Nov. 1, 2016
23. WEIGHMASTER LICENSE (License No. 004180)	Sept. 1, 2012	Sept. 1, 2013
24. COMMERCIAL DEVICE (SCALE) REGISTRATION (ID# 778)	Jan. 1, 2013	Dec 31, 2013
25. CARB COMPLIANCE CERTIFICATION	Mar. 1, 2009	N/A
26. NPDES NOTICE OF INTENT (ID# 2-48S005448, GP# CAS00001)	May 26, 1997	N/A
27. STORMWATER DISCHARGE (Order No. 91-13)	May 24, 1992	N/A
28. LFG MONITORING and CONTROL SYSTEM	July 25, 2008	N/A
29. TREATED AUTO SHREDDER WASTE ACCEPTANCE	Jun. 25, 2009	N/A
30. TIRE PERMIT IDENTIFICATION NUMBER (TPID # 1107797-01)	N/A	N/A
31. PERMIT TO OPERATE AIR PRESSURE TANK (Service Truck)	Mar. 28, 2008	Mar 27, 2013
32. PERMIT TO OPERATE AIR PRESSURE TANK (Shop)	Mar. 27, 2008	Mar 27, 2013
33. WELL (WATER) PERMIT (# W97-04)	Mar. 17, 1998	N/A
34. WATER RIGHT LICENSE (A025437 & A027685B) and FEES	Mar. 5, 2012	Dec 31, 2013
35. FEDERAL EXPLOSIVES LICENSE (ATF # 9-CA-095-33-5B-01686)	Feb. 2012	Feb. 1, 2015
36. WATER RESOURCES CONTROL BOARD (Ponds 147,148,149,150)	June 12, 2012	June 1, 2017
37. AB 845, MA, Solid Waste: Place of Origin (Amend Section 40002, PRC)	Sept 25, 2012	N/A
38. SOLIDIFICATION (JTD Amendment/RWQCB Approval)	Jan. 11, 2013	N/A

*Last Updated: March 11, 2013*



# SOLID WASTE FACILITY PERMIT

Facility/Permit Number:  
**48-AA-0075**

1. Name and Street Address of Facility:

Potrero Hills Landfill  
3675 Potrero Hills Lane  
Suisun, CA 94585

2. Name & Mailing Address of Operator:

Potrero Hills Landfill, Inc.  
P.O. Box 68  
Fairfield, CA 94533

3. Name & Mailing Address of Owner:

Potrero Hills Landfill, Inc.  
P.O. Box 68  
Fairfield, CA 94533

4. Specification:

a. Permitted Operations:

- Solid Waste Landfill Site  
 Transfer/ Processing Facility (MRF)  
 Composting Facility \_\_\_\_\_  
 Transformation Facility  
 Other: \_\_\_\_\_

b. Permitted Hours of Operations:

Facility Operations/ Receipt of Waste: Mon. – Fri 24 Hours.; Sat – Sun 4 am – 12 am  
 General Public Hours: Mon. – Fri 8:30 am – 4:00 pm.; Sat – Sun 9 am – 4 pm  
 Ancillary Operations: see JTD

c. Permitted Maximum Tonnage: (for Disposal)

- 3,400 tons per day averaged over 7 day week (7 day week means any consecutive 7 day period);
- 4,330 peak tons per day
- 250 tons per day of Sludge exceeding 50% moisture

d. Permitted Traffic Volume: (combined traffic for landfill and compost facility)

- 500 vehicles per day inbound averaged over 7 day week (7 day week means any consecutive 7 day period);
- 1,000 vehicles per day inbound peak traffic

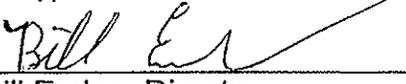
e. Key Design Parameters (Detailed parameters are shown on site plans bearing LEA and CalRecycle validations):

	Total	Disposal footprint	Transfer Station	MRF	Composting	Transformation
Permitted Area (in acres)	525.7	340				
Design Capacity (cu. yards)		83.1 million				
Max. Elevation (Ft. MSL)		345 *				
Max. Depth (Ft. MSL)		130				
Estimated Closure Date		2048				

\* or such lesser amount as may be specified in any permit or order issued for the facility by another agency

Upon a significant change in design or operation from that described herein, this permit is subject to revocation or suspension. The attached permit findings and conditions are integral parts of this permit and supersede the conditions of any previous issued solid waste facility permits.

5. Approval:

  
 Bill Emlen, Director  
 Solano County Department of Resource Management

6. Enforcement Agency Name & Address:

Solano County LEA  
 Department of Resource Management  
 675 Texas Street, Suite 5500  
 Fairfield, CA 94533

7. Date received by CalRecycle:

**FEB 2 2012**

8. CalRecycle Concurrence Date:

**FEB 9 2012**

9. Permit Issued Date:

**FEBRUARY 14, 2012**

10. Permit Review Due Date:

**FEBRUARY 14, 2017**

11. Owner/Operator Transfer Date:

N/A

# SOLID WASTE FACILITY PERMIT

Facility/Permit Number:

48-AA-0075

## 12. Legal Description of Facility:

The Potrero Hills Landfill is located on approximately 525.7 acres in Sections 4, 9, 10 of Township 4N, Range 1W, Mount Diablo Basin & Meridian

## 13. Findings:

- a. This permit is consistent with the Solano County Integrated Waste Management Plan, revised November 1995, amended and approved by CalRecycle. The location of the facility is identified in the Solano Countywide Siting Element, pursuant to Public Resources Code (PRC), Section 50001(a).
- b. This permit is consistent with the standards adopted by CalRecycle, pursuant to PRC 44010.
- c. The design and operation of the facility is consistent with the State Minimum Standards for Solid Waste Handling and Disposal as determined by the Enforcement Agency, pursuant to PRC 44009.
- d. The Suisun Fire Department has determined that the facility is in conformance with applicable fire standards pursuant to PRC Section 44151.
- e. The following EIR documents describe and support the design and operation of this facility.
  - i) Draft and Final Solano Garbage Company Landfill/Potrero Hills Landfill, Inc. Landfill Combined Environmental Impact Report, certified by the Solano County Planning Commission on May 16, 1996; State Clearinghouse No. 1993033012
  - ii) Draft and Final Potrero Hills Expansion Project Environmental Impact Report, certified by the Solano County Board of Supervisors on June 9, 2009; State Clearinghouse No. 2003032112, a Notice of Determination was filed with the State Clearinghouse on October 26, 2010
- f. The operator has made proper notification to, and cooperates with Travis Air Force Base regarding the bird control program in conformance with 27 CCR, sections 20270 and 21600(b)(3)(A).

## 14. Prohibitions:

- a. The permittee is prohibited from accepting the following wastes at the site:

Hazardous, radioactive material regulated by the CA Department of Public Health, friable asbestos, medical waste (as defined in Chapter 6.1, Division 20 of the Health and Safety Code), or other wastes requiring special treatment or handling, except as identified in the Joint Technical Document and approved amendments thereto and as approved by the enforcement agency and other federal, state, and local agencies with concurrent jurisdiction.
- b. Scavenging is not permitted by customers or employees at this site due to safety concerns.
- c. Open burning shall not be permitted at the site.
- d. At no time shall the handling of prohibited wastes found at the site, as a result of illegal or other disposal activities, be done by persons inadequately equipped or trained for that purpose.
- e. Disposal shall occur only in those areas as described in the September 2011 JTD and approved amendments thereto and as approved by all appropriate regulating agencies.
- f. New operations may not begin without prior submittal of amendments to the RFI, appropriate permit revision or modifications, and written approvals are received from the LEA and other appropriate agencies.

# SOLID WASTE FACILITY PERMIT

Facility/Permit Number:

**48-AA-0075**

15. The following documents describe and/or restrict the operation of this facility:

Document	Date	Document	Date
<u>Potrero Hills Landfill Joint Technical Document</u>	September 2011	<u>Solano County General Plan Land Use and Circulation Element</u>	Aug. 1992 Updated Nov. 2008
<u>Preliminary Closure/ Post-Closure Maintenance Plan</u>	September 2011	<u>Solano County Land Use Permit No. U-88-33</u>	Sept. 2005 Updated June 2009
<u>Draft and Final Solano Garbage Company Landfill/Potrero Hills Landfill, Inc. Landfill Combined Environmental Impact Report</u> State Clearinghouse No. 1993033012.	May 1996	<u>Solano County Marsh Development Permit No. 88-09</u>	Sept. 2005 Updated June 2009
<u>Draft and Final Potrero Hills Expansion Project Environmental Impact Report</u> State Clearinghouse No. 2003032112.	June 2009	<u>Bay Area AQMD Permit to Operate Plant # 2039</u>	renewed annually
<u>BCDC Permit No. 3-10(M)</u>	November 2010	<u>Hazardous Material Business Plan</u>	2007 reviewed annually
<u>San Francisco Bay Area RWQCB Waste Discharge Requirements</u> <u>Order No. R2-2011-0032</u>	May 2011		

# SOLID WASTE FACILITY PERMIT

Facility/Permit Number:

48-AA-0075

## 16. Self Monitoring:

The owner/ operator shall submit the results of all self monitoring programs to the listed Agency within 25 days of the end of the reporting period or as otherwise specified.

Program	Reporting Frequency	Agency Reported to
1) Record of receipt of a Notice of Violation or any other legal enforcement action taken against the facility by any responsible regulatory agency	Within 24 hours of receipt	LEA
2) Copies of all written/ oral complaints regarding this facility and a summary of the operator's actions taken to resolve each complaint. Include weather data if applicable.	Within 24 hours of receipt	LEA
3) The types and quantities (in tons) of all materials, entering the facility per day (including conversion factors used for any materials not weighed); include the average tonnage calculated over a 7 day period and ADC tonnage received and used per day	Monthly	LEA
4) The types and quantities (in tons) of solid waste disposed at the site per day.	Monthly	LEA
5) The number of vehicles entering the facility per day for both the landfill and compost facility	Monthly	LEA
6) Log of special or unusual occurrences and nuisance conditions; i.e. accidents, injury, fires, explosions, hazardous waste incidents, unexpected shutdowns, etc and the operator's response to correct the problem. Include time of incident, source, final disposition of load, and weather data (temperature, wind speed, wind direction, weather condition)	Quarterly	LEA
7) Results of the load checking program, including quantities and types of hazardous wastes, medical wastes or otherwise prohibited wastes found in the waste stream and the disposition of these materials.	Quarterly	LEA
8) Bird control reporting program	Quarterly	LEA
9) Results of the landfill perimeter gas probe monitoring program	Quarterly	LEA
10) Groundwater monitoring report	Quarterly	LEA, RWQCB
11) Load check training program	Annual	LEA
12) An employee Health & Safety Training log with names of attendees, names of trainers, dates of training, course descriptions, duration of training and other relevant information	Annual	LEA
13) Annual Compliance Report which shall include: topographical map showing all filled areas of the facility, quantity of disposed waste for the preceding year in tons, total volume of waste capacity consumed as a result of waste disposal for the preceding year in cubic yards, remaining disposal capacity and site life capacity, fill sequencing plan for the forth coming year, and estimated closure date as of the date of information provided. Additionally, submit the most current list of personnel responsible for the operation of this facility include: emergency phone numbers, addresses for the manager, compliance officer, security guards and duty supervisors, as applicable.	Annual	LEA
14) Wet weather preparedness report/ winter operations plan	Annual - due by Oct. 1	LEA

# SOLID WASTE FACILITY PERMIT

Facility/Permit Number:

48-AA-0075

## 17. LEA Conditions:

1. All design and operational features in the September 2011 JTD and approved amendments thereto shall be considered LEA conditions under this section of the permit.
2. The operator shall comply with all State Minimum Standards of solid waste handling and disposal as specified in Title 27, California Code of Regulations.
3. The LEA reserves the right to direct the operator to suspend or modify waste receiving and handling operations when deemed necessary due to an emergency, a potential health hazard, or the creation of a public nuisance.
4. The operator shall maintain a log of special/unusual occurrences. This includes but is not limited to, fires, earth slides, unusual and sudden settlement, injury and property damage accidents, explosions, and discharge of hazardous or other waste not permitted. Each log entry shall be accompanied by a summary of any actions taken by the operator to mitigate the occurrence. The log shall be available to site personnel and the LEA at all times.
5. If nuisance conditions arise from the use of sludge at the site, the LEA reserves the right to require more restrictions for the handling of sludge than those listed in WDR R2-R011-0032 and approved amendments thereto.
6. The maximum amount of solid waste accepted for disposal shall not exceed 4,330 tons per day or an average of 3,400 tons per day averaged over a 7 day week (7 day week means any consecutive 7 day period). This limit does not include compostable material, wood, scrap metals, recyclables, sludge with less than 50% moisture, ADC or beneficially used materials and inert material. Tonnage limits for these materials shall comply as stated in the September 2011 JTD and approved amendments thereto.
7. The asphalt recycling operation and concrete recovery and processing operations shall be conducted as described in the September 2011 JTD and approved amendments thereto. No more than 65,000 tons or 45,000 cubic yards of concrete and asphalt shall be stockpiled on-site at any time.
8. Adequate lighting shall be provided for all work done after day light hours at the site. Lights shall be placed on an irregular pattern, shielded and pointed downward. A maximum of 7 portable lights may be used.
9. Efforts shall be made to control the generation of windblown litter at the source. The active face area shall be maintained at the smallest practical size.
10. During high wind episodes, identified using procedures in the Litter Management Plan of the September 2011 JTD and approved amendments thereto, the size of the active face area shall be reduced by more frequent placement of cover. The active face may be further reduced in size as determined by the LEA.
11. The operator shall comply with the approved Litter Management Plan in the Sept. 2011 JTD and approved amendments thereto.
12. When the facility is open 24 hours a day, the entire working face shall be covered with approved cover material at the close of business on Friday night. During non-24 hour operation days, the working face shall be covered with approved cover material at the end of the operation day.
13. A Compliance Officer (CO) shall be designated to oversee the facility materials tracking system to prevent or eliminate any nuisance conditions including but not limited to odors, litter, dust, fires, vectors, etc. The CO or designee shall monitor landfilling operations, the receipt of wastes for disposal and recyclable materials, the load checking of waste, monitor and record wind and weather conditions throughout the hours of operation, noting times of day conditions, changes and modifications to site operations to prevent nuisance conditions, the status of all verbal and written complaints, oversee and be responsible for keeping the EA informed of any new techniques, products used or changes in operation to prevent or eliminate nuisance conditions, and be responsible for providing and maintaining all records required by the EA to help identify any nuisance conditions at the site.
14. Any change that would cause the design, including the footprint, or operation of the facility not to conform to the terms and conditions of this permit is prohibited. Any significant change, as determined by the LEA, would require a permit revision. In no case shall the operator implement any change without written approval by the LEA.
15. Prior to use of any new ADC not listed in 27 CCR section 20690, the applicant shall submit a demonstration project description to the LEA for review and approval. Upon successful completion of the ADC demonstration project and upon concurrence by the LEA and CalRecycle, the operator may commence with the ADC use.
16. The LEA reserves the right to direct the operator to conduct a load check of any vehicle entering the site and to observe the load check.
17. All equipment components shall be maintained in good mechanical condition and properly operated to prevent nuisance conditions and hazards. Information as to the location of backup equipment shall be readily available at the site.
18. The operator shall continue to monitor for potential leachate generation. Leachate generated shall be handled as described in the September 2011 JTD and approved amendments thereto.

# SOLID WASTE FACILITY PERMIT

Facility/Permit Number:

48-AA-0075

19. The operator shall submit copies of any violations or enforcement order between representatives of the facility and regulating agencies relating to the design, construction and operation of the landfill to the LEA.
20. Any substantial changes to the quarterly perimeter gas probe monitoring program shall be submitted to the LEA for review and approval.
21. The facility shall not be operated so as to cause public nuisance as determined by the LEA.
22. Final closure and post-closure maintenance plans shall be submitted at least 2 years in advance of the projected closing of the landfill as required by Title 27 CCR.
23. The permit is subject to review by the LEA and may be suspended, revoked, or revised at any time for sufficient cause.
24. Additional information concerning the design and operation of this facility shall be furnished upon request and within a reasonable time frame specified by the LEA.
25. A copy of this Permit shall be maintained at the facility.

# Appendix G—PHLF Current Permitted Disposal Capacity







February 13, 2013

Project No.093-97475

Mr. Jim Dunbar  
Potrero Hills Landfill  
P.O. Box 68  
Fairfield, CA 94533

**RE: POTRERO-HILLS LANDFILL CURRENT PERMITTED DISPOSAL CAPACITY**

Dear Mr. Dunbar:

The Potrero Hills Landfill contracted with Golder Associates Inc. (Golder) to calculate the available remaining capacity (airspace) in the permitted portion of the landfill. Golder undertook this assignment with the intent of validating the ability of Potrero Hills Landfill to serve as a competent bidder on the Napa-Vallejo Waste Management Authority (NVWMA) Request for Proposal for Long-Term Residue Disposal and ADC Capacity Services.

Potrero Hills Landfill is a Class III landfill operating and designed in accordance with CCR Title 27 standards. It is located in central Solano County and has been accepting municipal solid waste since 1986.

Golder used the following information to determine the remaining capacity in the permitted landfill waste boundary:

- Topographic survey data from April 2012
- Permitted final grading plan as defined in the Solid Waste Facility Permit (Feb. 2012) as authorized by Solano County and CalRecycle
- Permitted limits of waste boundary as defined in the Waste Discharge Requirements (May 2011) as authorized by the Regional Water Quality Control Board, San Francisco Bay Region

For this calculation, the permit issued by the San Francisco Bay Conservation and Development Commission (Oct. 2010) was not used as a basis for calculating remaining capacity. Only the permitted capacity within the Phase I area was calculated.

Based on the information listed above, and modifying the final grading plan to fit within the Phase 1 area only, the remaining permitted airspace for filling is 16,232,000 cubic yards. Using historical data related to density and airspace utilization efficiency, this corresponds to approximately 11,768,000 tons of available capacity.

In the most recent year for which data is available, Potrero Hills Landfill received approximately 398,000 tons of municipal solid waste for disposal. Using this volume for future disposal quantities, the remaining permitted capacity is approximately 29 years (until 2042).

In the event that Potrero Hills Landfill is successful in obtaining waste residue and ADC material from NVWMA, the increase in volume is projected in the RFP to be 160,000 tons per year. When this additional volume is added to the current waste volumes at Potrero Hills Landfill, the remaining capacity will be in excess of 21 years (until 2034). This exceeds the RFP requirement for 20 years of disposal capacity.

n:\projects\ 2009\093-97475 (potrero alt grading)\2013 services\interim site capacity.docx



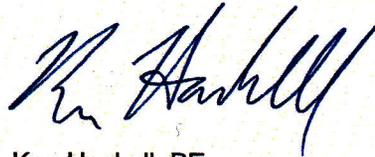
We appreciate the opportunity to be of service to WCI. If you have any questions regarding this letter, please do not hesitate to contact Randy Wall at (916) 380-3385.

Sincerely,

**GOLDER ASSOCIATES INC.**

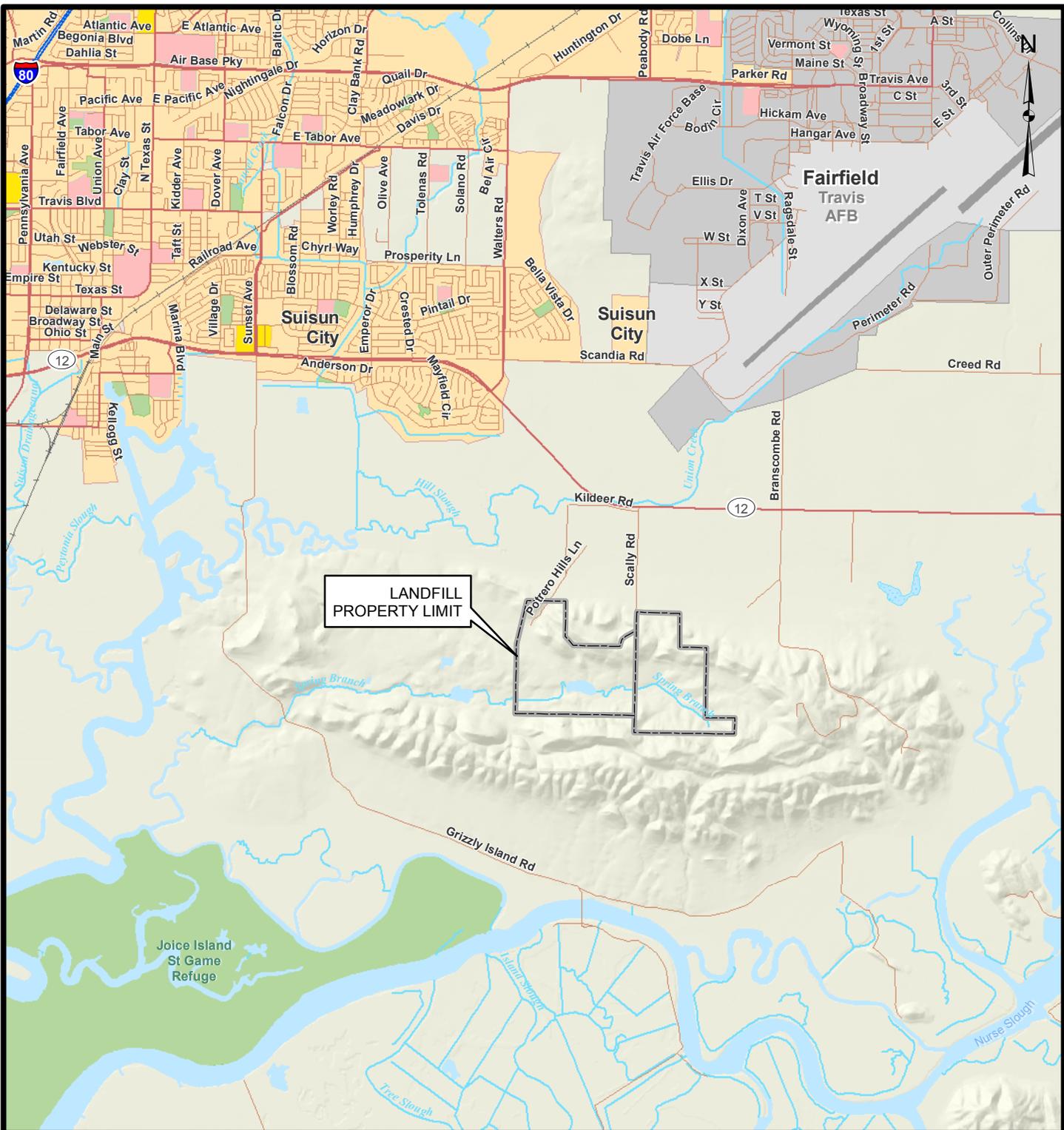


Randall Wall, PE  
Senior Consultant



Ken Haskell, PE  
Principal

Attachments: Table1, Site Capacity and Service Life  
Figure 1, Phase 1 Interim Grading Plan



**NOTES**

1. Road map obtained from ESRI StreetMap - North America. Date of map: 2008.
2. USGS NED 1/3 degree hillshade obtained from USGS Seamless server (<http://seamless.usgs.gov>).

**LEGEND**

- Landfill property limit
- Interstate highway
- Highway
- Major road
- Local road



**FIGURE 1  
SITE LOCATION  
POTRERO HILLS SANITARY LANDFILL**

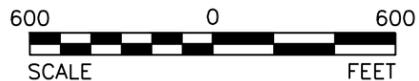




Drawing file: 09397475-F3-SITEPLAN.dwg Mar 11, 2013 - 2:59pm



PROJECT No. 09397475 FILE No. F3-SITEPLAN CADD JDR DATE 3/23/10

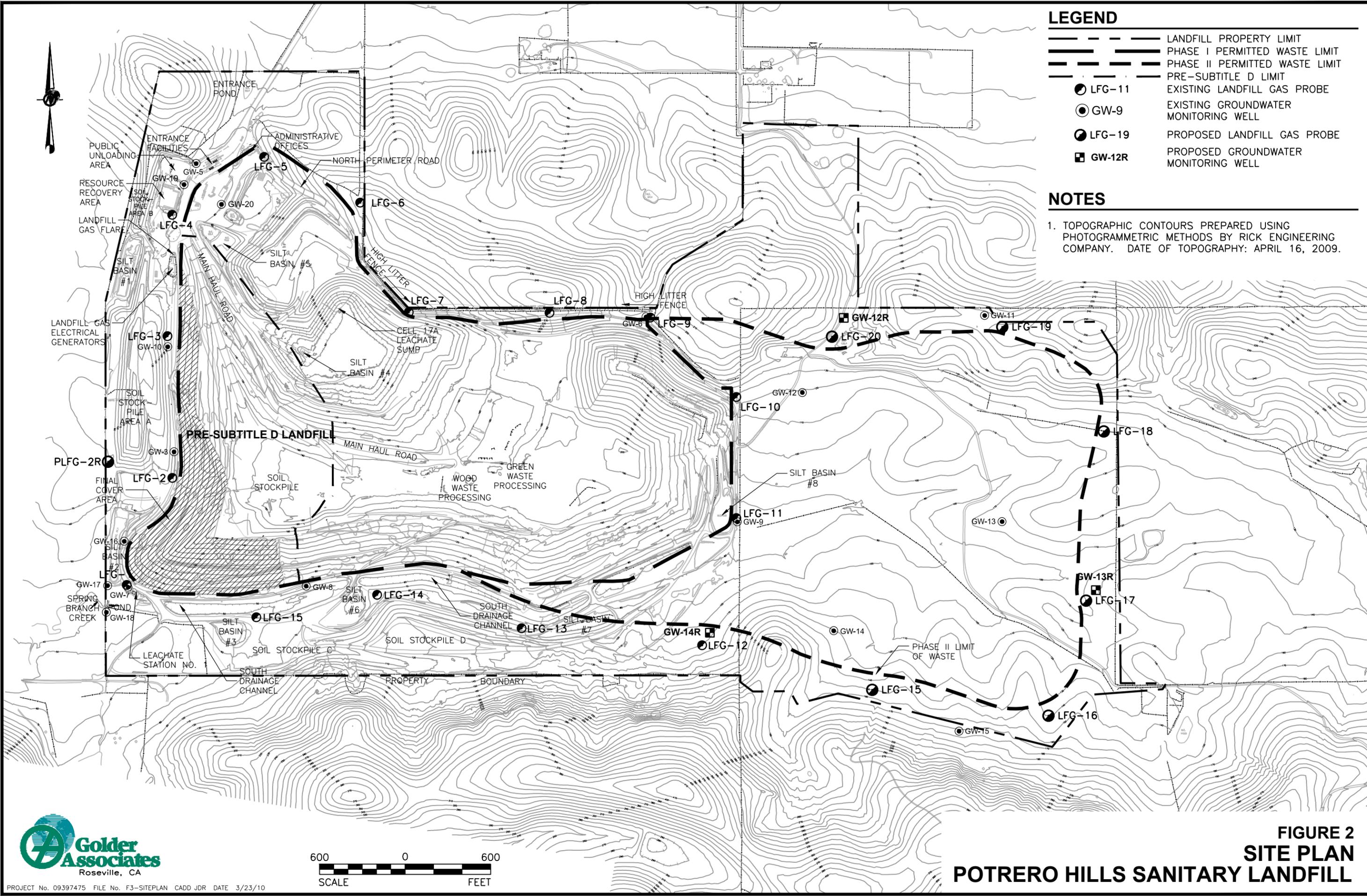


### LEGEND

- LANDFILL PROPERTY LIMIT
- PHASE I PERMITTED WASTE LIMIT
- PHASE II PERMITTED WASTE LIMIT
- PRE-SUBTITLE D LIMIT
- LFG-11 EXISTING LANDFILL GAS PROBE
- GW-9 EXISTING GROUNDWATER MONITORING WELL
- LFG-19 PROPOSED LANDFILL GAS PROBE
- GW-12R PROPOSED GROUNDWATER MONITORING WELL

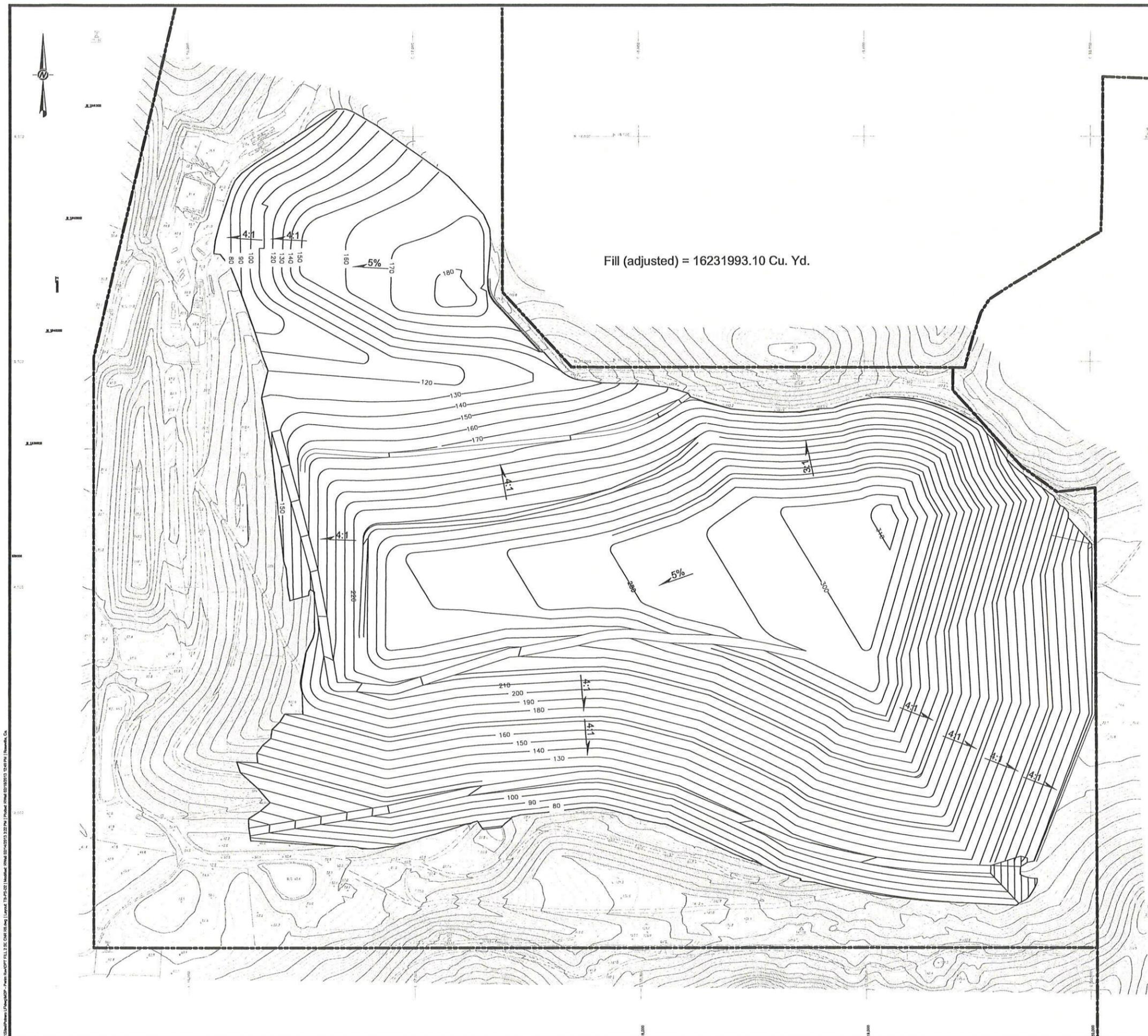
### NOTES

1. TOPOGRAPHIC CONTOURS PREPARED USING PHOTOGRAMMETRIC METHODS BY RICK ENGINEERING COMPANY. DATE OF TOPOGRAPHY: APRIL 16, 2009.



**FIGURE 2**  
**SITE PLAN**  
**POTRERO HILLS SANITARY LANDFILL**





**LEGEND**

- FINAL GRADING CONTOURS
- - - - - PROPERTY BOUNDARY

**NOTES**

THE EASTSIDE OF THE LANDFILL MAY REQUIRE A STABILITY BUTTRESS BASED ON FINAL SLOPE STABILITY CALCULATIONS. THIS WILL NOT AFFECT THE AVAILABLE AIRSPACE.

Fill (adjusted) = 16231993.10 Cu. Yd.



REV	DATE	DES	REVISION DESCRIPTION	CADD	CHK	RWW
PROJECT <b>WASTE CONNECTIONS INC. POTRERO HILLS LANDFILL SOLANO COUNTY, CALIFORNIA</b>						
TITLE <b>PHASE 1 INTERIM GRADING PLAN</b>						
PROJECT No.		103-97475		FILE No.		OPT FILL 2 SE CNR RB
DESIGN	RWW	2/15/13	SCALE	AS SHOWN		
CADD	RWW	2/15/13	<b>1</b>			
CHECK	KGH	2/18/13				
REVIEW	KHG	2/18/13				



M:\Data\Projects\103-97475\103-97475-01\103-97475-01.dwg | Layer: 103-97475-01 | Plot: 103-97475-01.dwg | 2/15/13 | 10:48:11 AM | 103-97475-01.dwg | 103-97475-01.dwg



**TABLE 1  
POTRERO HILLS LANDFILL, INC.  
SITE CAPACITY AND SERVICE LIFE**

Year	Current Service Life				Projected Service Life with NVWMA			
	Current Total Annual Disposal Tons	Total Annual Volume Disposal C.Y.	Beginning Of Year Remaining Fill Vol. C.Y.	End Of Year Volume In Place C.Y.	Projected Total Annual Disposal Tons	Total Annual Volume Disposal C.Y.	Beginning Of Year Remaining Fill Vol. C.Y.	End Of Year Volume In Place C.Y.
2012	397,900	530,533	16,232,000	15,701,467	397,900	530,533	16,232,000	15,701,467
2013	397,900	530,533	15,701,467	15,170,933	397,900	530,533	15,701,467	15,170,933
2014	397,900	530,533	15,170,933	14,640,400	557,900	743,867	15,170,933	14,427,067
2015	397,900	530,533	14,640,400	14,109,867	557,900	743,867	14,427,067	13,683,200
2016	397,900	530,533	14,109,867	13,579,333	557,900	743,867	13,683,200	12,939,333
2017	397,900	530,533	13,579,333	13,048,800	557,900	743,867	12,939,333	12,195,467
2018	397,900	530,533	13,048,800	12,518,267	557,900	743,867	12,195,467	11,451,600
2019	397,900	530,533	12,518,267	11,987,733	557,900	743,867	11,451,600	10,707,733
2020	397,900	530,533	11,987,733	11,457,200	557,900	743,867	10,707,733	9,963,867
2021	397,900	530,533	11,457,200	10,926,667	557,900	743,867	9,963,867	9,220,000
2022	397,900	530,533	10,926,667	10,396,133	557,900	743,867	9,220,000	8,476,133
2023	397,900	530,533	10,396,133	10,926,667	557,900	743,867	8,476,133	7,732,267
2024	397,900	530,533	9,865,600	11,457,200	557,900	743,867	7,732,267	6,988,400
2025	397,900	530,533	9,335,067	11,987,733	557,900	743,867	6,988,400	6,244,533
2026	397,900	530,533	8,804,533	12,518,267	557,900	743,867	6,244,533	5,500,667
2027	397,900	530,533	8,274,000	13,048,800	557,900	743,867	5,500,667	4,756,800
2028	397,900	530,533	7,743,467	13,579,333	557,900	743,867	4,756,800	4,012,933
2029	397,900	530,533	7,212,933	14,109,867	557,900	743,867	4,012,933	3,269,067
2030	397,900	530,533	6,682,400	14,640,400	557,900	743,867	3,269,067	2,525,200
2031	397,900	530,533	6,151,867	15,170,933	557,900	743,867	2,525,200	1,781,333
2032	397,900	530,533	5,621,333	15,701,467	557,900	743,867	1,781,333	1,037,467
2033	397,900	530,533	5,090,800	16,232,000	557,900	743,867	1,037,467	293,600
2034	397,900	530,533	4,560,267	16,762,533	557,900	743,867	293,600	-450,267
2035	397,900	530,533	4,029,733	17,293,067				
2036	397,900	530,533	3,499,200	17,823,600				
2037	397,900	530,533	2,968,667	18,354,133				
2038	397,900	530,533	2,438,133	18,884,667				
2039	397,900	530,533	1,907,600	19,415,200				
2040	397,900	530,533	1,377,067	19,945,733				
2041	397,900	530,533	846,533	20,476,267				
2042	397,900	530,533	316,000	21,006,800				

Notes:

- (1) 2012 tonnage data from site records
- (2) 2013 and beyond disposal tonnages are estimated disposal volumes
- (3) Disposal Volume Capacity of 16,232,00 C.Y. from permitted Phase 1 area.
- (4) Volume density conversion of 1,500 pounds per cubic yard of fill volume



# Appendix H—PHLF Daily Waste Quantities and Traffic Counts





Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - JANUARY 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Recyclables and ADC (TPD7)	Total Disposal Sludge (>50% M.C.) Received (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Sat 1/1/11					0	1,650	0	0			0	308
Sun 1/2/11	574	0.02	1	265	307	1,650	0	0	52	10	62	304
Mon 1/3/11	2,547	0.03	123	347	2,077	1,659	0	0	227	35	262	291
Tue 1/4/11	3,373	0.16	87	471	2,814	1,716	0	0	268	35	303	282
Wed 1/5/11	3,357	0.09	113	960	2,284	1,677	0	0	290	35	325	277
Thu 1/6/11	3,745	0.00	106	994	2,645	1,740	0	0	333	35	368	269
Fri 1/7/11	3,065	0.16	128	620	2,318	1,778	0	0	269	35	304	232
Sat 1/8/11	1,062	0.32	10	261	790	1,891	0	0	197	10	207	262
Sun 1/9/11	791	0.62	29	304	456	1,912	0	0	155	10	165	276
Mon 1/10/11	3,486	0.03	118	1,270	2,099	1,915	0	0	324	35	359	290
Tue 1/11/11	4,047	0.33	144	1,289	2,613	1,887	0	0	324	35	359	298
Wed 1/12/11	3,220	0.16	139	701	2,379	1,900	0	0	279	35	314	297
Thu 1/13/11	4,637	0.06	122	2,194	2,321	1,854	0	0	366	35	401	301
Fri 1/14/11	3,273	0.00	76	1,217	1,980	1,806	0	0	284	35	319	303
Sat 1/15/11	1,162	0.15	8	359	794	1,806	0	0	198	10	208	304
Sun 1/16/11	497	0.19	12	270	215	1,772	0	0	111	10	121	297
Mon 1/17/11	4,195	0.45	96	2,101	1,997	1,757	0	0	391	35	426	307
Tue 1/18/11	5,335	0.15	138	2,633	2,565	1,750	0	0	420	35	455	321
Wed 1/19/11	4,916	0.14	151	2,427	2,337	1,744	0	0	381	35	416	335
Thu 1/20/11	4,326	0.03	122	2,175	2,029	1,702	0	0	360	35	395	334
Fri 1/21/11	4,017	0.36	117	2,308	1,592	1,647	0	0	355	35	390	344
Sat 1/22/11	1,112	0.75	6	513	592	1,618	0	0	226	10	236	348
Sun 1/23/11	527	0.19	6	288	232	1,621	0	0	134	10	144	352
Mon 1/24/11	2,818	0.00	94	839	1,885	1,605	0	0	284	35	319	336
Tue 1/25/11	3,575	0.06	165	957	2,453	1,589	0	0	326	35	361	323
Wed 1/26/11	3,216	0.15	127	1,270	1,819	1,515	0	0	313	35	348	313
Thu 1/27/11	3,077	0.03	239	991	1,848	1,489	0	0	275	35	310	301
Fri 1/28/11	5,057	0.06	277	3,174	1,606	1,491	0	0	386	35	421	306
Sat 1/29/11	3,651	0.29	23	3,053	574	1,488	0	0	372	10	382	326
Sun 1/30/11	570	0.25	7	285	277	1,495	0	0	83	10	93	319
Mon 1/31/11	4,764	0.06	154	2,542	2,068	1,521	0	0	457	35	492	344
Totals	89,992	5.29	2,938	37,081	49,967	1,915	0	0	8,440	825	9,265	
					2,814	Peak Day (tons) Peak TPD7 Tons		0				Weekly Ave

492	Peak Day
352	Peak 7-Day Ave

Permitted Tons per Operating Day:  
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1

Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1

Permitted Disposal Sludge: Weekly average not to exceed 250 TPD

Inbound Recyclables includes items identified in Table 1, Section 2

Re-Use Material includes items identified in Table 1, Section 3

Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Total: 500 Vehicles/Day inbound (7 day week average)

Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - FEBRUARY 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Received Less Recyclables, Re-Use Material and ADC (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge (>50% M.C.) Received (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Tue 2/1/11	3,025	0.03	125	795	2,104	1,471	0	0	283	35	318	338
Wed 2/2/11	2,725	0.11	245	727	1,753	1,461	0	0	269	35	304	331
Thu 2/3/11	3,413	0.20	207	1,479	1,727	1,444	0	0	337	35	372	340
Fri 2/4/11	2,444	0.21	250	724	1,469	1,425	0	0	266	35	301	323
Sat 2/5/11	749	0.05	8	346	395	1,399	0	0	177	10	187	295
Sun 2/6/11	492	0.34	9	322	161	1,382	0	0	112	10	122	299
Mon 2/7/11	2,275	0.03	84	449	1,742	1,336	0	0	254	35	289	270
Tue 2/8/11	2,853	0.11	119	565	2,169	1,345	0	0	279	35	314	270
Wed 2/9/11	3,583	0.03	156	1,759	1,668	1,333	0	0	305	35	340	275
Thu 2/10/11	3,576	0.14	130	2,177	1,269	1,268	0	0	333	35	368	274
Fri 2/11/11	2,166	0.12	173	374	1,619	1,289	0	0	240	35	275	271
Sat 2/12/11	851	0.18	14	264	573	1,314	0	0	193	10	203	273
Sun 2/13/11	492	0.15	32	243	216	1,322	0	0	146	10	156	278
Mon 2/14/11	2,491	0.00	123	395	1,973	1,355	0	0	256	35	291	278
Tue 2/15/11	3,989	0.00	162	1,782	2,044	1,337	0	0	341	35	376	287
Wed 2/16/11	3,991	0.00	129	1,965	1,897	1,370	0	0	321	35	356	289
Thu 2/17/11	3,011	0.09	113	1,021	1,877	1,457	0	0	222	35	257	273
Fri 2/18/11	2,981	0.06	83	721	2,176	1,537	0	0	235	35	270	273
Sat 2/19/11	1,256	0.06	2	553	701	1,555	0	0	132	10	142	264
Sun 2/20/11	873	0.16	3	655	215	1,555	0	0	122	10	132	261
Mon 2/21/11	2,646	0.33	240	1,023	1,383	1,470	0	0	250	35	285	260
Tue 2/22/11	2,813	0.11	87	750	1,975	1,461	0	0	282	35	317	251
Wed 2/23/11	3,047	0.06	126	605	2,316	1,520	0	0	280	35	315	245
Thu 2/24/11	3,036	0.19	100	863	2,073	1,549	0	0	274	35	309	253
Fri 2/25/11	3,152	0.03	88	625	2,439	1,586	0	0	251	35	286	255
Sat 2/26/11	1,166	0.11	4	306	856	1,608	0	0	145	10	155	257
Sun 2/27/11	676	0.17	6	260	410	1,636	0	0	131	10	141	258
Mon 2/28/11	4,015	0.13	215	2,216	1,583	1,665	0	0	368	35	403	275
Totals	67,785	3.20	3,035	23,964	40,783	1,665	0	0	6,804	780	7,584	275

Permitted Tons per Operating Day:  
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1  
Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1  
Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
Inbound Recyclables includes items identified in Table 1, Section 2  
Re-Use Material includes items identified in Table 1, Section 3  
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Peak Day (tons) Peak TPD7 Tons  
2,439 1,665  
Weekly Ave  
0

Peak Day (tons) Peak TPD7 Tons  
403 340  
Peak Day Peak 7-Day Ave

Permitted Traffic Volume:  
Total: 500 Vehicles/Day inbound (7 day week average)  
Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - MARCH 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (Tons) (A - B - C - D)	Permitted Daily Average Recyclables and ADC (TPD7)	Total Disposal Sludge (>50% M.C.) Received (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Tue 3/1/11	3,250	0.03	205	832	2,213	1,699	0	0	274	35	309	274
Wed 3/2/11	3,021	0.26	196	913	1,912	1,641	0	0	242	35	277	269
Thu 3/3/11	2,922	0.08	100	1,015	1,807	1,603	0	0	257	35	292	266
Fri 3/4/11	4,032	0.16	178	2,075	1,778	1,508	0	0	352	35	387	281
Sat 3/5/11	2,682	0.13	21	2,109	562	1,465	0	0	285	10	295	301
Sun 3/6/11	624	0.08	3	320	301	1,450	0	0	86	10	95	294
Mon 3/7/11	3,632	0.06	87	1,732	1,813	1,482	0	0	340	35	375	290
Tue 3/8/11	3,379	0.08	241	1,235	1,903	1,438	0	0	303	35	338	294
Wed 3/9/11	2,825	0.03	125	986	1,714	1,410	0	0	271	35	306	298
Thu 3/10/11	2,893	0.03	131	896	1,866	1,418	0	0	260	35	295	299
Fri 3/11/11	2,211	0.09	97	511	1,603	1,393	0	0	232	35	267	282
Sat 3/12/11	898	0.06	15	384	499	1,386	0	0	177	10	187	266
Sun 3/13/11	626	0.10	3	398	225	1,375	0	0	137	10	147	274
Mon 3/14/11	2,640	0.26	120	554	1,965	1,397	0	0	243	35	278	260
Tue 3/15/11	2,696	0.19	235	526	1,935	1,401	0	0	232	35	267	250
Wed 3/16/11	2,329	0.16	143	457	1,729	1,403	0	0	208	35	243	241
Thu 3/17/11	2,268	0.09	152	423	1,693	1,378	0	0	218	35	253	235
Fri 3/18/11	2,188	0.06	202	410	1,575	1,374	0	0	193	35	228	229
Sat 3/19/11	1,174	0.00	2	265	908	1,433	0	0	95	10	105	217
Sun 3/20/11	552	0.00	9	322	221	1,432	0	0	63	10	73	207
Mon 3/21/11	2,722	0.10	32	853	1,837	1,414	0	0	269	35	304	210
Tue 3/22/11	2,814	0.21	68	691	2,055	1,431	0	0	264	35	299	215
Wed 3/23/11	2,521	0.05	82	689	1,750	1,434	0	0	226	35	261	218
Thu 3/24/11	2,025	0.19	55	585	1,384	1,390	0	0	181	35	216	212
Fri 3/25/11	2,208	0.09	42	638	1,527	1,383	0	0	211	35	246	215
Sat 3/26/11	1,174	0.06	1	309	864	1,377	0	0	111	10	121	217
Sun 3/27/11	858	0.44	3	429	426	1,406	0	0	134	10	144	227
Mon 3/28/11	2,535	0.15	59	681	1,795	1,400	0	0	286	35	321	230
Tue 3/29/11	2,677	0.14	197	608	1,872	1,374	0	0	288	35	323	233
Wed 3/30/11	3,126	0.10	149	998	1,979	1,549	0	0	302	35	337	257
Thu 3/31/11	3,824	0.20	222	1,543	2,059	1,571	0	0	381	35	416	268
Totals	73,328	3.68	3,175	24,386	45,762	1,699	0	0	7,120	885	8,005	

Permitted Tons per Operating Day: **2,213** Peak Day (tons) **4,330** Peak TPD7 Tons **416** Peak Day **301** Peak 7-Day Ave

Permitted Daily Cover (ADC) material includes items identified in Table 1, Section 4

Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1

Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1

Permitted Disposal Sludge: Weekly average not to exceed 250 TPD

Inbound Recyclables includes items identified in Table 1, Section 2

Re-Use Material includes items identified in Table 1, Section 3

Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Total: 500 Vehicles/Day inbound (7 day week average)

Permitted Traffic Volume: 500 Vehicles/Day inbound (7 day week average)

Peak Traffic: 1,000 Vehicles/Day inbound

Table 2

Potrero Hills Landfill

DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - APRIL 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge (>50% M.C.) Received (Tons)	Weekly Average Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Fri 4/1/11	2,694	0.00	305	772	1,616	1,516	0	0	307	35	342	286
Sat 4/2/11	1,202	0.50	15	525	662	1,487	0	0	243	10	253	305
Sun 4/3/11	757	0.25	11	396	350	1,476	0	0	181	10	191	312
Mon 4/4/11	3,109	0.03	146	799	2,165	1,529	0	0	316	35	351	316
Tue 4/5/11	2,655	0.16	146	707	1,801	1,519	0	0	306	35	341	319
Wed 4/6/11	2,983	0.20	186	875	1,923	1,511	0	0	302	35	337	319
Thu 4/7/11	3,038	0.06	231	924	1,882	1,486	0	0	292	35	327	306
Fri 4/8/11	2,211	0.00	219	559	1,433	1,459	0	0	228	35	263	295
Sat 4/9/11	925	0.16	21	325	579	1,447	0	0	196	10	206	288
Sun 4/10/11	675	0.19	13	306	356	1,448	0	0	172	10	182	287
Mon 4/11/11	2,508	0.26	101	861	1,546	1,360	0	0	276	35	311	281
Tue 4/12/11	3,571	0.17	133	1,148	2,290	1,430	0	0	334	35	369	285
Wed 4/13/11	2,886	0.09	131	945	1,810	1,414	0	0	281	35	316	282
Thu 4/14/11	2,930	0.30	164	1,081	1,684	1,385	0	0	283	35	318	281
Fri 4/15/11	2,454	0.13	232	675	1,547	1,402	0	0	254	35	289	284
Sat 4/16/11	820	0.37	12	101	706	1,420	0	0	174	10	184	281
Sun 4/17/11	436	0.03	16	157	262	1,406	0	0	144	10	154	277
Mon 4/18/11	3,307	0.12	135	1,318	1,854	1,450	0	0	315	35	350	283
Tue 4/19/11	2,827	0.10	150	692	1,986	1,407	0	0	293	35	328	277
Wed 4/20/11	2,794	0.00	176	982	1,635	1,382	0	0	276	35	311	276
Thu 4/21/11	2,829	0.18	175	943	1,711	1,386	0	0	260	35	295	273
Fri 4/22/11	2,288	0.21	119	710	1,459	1,373	0	0	281	35	316	277
Sat 4/23/11	1,094	0.10	12	498	584	1,356	0	0	224	10	234	284
Sun 4/24/11	615	0.00	0	448	167	1,342	0	0	30	10	40	268
Mon 4/25/11	2,526	0.21	104	747	1,674	1,317	0	0	296	35	331	265
Tue 4/26/11	2,675	0.14	145	633	1,896	1,304	0	0	301	35	336	266
Wed 4/27/11	3,229	0.06	200	949	2,080	1,367	0	0	290	35	325	268
Thu 4/28/11	2,908	0.18	178	803	1,927	1,398	0	0	293	35	328	273
Fri 4/29/11	2,514	0.22	187	841	1,486	1,402	0	0	289	35	324	274
Sat 4/30/11	1,329	0.29	10	650	668	1,365	0	0	229	10	239	277
Totals	66,788	4.71	3,676	21,369	41,737	1,529	0	0	7,666	825	8,491	247

Permitted Tons per Operating Day:	3,400 TPD7 of disposal waste identified in Table 1, Section 1
Total:	4,330 TPD of disposal waste identified in Table 1, Section 1
Daily Peak Tonnage:	4,330 TPD of disposal waste identified in Table 1, Section 1
Permitted Disposal Sludge:	Weekly average not to exceed 250 TPD
Inbound Recyclables includes items identified in Table 1, Section 2	
Re-Use Material includes items identified in Table 1, Section 3	
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4	
Permitted Traffic Volume:	500 Vehicles/Day inbound (7 day week average)
Peak Traffic:	1,000 Vehicles/Day inbound

Weekly Average	0
Peak Day	369
Peak 7-Day Ave	319

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - MAY 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (Tons) (A - B - C - D)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Sun 5/1/11	821	0.08	16	388	418	1,450	0	0	164	8	172	294
Mon 5/2/11	3,096	0.12	112	776	2,208	1,526	0	0	315	32	347	296
Tue 5/3/11	3,151	0.04	187	1,100	1,865	1,521	0	0	306	32	338	296
Wed 5/4/11	2,891	0.47	184	893	1,814	1,483	0	0	300	32	332	297
Thu 5/5/11	2,614	0.22	183	794	1,636	1,442	0	0	287	32	319	296
Fri 5/6/11	2,298	0.11	143	636	1,518	1,446	0	0	253	32	285	290
Sat 5/7/11	852	0.14	6	237	608	1,438	0	0	170	12	182	282
Sun 5/8/11	616	0.16	3	267	346	1,428	0	0	99	8	107	273
Mon 5/9/11	2,576	0.00	116	606	1,853	1,377	0	0	265	32	297	266
Tue 5/10/11	3,490	0.17	112	1,385	1,992	1,395	0	0	320	32	352	268
Wed 5/11/11	2,848	0.11	240	807	1,802	1,394	0	0	278	32	310	265
Thu 5/12/11	2,936	0.17	194	915	1,826	1,421	0	0	289	32	321	265
Fri 5/13/11	2,461	0.09	216	705	1,540	1,424	0	0	288	32	320	270
Sat 5/14/11	980	0.12	50	293	637	1,428	0	0	199	12	211	274
Sun 5/15/11	684	0.21	19	338	326	1,425	0	0	110	8	118	276
Mon 5/16/11	2,712	0.12	177	720	1,814	1,420	0	0	285	32	317	278
Tue 5/17/11	2,466	0.13	132	534	1,799	1,392	0	0	244	32	276	268
Wed 5/18/11	2,756	0.19	173	589	1,994	1,419	0	0	256	32	288	264
Thu 5/19/11	2,730	0.12	180	755	1,795	1,415	0	0	261	32	293	260
Fri 5/20/11	2,501	0.22	167	764	1,570	1,419	0	0	244	32	276	254
Sat 5/21/11	756	0.37	29	179	548	1,407	0	0	153	12	165	248
Sun 5/22/11	556	0.19	18	269	268	1,398	0	0	151	8	159	253
Mon 5/23/11	2,489	0.08	115	592	1,781	1,394	0	0	257	32	289	249
Tue 5/24/11	3,054	0.33	141	931	1,982	1,420	0	0	328	32	360	261
Wed 5/25/11	2,362	0.11	191	580	1,591	1,362	0	0	232	32	264	258
Thu 5/26/11	2,608	0.07	165	714	1,729	1,353	0	0	272	32	304	260
Fri 5/27/11	2,795	0.23	113	1,197	1,485	1,341	0	0	310	32	342	269
Sat 5/28/11	690	0.32	62	148	480	1,331	0	0	158	10	168	269
Sun 5/29/11	554	0.08	41	261	253	1,329	0	0	123	10	133	266
Mon 5/30/11	1,445	0.05	66	321	1,059	1,118	0	0	129	32	161	235
Tue 5/31/11	2,586	0.28	91	730	1,765	1,239	0	0	344	32	376	256
Totals	65,374	5.10	3,643	19,424	42,302	1,526	0	0	7,390	792	8,182	

Permitted Tons per Operating Day:	2,208	1,526
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1		
Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1		
Permitted Disposal Sludge: Weekly average not to exceed 250 TPD		
Inbound Recyclables includes items identified in Table 1, Section 2		
Re-Use Material includes items identified in Table 1, Section 3		
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4		
Weekly Ave	0	
Peak Day (tons) Peak TPD7 Tons	376	297
Peak Day	Peak Day	Peak 7-Day Ave

Permitted Traffic Volume:  
Total: 500 Vehicles/Day inbound (7 day week average)  
Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - JUNE 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge (>50% M.C.) Received (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Sun 6/1/11	2,959	0.00	153	1,055	1,752	1,217	0	0	271	32	303	255
Mon 6/2/11	3,062	0.06	144	1,165	1,752	1,221	0	0	282	32	314	257
Tue 6/3/11	3,478	0.29	231	1,420	1,827	1,270	0	0	302	32	334	256
Wed 6/4/11	944	0.05	15	257	672	1,297	0	0	94	12	106	247
Thu 6/5/11	581	0.03	5	345	231	1,294	0	0	81	8	89	240
Fri 6/6/11	2,599	0.09	109	774	1,715	1,388	0	0	248	32	280	257
Sat 6/7/11	4,172	0.41	135	2,052	1,985	1,419	0	0	347	32	379	258
Sun 6/8/11	3,555	0.09	126	723	2,706	1,555	0	0	336	32	368	267
Mon 6/9/11	3,678	0.28	140	1,288	2,251	1,627	0	0	328	32	360	274
Tue 6/10/11	3,387	0.07	104	1,761	1,523	1,583	0	0	328	32	360	277
Wed 6/11/11	1,014	0.23	44	311	659	1,581	0	0	219	12	231	295
Thu 6/12/11	595	0.09	15	429	151	1,570	0	0	145	8	153	304
Fri 6/13/11	3,228	0.16	136	1,274	1,818	1,585	0	0	328	32	360	316
Sat 6/14/11	3,669	0.22	208	1,429	2,031	1,591	0	0	354	32	386	317
Sun 6/15/11	3,694	0.04	290	1,464	1,940	1,482	0	0	328	32	360	316
Mon 6/16/11	2,460	0.09	174	476	1,810	1,419	0	0	276	32	308	308
Tue 6/17/11	2,370	0.03	264	399	1,707	1,445	0	0	279	32	311	301
Wed 6/18/11	848	0.10	41	127	679	1,448	0	0	193	12	205	298
Thu 6/19/11	511	0.13	3	345	163	1,450	0	0	109	8	117	292
Fri 6/20/11	4,821	0.16	157	2,784	1,880	1,459	0	0	381	32	413	300
Sat 6/21/11	4,285	0.16	114	2,274	1,897	1,440	0	0	356	32	388	300
Sun 6/22/11	5,288	0.09	229	3,194	1,864	1,429	0	0	399	32	431	310
Mon 6/23/11	3,981	0.00	180	2,111	1,690	1,412	0	0	317	32	349	316
Tue 6/24/11	2,423	0.36	156	784	1,483	1,380	0	0	273	32	305	315
Wed 6/25/11	1,081	0.16	134	350	598	1,368	0	0	180	12	192	314
Thu 6/26/11	670	0.14	14	345	310	1,389	0	0	152	8	160	320
Fri 6/27/11	2,608	0.04	113	781	1,714	1,365	0	0	287	32	319	306
Sat 6/28/11	3,448	0.08	190	351	2,907	1,509	0	0	298	32	330	298
Sun 6/29/11	3,426	0.25	155	1,321	1,950	1,522	0	0	297	32	329	283
Mon 6/30/11	2,430	0.24	270	429	1,730	1,614	0	0	275	32	307	311
Tue					0	1,425	0	0			0	272
Totals	81,264	4.14	4,049	31,816	45,395	1,627	0	0	8,063	784	8,847	

Permitted Tons per Operating Day: 2,907 Peak Day (tons) Peak TPD7 Tons 1,627  
 Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1  
 Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1  
 Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
 Inbound Recyclables includes items identified in Table 1, Section 2  
 Re-Use Material includes items identified in Table 1, Section 3  
 Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Permitted Traffic Volume:  
 Total: 500 Vehicles/Day inbound (7 day week average)  
 Peak Traffic: 1,000 Vehicles/Day inbound

431	Peak Day
320	Peak 7-Day Ave

Weekly Ave 0

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - JULY 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge (>50% M.C.) Received (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Fri 7/1/11	2,610	0.30	176	686	1,748	1,565	0	0	307	32	339	282
Sat 7/2/11	724	0.52	43	63	617	1,568	0	0	185	12	197	283
Sun 7/3/11	612	0.20	28	293	291	1,565	0	0	108	8	116	277
Mon 7/4/11	1,286	0.00	52	498	736	1,426	0	0	106	32	138	251
Tue 7/5/11	2,581	0.38	198	541	1,841	1,273	0	0	266	32	298	246
Wed 7/6/11	2,685	0.16	252	582	1,851	1,259	0	0	268	32	300	242
Thu 7/7/11	2,371	0.09	286	485	1,600	1,240	0	0	265	32	297	241
Fri 7/8/11	2,405	0.22	163	371	1,871	1,258	0	0	276	32	308	236
Sat 7/9/11	886	0.26	12	201	674	1,266	0	0	185	12	197	236
Sun 7/10/11	681	0.15	16	383	282	1,265	0	0	142	8	150	241
Mon 7/11/11	2,857	0.10	135	933	1,789	1,415	0	0	306	32	338	270
Tue 7/12/11	2,969	0.24	212	605	2,152	1,460	0	0	312	32	344	276
Wed 7/13/11	2,614	0.06	204	584	1,826	1,456	0	0	257	32	289	275
Thu 7/14/11	2,447	0.24	167	523	1,757	1,479	0	0	263	32	295	274
Fri 7/15/11	2,696	0.09	201	535	1,959	1,491	0	0	298	32	330	278
Sat 7/16/11	1,143	0.12	49	418	675	1,491	0	0	184	12	196	277
Sun 7/17/11	251	0.19	7	175	68	1,461	0	0	103	8	111	272
Mon 7/18/11	3,376	0.07	509	923	1,945	1,483	0	0	315	32	347	273
Tue 7/19/11	3,627	0.21	839	566	2,222	1,493	0	0	340	32	372	277
Wed 7/20/11	3,677	0.18	997	1,051	1,628	1,465	0	0	330	32	362	288
Thu 7/21/11	3,359	0.12	844	518	1,997	1,499	0	0	317	32	349	295
Fri 7/22/11	4,860	0.19	2,233	545	2,082	1,517	0	0	385	32	417	308
Sat 7/23/11	1,121	0.04	47	407	667	1,516	0	0	194	12	206	309
Sun 7/24/11	789	0.13	24	471	293	1,548	0	0	159	8	167	317
Mon 7/25/11	5,136	0.53	1,717	1,687	1,732	1,517	0	0	371	32	403	325
Tue 7/26/11	3,000	0.06	522	734	1,744	1,449	0	0	271	32	303	315
Wed 7/27/11	3,294	0.35	595	592	2,106	1,517	0	0	321	32	353	314
Thu 7/28/11	3,409	0.03	444	1,220	1,745	1,481	0	0	312	32	344	313
Fri 7/29/11	3,523	0.10	941	859	1,722	1,430	0	0	310	32	342	303
Sat 7/30/11	783	0.10	43	57	683	1,477	0	0	176	12	188	307
Sun 7/31/11	662	0.22	2	356	303	1,308	0	0	136	8	144	287
Totals	72,432	5.65	11,957	17,863	42,607	1,568	0	0	7,768	772	8,540	287
					2,222	1,568		0			417	325
								Weekly Ave			Peak Day	Peak 7-Day Ave

Permitted Tons per Operating Day:

Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1

Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1

Permitted Disposal Sludge: Weekly average not to exceed 250 TPD

Inbound Recyclables includes items identified in Table 1, Section 2

Re-Use Material includes items identified in Table 1, Section 3

Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Permitted Traffic Volume:

Total: 500 Vehicles/Day inbound (7 day week average)

Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - AUGUST 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7) (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Fri 8/1/11	3,364	0.16	94	1,726	1,543	1,407	0	0	292	35	327	286
Sat 8/2/11	4,202	1.24	247	1,990	1,964	1,438	0	0	335	12	347	292
Sun 8/3/11	4,778	0.01	943	2,137	1,698	1,380	0	0	384	8	392	298
Mon 8/4/11	5,057	0.21	952	2,262	1,843	1,394	0	0	424	35	459	314
Tue 8/5/11	4,179	0.02	304	2,227	1,649	1,383	0	0	341	35	376	319
Wed 8/6/11	997	0.38	34	321	641	1,377	0	0	185	35	220	324
Thu 8/7/11	601	0.07	50	214	338	1,382	0	0	139	35	174	328
Fri 8/8/11	3,883	0.02	156	2,028	1,698	1,404	0	0	332	35	367	334
Sat 8/9/11	4,371	1.25	196	2,294	1,880	1,392	0	0	358	12	370	337
Sun 8/10/11	4,952	0.01	392	2,539	2,020	1,438	0	0	384	8	392	337
Mon 8/11/11	4,695	0.32	193	2,798	1,704	1,419	0	0	365	35	400	328
Tue 8/12/11	3,024	0.12	168	958	1,898	1,454	0	0	303	35	338	323
Wed 8/13/11	917	0.12	20	78	818	1,479	0	0	167	35	202	320
Thu 8/14/11	461	0.11	16	158	286	1,472	0	0	124	35	159	318
Fri 8/15/11	3,001	0.24	211	1,053	1,737	1,478	0	0	302	35	337	314
Sat 8/16/11	5,054	0.18	200	2,929	1,924	1,484	0	0	392	12	404	319
Sun 8/17/11	5,188	0.03	253	3,042	1,893	1,466	0	0	384	8	392	319
Mon 8/18/11	4,777	1.07	255	2,479	2,043	1,514	0	0	390	35	425	322
Tue 8/19/11	3,166	0.00	203	1,416	1,546	1,464	0	0	297	35	332	322
Wed 8/20/11	1,014	0.22	156	174	684	1,445	0	0	153	35	188	320
Thu 8/21/11	546	0.03	34	168	344	1,453	0	0	106	35	141	317
Fri 8/22/11	2,670	0.09	172	811	1,686	1,446	0	0	286	35	321	315
Sat 8/23/11	2,680	0.13	186	539	1,955	1,450	0	0	265	12	277	297
Sun 8/24/11	5,371	2.29	255	3,279	1,836	1,442	0	0	386	8	394	297
Mon 8/25/11	5,864	0.06	306	3,691	1,868	1,417	0	0	420	35	455	301
Tue 8/26/11	5,600	0.06	291	3,335	1,974	1,478	0	0	393	35	428	315
Wed 8/27/11	4,438	0.37	109	3,705	624	1,470	0	0	324	35	359	339
Thu 8/28/11	3,662	0.16	21	3,217	424	1,481	0	0	268	35	303	362
Fri 8/29/11	5,723	0.09	181	4,111	1,430	1,444	0	0	412	35	447	380
Sat 8/30/11	3,990	0.14	373	1,478	2,138	1,428	0	0	334	12	346	347
Sun 8/31/11	3,114	0.00	578	983	1,553	1,549	0	0	316	8	324	365
Totals	111,338	9.20	7,549	58,139	45,640	1,549	0	0	9,561	835	10,396	365
				2,138	45,640	1,549	0	0	9,561	835	10,396	365
				Peak Day (tons)	Peak TPD7 Tons	Peak TPD7 Tons		Weekly Ave			Peak Day	Peak 7-Day Ave
											459	382

Permitted Tons per Operating Day:

Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1

Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1

Permitted Disposal Sludge: Weekly average not to exceed 250 TPD

Inbound Recyclables includes items identified in Table 1, Section 2

Re-Use Material includes items identified in Table 1, Section 3

Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Permitted Traffic Volume:

Total: 500 Vehicles/Day inbound (7 day week average)

Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - SEPTEMBER 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge (>50% M.C.) Received (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Thu 9/1/11	4,562	0.37	462	2,346	1,754	1,414	0	0	371	35	406	373
Fri 9/2/11	2,692	1.43	192	1,153	1,345	1,324	0	0	267	35	302	355
Sat 9/3/11	795	0.07	105	208	482	1,304	0	0	191	12	203	333
Sun 9/4/11	560	0.02	12	247	302	1,286	0	0	130	8	138	309
Mon 9/5/11	1,079	0.01	96	214	769	1,192	0	0	118	35	153	267
Tue 9/6/11	3,788	0.07	242	1,249	2,297	1,214	0	0	327	35	362	270
Wed 9/7/11	3,461	0.16	183	1,547	1,731	1,240	0	0	309	35	344	273
Thu 9/8/11	2,916	0.11	307	975	1,633	1,223	0	0	278	35	313	259
Fri 9/9/11	2,933	2.17	186	1,176	1,568	1,255	0	0	293	35	328	263
Sat 9/10/11	1,356	0.11	37	819	500	1,257	0	0	208	12	220	265
Sun 9/11/11	577	0.19	10	249	318	1,259	0	0	111	8	119	263
Mon 9/12/11	3,817	0.36	87	1,988	1,741	1,398	0	0	336	35	371	294
Tue 9/13/11	3,308	0.31	115	1,196	1,997	1,355	0	0	292	35	327	289
Wed 9/14/11	3,055	0.16	125	1,320	1,610	1,338	0	0	281	35	316	285
Thu 9/15/11	3,105	0.03	127	1,397	1,580	1,331	0	0	289	35	324	286
Fri 9/16/11	2,807	0.07	202	1,371	1,235	1,283	0	0	276	35	311	284
Sat 9/17/11	1,121	0.16	19	512	590	1,296	0	0	176	12	188	279
Sun 9/18/11	573	0.26	19	330	224	1,282	0	0	107	8	115	279
Mon 9/19/11	3,174	0.09	482	1,069	1,622	1,265	0	0	310	35	345	275
Tue 9/20/11	3,487	0.00	243	1,354	1,891	1,250	0	0	304	35	339	277
Wed 9/21/11	2,753	0.03	190	1,170	1,394	1,219	0	0	273	35	308	276
Thu 9/22/11	2,859	0.00	170	1,131	1,558	1,216	0	0	266	35	301	272
Fri 9/23/11	2,149	0.00	269	684	1,195	1,211	0	0	223	35	258	265
Sat 9/24/11	677	0.05	93	81	502	1,198	0	0	144	12	156	260
Sun 9/25/11	519	0.11	37	222	260	1,203	0	0	119	8	127	262
Mon 9/26/11	4,707	0.13	133	3,296	1,278	1,154	0	0	366	35	401	270
Tue 9/27/11	4,844	0.33	353	2,637	1,854	1,149	0	0	363	35	398	278
Wed 9/28/11	5,321	0.03	320	3,478	1,524	1,167	0	0	380	35	415	294
Thu 9/29/11	4,850	0.22	278	3,359	1,213	1,118	0	0	369	35	404	308
Fri 9/30/11	2,838	0.20	233	948	1,657	1,244	0	0	309	35	344	311
Totals	80,686	7.25	5,330	37,724	37,624	1,414	0	0	7,786	850	8,636	280

0	Weekly Ave
2,297	Peak Day (tons) Peak TPD7 Tons
1,414	Peak Day
373	Peak 7-Day Ave

Permitted Tons per Operating Day:  
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1  
Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1  
Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
Inbound Recyclables includes items identified in Table 1, Section 2  
Re-Use Material includes items identified in Table 1, Section 3  
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4  
Permitted Traffic Volume:  
Total: 500 Vehicles/Day inbound (7 day week average)  
Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - OCTOBER 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Sat 10/1/11	1,678	0.47	14	1,130	533	1,188	0	0	196	12	208	328
Sun 10/2/11	756	0.16	3	381	372	1,204	0	0	104	8	112	326
Mon 10/3/11	4,461	0.08	223	2,758	1,480	1,233	0	0	376	32	408	327
Tue 10/4/11	5,257	0.00	593	2,942	1,722	1,214	0	0	380	32	412	329
Wed 10/5/11	3,748	0.00	961	673	2,114	1,299	0	0	303	32	335	318
Thu 10/6/11	2,737	0.09	173	655	1,910	1,398	0	0	240	32	272	299
Fri 10/7/11	2,271	0.19	124	799	1,347	1,354	0	0	221	32	253	286
Sat 10/8/11	737	0.18	46	301	391	1,334	0	0	161	12	173	281
Sun 10/9/11	613	0.04	21	277	315	1,326	0	0	112	8	120	282
Mon 10/10/11	2,918	0.27	76	1,379	1,463	1,323	0	0	273	32	305	267
Tue 10/11/11	5,865	0.03	100	3,707	2,058	1,371	0	0	411	32	443	272
Wed 10/12/11	5,250	0.06	229	3,478	1,543	1,289	0	0	377	32	409	282
Thu 10/13/11	3,147	0.20	180	1,496	1,471	1,227	0	0	290	32	322	289
Fri 10/14/11	2,180	0.00	169	588	1,422	1,237	0	0	242	32	274	292
Sat 10/15/11	887	0.14	85	405	397	1,238	0	0	162	12	174	292
Sun 10/16/11	601	0.11	11	299	290	1,235	0	0	133	8	141	295
Mon 10/17/11	2,204	0.06	297	620	1,288	1,210	0	0	248	32	280	292
Tue 10/18/11	2,874	0.25	516	554	1,803	1,173	0	0	291	32	323	275
Wed 10/19/11	2,257	0.06	211	452	1,594	1,181	0	0	260	32	292	258
Thu 10/20/11	2,252	0.00	192	805	1,254	1,150	0	0	252	32	284	253
Fri 10/21/11	3,045	0.08	394	1,122	1,529	1,165	0	0	300	32	332	261
Sat 10/22/11	1,205	0.27	73	305	826	1,226	0	0	165	12	177	261
Sun 10/23/11	620	0.09	9	365	246	1,220	0	0	104	8	112	257
Mon 10/24/11	2,418	0.20	169	1,127	1,122	1,196	0	0	256	32	288	258
Tue 10/25/11	2,565	0.25	237	806	1,522	1,156	0	0	272	32	304	256
Wed 10/26/11	3,306	0.21	251	1,528	1,526	1,146	0	0	315	32	347	263
Thu 10/27/11	3,411	0.09	176	1,562	1,672	1,206	0	0	311	32	343	272
Fri 10/28/11	4,583	0.15	177	3,082	1,325	1,177	0	0	369	32	401	282
Sat 10/29/11	3,772	0.03	67	3,187	518	1,133	0	0	314	12	326	303
Sun 10/30/11	1,049	0.03	12	605	432	1,072	0	0	139	8	147	278
Mon 10/31/11	5,278	0.26	172	3,976	1,130	1,032	0	0	436	32	468	291
Totals	83,943	4.05	5,961	41,364	36,614	8,013	0	0	772	772	8,785	291
				2,114	1,398	0		0			468	329
								Weekly Ave			Peak Day	Peak 7-Day Ave

Permitted Tons per Operating Day:

Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1

Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1

Permitted Disposal Sludge: Weekly average not to exceed 250 TPD

Inbound Recyclables includes items identified in Table 1, Section 2

Re-Use Material includes items identified in Table 1, Section 3

Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Permitted Traffic Volume:

Total: 500 Vehicles/Day inbound (7 day week average)

Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - NOVEMBER 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Tues 11/1/11	5,962	0.03	185	4,050	1,726	1,190	0	0	436	32	468	357
Wed 11/2/11	2,835	0.23	201	932	1,701	1,215	0	0	302	32	334	355
Thu 11/3/11	2,666	0.03	228	737	1,701	1,219	0	0	284	32	296	349
Fri 11/4/11	3,309	0.04	255	870	2,184	1,342	0	0	328	32	360	343
Sat 11/5/11	1,687	0.08	41	837	810	1,383	0	0	198	12	210	326
Sun 11/6/11	473	0.02	9	302	161	1,345	0	0	91	8	99	319
Mon 11/7/11	2,496	0.09	422	975	1,098	1,340	0	0	243	32	275	292
Tues 11/8/11	2,980	0.00	246	1,016	1,718	1,339	0	0	274	32	306	269
Wed 11/9/11	5,595	0.06	166	3,588	1,841	1,359	0	0	401	32	433	283
Thu 11/10/11	3,384	0.37	346	1,322	1,716	1,361	0	0	323	32	355	291
Fri 11/11/11	2,485	0.01	222	790	1,472	1,259	0	0	245	32	277	279
Sat 11/12/11	1,120	0.12	65	452	603	1,230	0	0	157	12	169	273
Sun 11/13/11	581	0.03	12	468	101	1,221	0	0	88	8	96	273
Mon 11/14/11	3,320	0.12	1,185	1,039	1,096	1,221	0	0	311	32	343	283
Tues 11/15/11	3,382	0.03	169	1,315	1,898	1,247	0	0	300	32	332	286
Wed 11/16/11	3,272	0.06	226	1,393	1,653	1,220	0	0	305	32	337	273
Thu 11/17/11	2,363	0.49	195	543	1,624	1,207	0	0	280	32	312	267
Fri 11/18/11	3,452	0.07	480	1,466	1,505	1,212	0	0	292	32	324	273
Sat 11/19/11	874	0.04	51	326	497	1,196	0	0	113	12	125	267
Sun 11/20/11	575	0.03	14	380	181	1,208	0	0	93	8	101	268
Mon 11/21/11	4,743	0.16	1,197	2,300	1,245	1,229	0	0	364	32	396	275
Tues 11/22/11	5,235	0.05	1,621	1,974	1,640	1,192	0	0	404	32	436	290
Wed 11/23/11	2,952	0.27	942	557	1,452	1,163	0	0	312	32	344	291
Thu 11/24/11	149	0.01	0	111	37	937	0	0	10	32	42	253
Fri 11/25/11	1,913	0.38	166	404	1,343	914	0	0	195	32	227	239
Sat 11/26/11	1,112	0.19	148	131	832	962	0	0	180	12	192	248
Sun 11/27/11	474	0.00	3	179	292	977	0	0	81	8	89	247
Mon 11/28/11	2,058	0.14	103	531	1,424	1,003	0	0	215	32	247	225
Tues 11/29/11	3,594	0.06	165	1,213	2,216	1,085	0	0	289	32	321	209
Wed 11/30/11	3,523	0.08	238	1,495	1,790	1,227	0	0	364	32	396	269
Totals	78,560	3.29	9,303	31,696	37,558	1,103	0	0	7,458	784	8,242	229

0	Weekly Ave
2,216	Peak Day (tons) Peak TPD7 Tons
1,383	Peak Day
468	Peak 7-Day Ave

Permitted Tons per Operating Day:  
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1  
Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1  
Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
Inbound Recyclables includes items identified in Table 1, Section 2  
Re-Use Material includes items identified in Table 1, Section 3  
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Permitted Traffic Volume:  
Total: 500 Vehicles/Day inbound (7 day week average)  
Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - DECEMBER 2011

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Thu 12/1/11	3,052	0.04	232	1,082	1,738	1,376	0	0	260	32	292	252
Fri 12/2/11	2,634	0.26	150	935	1,549	1,406	0	0	232	32	264	257
Sat 12/3/11	883	0.00	12	284	586	1,371	0	0	138	12	150	251
Sun 12/4/11	431	0.08	14	273	144	1,349	0	0	98	8	106	254
Mon 12/5/11	2,455	0.12	131	1,120	1,205	1,318	0	0	274	32	306	262
Tues 12/6/11	2,701	0.16	194	957	1,549	1,223	0	0	259	32	291	258
Wed 12/7/11	3,550	0.18	304	1,222	2,024	1,256	0	0	298	32	330	248
Thu 12/8/11	4,438	0.06	214	2,124	2,100	1,308	0	0	327	32	359	258
Fri 12/9/11	2,473	0.32	160	889	1,423	1,290	0	0	245	32	277	260
Sat 12/10/11	1,422	0.16	38	753	630	1,296	0	0	202	12	214	269
Sun 12/11/11	573	0.03	4	379	189	1,303	0	0	105	8	113	270
Mon 12/12/11	2,521	0.08	189	1,151	1,180	1,299	0	0	232	32	264	264
Tues 12/13/11	3,114	0.03	246	1,105	1,762	1,330	0	0	292	32	324	269
Wed 12/14/11	2,738	0.03	230	814	1,694	1,283	0	0	280	32	312	266
Thu 12/15/11	2,629	0.11	157	909	1,563	1,206	0	0	262	32	294	257
Fri 12/16/11	2,019	0.08	128	672	1,220	1,177	0	0	216	32	248	253
Sat 12/17/11	1,418	0.11	30	792	596	1,172	0	0	192	12	204	251
Sun 12/18/11	577	0.04	8	292	277	1,185	0	0	123	8	131	254
Mon 12/19/11	3,568	0.22	235	2,000	1,333	1,207	0	0	310	32	342	265
Tues 12/20/11	3,572	0.11	271	1,542	1,759	1,206	0	0	318	32	350	269
Wed 12/21/11	3,221	0.15	156	1,179	1,886	1,233	0	0	287	32	319	270
Thu 12/22/11	2,505	0.01	95	1,227	1,183	1,179	0	0	255	32	287	269
Fri 12/23/11	2,454	0.27	78	867	1,508	1,220	0	0	241	32	273	272
Sat 12/24/11	556	0.06	4	191	361	1,187	0	0	73	12	85	255
Sun 12/25/11	0	0.00	0	0	0	1,147	0	0	0	0	0	237
Mon 12/26/11	1,697	0.06	104	363	1,231	1,133	0	0	222	32	254	224
Tues 12/27/11	2,080	0.35	60	689	1,331	1,071	0	0	298	32	330	221
Wed 12/28/11	2,369	0.38	116	815	1,437	1,007	0	0	314	32	346	225
Thu 12/29/11	2,764	0.40	136	857	1,770	1,091	0	0	370	32	402	241
Fri 12/30/11	2,152	0.54	29	741	1,382	1,209	0	0	379	32	411	271
Sat 12/31/11	850	0.40	15	295	539	1,074	0	0	316	12	328	272
Totals	67,417	4.84	3,742	26,519	37,150	1,406	0	0	7,418	788	8,206	

0	Weekly Ave
2,100	Peak Day (tons)
1,406	Peak TPD7 Tons
411	Peak Day
272	Peak 7-Day Ave

Permitted Tons per Operating Day:  
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1  
Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1  
Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
Inbound Recyclables includes items identified in Table 1, Section 2  
Re-Use Material includes items identified in Table 1, Section 3  
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4  
Permitted Traffic Volume:  
Total: 500 Vehicles/Day inbound (7 day week average)  
Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - JANUARY 2012

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge (>50% M.C.) Received (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Sun 1/1/12	0	0.00	0	0	0	1,099	0	0	0	0	0	296
Mon 1/2/12	1,689	0.06	50	336	1,303	1,109	0	0	186	32	218	291
Tues 1/3/12	2,622	0.16	125	718	1,779	1,173	0	0	239	32	271	282
Wed 1/4/12	2,583	0.00	89	869	1,625	1,200	0	0	236	32	268	271
Thu 1/5/12	2,636	0.24	86	1,038	1,512	1,163	0	0	234	32	266	252
Fri 1/6/12	2,847	0.03	103	792	1,951	1,244	0	0	248	32	280	233
Sat 1/7/12	1,283	0.03	77	485	721	1,270	0	0	150	12	162	209
Sun 1/8/12	923	0.06	3	708	212	1,301	0	0	100	8	108	225
Mon 1/9/12	2,829	0.03	147	869	1,813	1,373	0	0	254	32	286	234
Tues 1/10/12	3,737	0.06	98	1,110	2,529	1,481	0	0	286	32	318	241
Wed 1/11/12	3,395	0.00	174	1,312	1,909	1,521	0	0	255	32	287	244
Thu 1/12/12	3,651	0.12	161	1,743	1,747	1,555	0	0	280	32	312	250
Fri 1/13/12	2,865	0.00	147	825	1,893	1,546	0	0	248	32	280	250
Sat 1/14/12	1,005	0.12	57	209	739	1,549	0	0	185	12	197	255
Sun 1/15/12	625	0.16	17	368	240	1,553	0	0	122	8	130	259
Mon 1/16/12	3,269	0.26	82	1,839	1,347	1,487	0	0	298	32	330	265
Tues 1/17/12	2,706	0.09	108	1,173	1,425	1,329	0	0	270	32	302	263
Wed 1/18/12	3,506	0.07	110	1,945	1,451	1,263	0	0	320	32	352	272
Thu 1/19/12	2,584	0.03	125	875	1,584	1,240	0	0	254	32	286	268
Fri 1/20/12	2,459	0.00	133	950	1,375	1,166	0	0	196	32	228	261
Sat 1/21/12	613	0.26	73	273	266	1,098	0	0	112	12	124	250
Sun 1/22/12	295	0.03	0	270	25	1,068	0	0	57	8	65	241
Mon 1/23/12	2,467	0.08	71	682	1,713	1,120	0	0	210	32	242	228
Tues 1/24/12	2,054	0.76	111	834	1,108	1,075	0	0	204	32	236	219
Wed 1/25/12	1,986	0.00	139	597	1,250	1,046	0	0	201	32	233	202
Thu 1/26/12	2,798	0.01	164	1,239	1,394	1,019	0	0	245	32	277	201
Fri 1/27/12	2,349	0.41	139	938	1,272	1,004	0	0	238	32	270	207
Sat 1/28/12	1,229	0.12	10	541	678	1,063	0	0	208	12	220	220
Sun 1/29/12	288	0.06	9	248	32	1,064	0	0	132	8	140	231
Mon 1/30/12	2,225	0.09	92	954	1,180	892	0	0	251	32	283	209
Tues 1/31/12	2,641	0.13	146	1,131	1,364	1,002	0	0	317	32	349	232
Totals	66,162	3.47	2,847	25,872	37,440	1,555	0	0	6,536	784	7,320	232
					2,529	1,555		0				
					Peak Day (tons)	Peak TPD7 Tons		Weekly Ave				
												296
												Peak Day
												Peak 7-Day Ave

Permitted Tons per Operating Day:

Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1

Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1

Permitted Disposal Sludge: Weekly average not to exceed 250 TPD

Inbound Recyclables includes items identified in Table 1, Section 2

Re-Use Material includes items identified in Table 1, Section 3

Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Permitted Traffic Volume:

Total: 500 Vehicles/Day inbound (7 day week average)

Peak Traffic: 1,000 Vehicles/Day inbound

**Table 2**  
**Potrero Hills Landfill**  
**DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - FEBRUARY 2012**

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (Tons) (A - B - C - D)	Permitted Daily Average Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Wed 2/1/12	3,159	4.64	151	1,408	1,595	1,074	0	0	290	32	322	266
Thu 2/2/12	2,359	1.20	151	886	1,320	1,063	0	0	248	32	280	266
Fri 2/3/12	2,592	0.12	86	1,180	1,326	1,071	0	0	243	32	275	267
Sat 2/4/12	954	0.23	62	440	452	1,038	0	0	157	12	169	260
Sun 2/5/12	304	0.09	5	273	26	1,038	0	0	95	8	103	254
Mon 2/6/12	2,661	0.06	48	1,009	1,604	1,098	0	0	267	32	299	257
Tues 2/7/12	2,516	0.03	121	993	1,403	1,104	0	0	218	32	250	243
Wed 2/8/12	2,057	0.28	154	775	1,128	1,037	0	0	225	32	257	233
Thu 2/9/12	3,013	0.08	83	1,501	1,430	1,063	0	0	248	32	280	233
Fri 2/10/12	2,179	0.06	123	893	1,163	1,029	0	0	221	32	253	230
Sat 2/11/12	1,414	0.25	59	778	576	1,047	0	0	191	12	203	235
Sun 2/12/12	274	0.00	3	250	22	1,046	0	0	98	8	106	235
Mon 2/13/12	2,503	0.18	151	854	1,497	1,031	0	0	225	32	257	229
Tues 2/14/12	1,812	0.03	135	589	1,087	986	0	0	193	32	225	226
Wed 2/15/12	1,644	0.08	125	478	1,040	974	0	0	194	32	226	221
Thu 2/16/12	2,147	0.06	157	688	1,302	955	0	0	208	32	240	216
Fri 2/17/12	2,521	0.03	125	1,295	1,102	947	0	0	222	32	254	216
Sat 2/18/12	324	0.48	11	259	53	872	0	0	168	12	180	213
Sun 2/19/12	420	0.03	20	359	41	875	0	0	117	8	125	215
Mon 2/20/12	1,610	0.03	102	316	1,192	831	0	0	204	32	236	212
Tues 2/21/12	1,881	0.19	155	436	1,289	860	0	0	212	32	244	215
Wed 2/22/12	2,506	0.21	193	1,190	1,122	872	0	0	239	32	271	221
Thu 2/23/12	3,275	0.16	169	1,871	1,234	862	0	0	273	32	305	231
Fri 2/24/12	2,957	0.08	80	1,743	1,134	867	0	0	280	32	312	239
Sat 2/25/12	767	0.56	13	396	357	910	0	0	192	12	204	242
Sun 2/26/12	257	0.06	7	193	57	912	0	0	150	8	158	247
Mon 2/27/12	2,752	0.03	143	1,249	1,360	936	0	0	265	32	297	256
Tues 2/28/12	2,925	0.00	293	1,559	1,073	906	0	0	285	32	317	266
Wed 2/29/12	2,275	0.06	163	731	1,382	943	0	0	219	32	251	263
Totals	56,057	9.31	3,087	24,592	28,369	772	0	0	6,147	752	6,899	212

0	Weekly Ave
1,604	Peak Day (tons) Peak TPD7 Tons
1,104	Peak Day
322	Peak 7-Day Ave

Permitted Tons per Operating Day:  
 Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1  
 Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1  
 Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
 Inbound Recyclables includes items identified in Table 1, Section 2  
 Re-Use Material includes items identified in Table 1, Section 3  
 Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 4

Permitted Traffic Volume:  
 Total: 500 Vehicles/Day inbound (7 day week average)

Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - MARCH 2012

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge (>50% M.C.) Received (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Thu 3/1/12	1,965	0.00	96	793	1,077	920	0	0	176	35	211	250
Fri 3/2/12	2,242	0.17	258	667	1,317	946	0	0	237	35	272	244
Sat 3/3/12	878	0.11	65	267	546	973	0	0	171	12	183	241
Sun 3/4/12	296	0.23	10	244	42	971	0	0	115	8	123	236
Mon 3/5/12	1,949	0.23	178	538	1,232	953	0	0	216	35	251	230
Tues 3/6/12	2,816	0.00	110	1,510	1,196	970	0	0	257	35	292	226
Wed 3/7/12	2,737	0.01	162	1,116	1,458	981	0	0	245	35	280	230
Thu 3/8/12	3,209	0.16	106	2,225	878	953	0	0	280	35	315	245
Fri 3/9/12	2,361	0.09	141	1,149	1,070	918	0	0	243	35	278	246
Sat 3/10/12	955	0.00	30	490	436	902	0	0	188	12	200	248
Sun 3/11/12	244	0.16	6	196	42	902	0	0	105	8	113	247
Mon 3/12/12	2,209	0.06	379	770	1,060	877	0	0	233	35	268	249
Tues 3/13/12	1,933	0.08	185	625	1,123	867	0	0	181	35	216	239
Wed 3/14/12	1,963	0.05	144	623	1,197	829	0	0	161	35	196	227
Thu 3/15/12	2,076	0.05	175	700	1,200	875	0	0	177	35	212	212
Fri 3/16/12	2,106	0.03	123	810	1,174	890	0	0	176	35	211	202
Sat 3/17/12	799	0.04	6	357	435	890	0	0	116	12	128	192
Sun 3/18/12	269	0.01	2	245	22	887	0	0	58	8	66	185
Mon 3/19/12	2,198	0.06	271	726	1,201	907	0	0	211	35	246	182
Tues 3/20/12	2,101	0.06	327	589	1,184	916	0	0	227	35	262	189
Wed 3/21/12	2,197	0.31	279	657	1,260	925	0	0	243	35	278	200
Thu 3/22/12	3,362	0.10	206	1,868	1,287	938	0	0	274	35	309	214
Fri 3/23/12	4,600	0.37	480	3,062	1,058	921	0	0	365	35	400	241
Sat 3/24/12	712	0.14	20	294	398	916	0	0	101	12	113	239
Sun 3/25/12	320	0.00	3	294	23	916	0	0	66	8	74	240
Mon 3/26/12	2,822	0.13	426	999	1,397	944	0	0	266	35	301	248
Tues 3/27/12	3,507	0.09	156	2,212	1,139	937	0	0	227	35	262	248
Wed 3/28/12	3,906	0.03	808	1,538	1,559	980	0	0	285	35	320	254
Thu 3/29/12	3,692	0.00	1,295	1,055	1,341	988	0	0	280	35	315	255
Fri 3/30/12	4,048	0.15	1,821	1,081	1,146	1,061	0	0	302	35	337	271
Sat 3/31/12	1,105	0.05	4	487	613	996	0	0	143	12	155	259
Totals	65,574	2.97	8,269	28,189	29,113	1,061	0	0	6,325	862	7,187	259

Permitted Tons per Operating Day:	3,400 TPD7 of disposal waste identified in Table 1, Section 1
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1	
Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1	
Permitted Disposal Sludge: Weekly average not to exceed 250 TPD	
Inbound Recyclables includes items identified in Table 1, Section 2	
Re-Use Material includes items identified in Table 1, Section 3	
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 5	

Weekly Average	0
Peak Day (tons) Peak TPD7 Tons	1,559
Peak Day	400
Peak 7-Day Ave	271

Permitted Traffic Volume:  
Total: 500 Vehicles/Day inbound (7 day week average)  
Peak Traffic: 1,000 Vehicles/Day inbound

Table 2

Potrero Hills Landfill

LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - APRIL 2012

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Sun 4/1/12	309	0.15	5	240	64	1,037	0	0	96	8	104	256
Mon 4/2/12	3,478	0.06	1,386	825	1,266	1,018	0	0	293	32	325	260
Tues 4/3/12	1,980	0.42	211	551	1,218	1,030	0	0	226	32	258	259
Wed 4/4/12	2,475	0.06	192	1,069	1,213	980	0	0	230	32	262	251
Thu 4/5/12	2,982	0.06	250	1,478	1,254	968	0	0	256	32	288	247
Fri 4/6/12	4,055	0.09	208	2,704	1,143	967	0	0	343	32	375	252
Sat 4/7/12	1,150	0.17	11	554	585	963	0	0	195	12	207	260
Sun 4/8/12	251	0.00	0	246	5	955	0	0	13	8	21	248
Mon 4/9/12	3,682	0.04	247	2,096	1,339	965	0	0	314	32	346	251
Tues 4/10/12	4,159	0.12	255	2,777	1,127	952	0	0	277	32	309	258
Wed 4/11/12	4,507	0.00	256	2,991	1,261	959	0	0	308	32	340	269
Thu 4/12/12	5,966	0.16	227	4,613	1,126	941	0	0	381	32	413	287
Fri 4/13/12	2,346	0.00	200	924	1,223	952	0	0	199	32	231	267
Sat 4/14/12	1,038	0.29	70	666	302	912	0	0	136	12	148	258
Sun 4/15/12	334	0.19	8	285	40	917	0	0	141	8	149	277
Mon 4/16/12	6,179	0.06	244	4,727	1,207	898	0	0	429	32	461	293
Tues 4/17/12	6,846	0.00	216	5,329	1,301	923	0	0	440	32	472	316
Wed 4/18/12	6,588	0.03	241	5,027	1,319	931	0	0	421	32	453	332
Thu 4/19/12	2,661	0.14	228	1,142	1,290	955	0	0	221	32	253	310
Fri 4/20/12	2,467	0.10	376	1,042	1,049	930	0	0	242	32	274	316
Sat 4/21/12	1,099	0.15	14	382	703	987	0	0	178	12	190	322
Sun 4/22/12	283	0.05	9	250	23	985	0	0	129	8	137	320
Mon 4/23/12	2,375	0.26	243	950	1,182	981	0	0	227	32	259	291
Tues 4/24/12	5,226	1.45	284	3,604	1,336	986	0	0	382	32	414	283
Wed 4/25/12	5,743	0.06	362	4,167	1,214	971	0	0	388	32	420	278
Thu 4/26/12	5,281	0.15	240	3,862	1,179	955	0	0	346	32	378	296
Fri 4/27/12	2,515	0.08	245	1,300	970	944	0	0	249	32	281	297
Sat 4/28/12	803	0.22	27	266	510	916	0	0	160	12	172	294
Sun 4/29/12	328	0.11	15	249	64	922	0	0	130	8	138	295
Mon 4/30/12	2,455	0.15	316	1,088	1,052	823	0	0	297	32	329	272
Totals	89,561	4.82	6,586	55,404	27,566	7,647	0	0	7,647	760	8,407	

Permitted Tons per Operating Day:	1,037
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1	
Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1	
Permitted Disposal Sludge: Weekly average not to exceed 250 TPD	
Inbound Recyclables includes items identified in Table 1, Section 2	
Re-Use Material includes items identified in Table 1, Section 3	
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 5: ADC Material Used on a Daily Basis	
Permitted Traffic Volume:	
Total: 500 Vehicles/Day inbound (7 day week average)	
Peak Traffic: 1,000 Vehicles/Day inbound	

Weekly Average	0
Peak Day (tons) / Peak TPD7 Tons	1,339 / 1,037
Peak Day	472
Peak 7-Day Ave	332



Table 2  
Potrero Hills Landfill  
LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - JUNE 2012

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Fri 6/1/12	6,568	0.04	1,483	3,670	1,415	1,082	0	0	448	30	478	307
Sat 6/2/12	3,388	0.09	1,335	1,455	598	1,078	0	0	290	8	298	321
Sun 6/3/12	327	0.16	15	184	128	1,070	0	0	136	6	142	320
Mon 6/4/12	5,466	0.06	138	3,842	1,486	1,130	0	0	374	30	404	357
Tues 6/5/12	3,500	0.00	120	2,081	1,299	1,118	0	0	278	30	308	347
Wed 6/6/12	3,563	0.05	149	2,158	1,257	1,093	0	0	307	30	337	340
Thu 6/7/12	3,768	0.03	155	2,312	1,301	1,069	0	0	299	30	329	328
Fri 6/8/12	4,196	0.03	150	2,694	1,352	1,060	0	0	334	30	364	312
Sat 6/9/12	1,445	0.00	153	680	611	1,062	0	0	213	8	221	301
Sun 6/10/12	425	0.00	8	296	121	1,061	0	0	96	6	102	295
Mon 6/11/12	3,522	0.05	263	1,991	1,268	1,030	0	0	321	30	351	287
Tues 6/12/12	3,334	0.13	290	1,550	1,494	1,058	0	0	289	30	319	289
Wed 6/13/12	2,737	0.00	229	1,162	1,346	1,071	0	0	273	30	303	284
Thu 6/14/12	2,430	0.03	278	890	1,262	1,065	0	0	242	30	272	276
Fri 6/15/12	2,481	0.07	239	825	1,416	1,074	0	0	278	30	308	268
Sat 6/16/12	831	0.07	94	212	526	1,062	0	0	167	8	175	261
Sun 6/17/12	374	0.03	6	248	120	1,062	0	0	70	6	76	258
Mon 6/18/12	3,412	0.00	226	1,923	1,263	1,061	0	0	302	30	332	255
Tues 6/19/12	3,265	0.10	190	1,709	1,366	1,043	0	0	280	30	310	254
Wed 6/20/12	3,499	0.27	1,241	822	1,436	1,056	0	0	292	30	322	256
Thu 6/21/12	3,863	0.07	1,344	804	1,715	1,120	0	0	306	30	336	266
Fri 6/22/12	2,400	0.06	327	356	1,717	1,163	0	0	239	30	269	260
Sat 6/23/12	1,574	0.02	92	194	1,288	1,272	0	0	239	8	247	270
Sun 6/24/12	393	0.04	5	231	156	1,277	0	0	122	6	128	278
Mon 6/25/12	3,509	0.07	1,240	870	1,399	1,297	0	0	308	30	338	279
Tues 6/26/12	2,852	0.00	263	788	1,801	1,359	0	0	264	30	294	276
Wed 6/27/12	2,887	0.00	460	797	1,630	1,387	0	0	275	30	305	274
Thu 6/28/12	2,750	0.09	658	554	1,538	1,361	0	0	270	30	300	269
Fri 6/29/12	2,449	0.15	499	859	1,092	1,272	0	0	247	30	277	270
Sat 6/30/12	757	0.22	172	166	420	1,276	0	0	203	8	211	271
Totals	81,966	1.96	11,819	36,322	33,823	1,387	0	0	7,762	694	8,456	

Weekly Average	0
Peak Day (tons) / Peak TPD7 Tons	1,801 / 1,387
Peak Day	478
Peak 7-Day Ave	357

Permitted Tons per Operating Day:  
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1

Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1

Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
Inbound Recyclables includes items identified in Table 1, Section 2  
Re-Use Material includes items identified in Table 1, Section 3

Permitted Traffic Volume:  
Total: 500 Vehicles/Day inbound (7 day week average)  
Peak Traffic: 1,000 Vehicles/Day inbound

This material is used within the limits of waste on a daily basis for various purposes

Table 2  
**Potrero Hills Landfill**  
**LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - JULY 2012**

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Sun 7/1/12	526	0.06	12	215	298	1,166	0	0	138	6	144	267
Mon 7/2/12	2,275	0.10	176	895	1,204	1,139	0	0	244	30	274	258
Tues 7/3/12	2,427	0.00	151	690	1,586	1,108	0	0	256	30	286	257
Wed 7/4/12	1,254	0.00	47	404	803	990	0	0	100	30	130	232
Thu 7/5/12	2,400	0.11	181	1,171	1,048	922	0	0	248	30	278	229
Fri 7/6/12	1,903	0.12	85	650	1,168	933	0	0	226	30	256	226
Sat 7/7/12	567	0.12	10	115	441	936	0	0	154	8	162	219
Sun 7/8/12	465	0.12	18	143	304	936	0	0	135	6	141	218
Mon 7/9/12	2,643	0.06	120	1,151	1,372	960	0	0	251	30	281	219
Tues 7/10/12	4,416	0.05	351	2,326	1,739	982	0	0	341	30	371	231
Wed 7/11/12	4,856	0.03	981	2,575	1,300	1,053	0	0	365	30	395	269
Thu 7/12/12	3,008	0.16	671	910	1,427	1,107	0	0	252	30	282	270
Fri 7/13/12	2,192	0.52	333	508	1,351	1,134	0	0	233	30	263	271
Sat 7/14/12	713	0.00	17	119	577	1,153	0	0	141	8	149	269
Sun 7/15/12	495	0.08	12	351	132	1,128	0	0	127	6	133	268
Mon 7/16/12	3,422	0.09	216	2,009	1,197	1,103	0	0	295	30	325	274
Tues 7/17/12	2,961	0.14	222	1,357	1,381	1,052	0	0	262	30	292	263
Wed 7/18/12	2,966	0.08	171	1,286	1,509	1,082	0	0	273	30	303	250
Thu 7/19/12	2,361	0.09	584	486	1,291	1,063	0	0	230	30	260	246
Fri 7/20/12	3,968	0.08	146	2,238	1,584	1,096	0	0	312	30	342	258
Sat 7/21/12	3,073	0.05	81	2,253	739	1,119	0	0	253	8	261	274
Sun 7/22/12	433	0.03	13	367	53	1,108	0	0	103	6	109	270
Mon 7/23/12	4,059	0.04	440	2,409	1,210	1,110	0	0	290	30	320	270
Tues 7/24/12	4,989	0.00	145	3,265	1,579	1,138	0	0	357	30	387	283
Wed 7/25/12	4,458	0.03	219	2,900	1,339	1,114	0	0	330	30	360	291
Thu 7/26/12	4,104	0.02	302	2,273	1,528	1,147	0	0	323	30	353	305
Fri 7/27/12	3,783	0.01	159	2,130	1,494	1,135	0	0	325	30	355	306
Sat 7/28/12	1,047	0.03	116	313	618	1,117	0	0	201	8	209	299
Sun 7/29/12	466	0.10	7	295	163	1,133	0	0	119	6	125	301
Mon 7/30/12	6,811	0.48	297	5,427	1,087	981	0	0	454	30	484	296
Tues 7/31/12	7,961	0.44	253	5,860	1,847	1,092	0	0	525	30	555	326
Totals	87,002	3.24	6,535	47,092	33,372	0	0	0	7,863	722	8,585	

555
Peak Day
326
Peak 7-Day Ave

0  
Weekly Ave

1,847  
Peak Day (tons) Peak TPD7 Tons

1,166  
Peak TPD7 Tons

Permitted Tons per Operating Day:  
 Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1  
 Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1  
 Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
 Inbound Recyclables includes items identified in Table 1, Section 2  
 Re-Use Material includes items identified in Table 1, Section 3  
 Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 5: This material is used within the limits of waste on a daily basis for various purposes

Permitted Traffic Volume:  
 Total: 500 Vehicles/Day inbound (7 day week average)  
 Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
Potrero Hills Landfill  
LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - AUGUST 2012

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Wed 8/1/12	5,905	0.07	238	4,061	1,606	1,192	0	0	431	30	461	363
Thu 8/2/12	5,025	0.07	259	2,831	1,935	1,250	0	0	377	30	407	371
Fri 8/3/12	4,526	0.07	314	2,561	1,651	1,272	0	0	360	30	390	376
Sat 8/4/12	843	0.09	14	247	581	1,267	0	0	160	8	168	370
Sun 8/5/12	525	0.00	9	339	176	1,269	0	0	116	6	122	370
Mon 8/6/12	4,262	0.03	323	1,752	2,187	1,426	0	0	352	30	382	355
Tues 8/7/12	4,544	0.00	233	2,236	2,074	1,459	0	0	360	30	390	331
Wed 8/8/12	2,733	0.16	201	966	1,566	1,453	0	0	256	30	286	306
Thu 8/9/12	2,314	0.65	307	577	1,430	1,381	0	0	225	30	255	285
Fri 8/10/12	2,585	0.03	232	664	1,690	1,386	0	0	239	30	269	267
Sat 8/11/12	1,434	0.02	82	511	842	1,424	0	0	185	8	193	271
Sun 8/12/12	476	0.14	6	386	83	1,410	0	0	100	6	106	269
Mon 8/13/12	2,880	0.03	187	1,068	1,625	1,330	0	0	255	30	285	255
Tues 8/14/12	3,670	0.03	201	1,639	1,830	1,295	0	0	299	30	329	246
Wed 8/15/12	5,297	0.00	299	3,107	1,891	1,341	0	0	366	30	396	262
Thu 8/16/12	5,243	0.08	337	3,267	1,640	1,371	0	0	377	30	407	284
Fri 8/17/12	5,378	0.00	298	3,086	1,994	1,415	0	0	385	30	415	304
Sat 8/18/12	1,147	0.26	83	170	893	1,422	0	0	146	8	154	299
Sun 8/19/12	506	0.03	8	91	407	1,469	0	0	124	6	130	302
Mon 8/20/12	4,300	0.02	284	2,085	1,930	1,512	0	0	328	30	358	313
Tues 8/21/12	4,497	0.13	251	2,293	1,952	1,530	0	0	307	30	337	314
Wed 8/22/12	4,037	0.16	239	2,287	1,510	1,475	0	0	321	30	351	307
Thu 8/23/12	4,992	0.07	323	2,529	2,140	1,547	0	0	361	30	391	305
Fri 8/24/12	3,852	0.06	136	2,029	1,687	1,503	0	0	314	30	344	295
Sat 8/25/12	1,049	0.00	93	242	714	1,477	0	0	152	8	160	296
Sun 8/26/12	624	0.23	4	216	404	1,477	0	0	110	6	116	294
Mon 8/27/12	3,988	0.24	257	2,278	1,453	1,409	0	0	310	30	340	291
Tues 8/28/12	2,902	0.11	214	1,170	1,518	1,347	0	0	267	30	297	286
Wed 8/29/12	2,376	0.00	181	898	1,297	1,316	0	0	225	30	255	272
Thu 8/30/12	2,758	0.00	216	1,184	1,359	1,403	0	0	249	30	279	287
Fri 8/31/12	2,222	0.18	149	1,137	936	1,302	0	0	270	30	300	283
Totals	96,887	2.96	5,977	47,906	43,000	1,547	0	0	8,327	746	9,073	283

Peak Day (tons) / Peak TPD7 Tons	2,187	1,547
Weekly Average	0	376
Peak Day	461	Peak 7-Day Ave

Permitted Tons per Operating Day:  
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1  
Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1  
Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
Inbound Recyclables includes items identified in Table 1, Section 2  
Re-Use Material includes items identified in Table 1, Section 3  
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 5: This material is used within the limits of waste on a daily basis for various purposes  
Permitted Traffic Volume:  
Total: 500 Vehicles/Day inbound (7 day week average)  
Peak Traffic: 1,000 Vehicles/Day inbound

Table 2  
 Potrero Hills Landfill  
 LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - SEPTEMBER 2012

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Sat 9/1/12	687	0.03	99	196	392	1,051	0	0	154	8	162	250
Sun 9/2/12	419	0.06	5	144	270	1,032	0	0	88	6	94	247
Mon 9/3/12	1,146	0.00	120	151	875	950	0	0	102	30	132	217
Tues 9/4/12	2,832	0.13	119	1,145	1,569	957	0	0	261	30	291	216
Wed 9/5/12	2,736	0.06	103	1,293	1,340	963	0	0	248	30	278	219
Thu 9/6/12	2,291	0.16	99	889	1,304	955	0	0	244	30	274	219
Fri 9/7/12	3,626	0.09	138	2,244	1,243	999	0	0	315	30	345	225
Sat 9/8/12	935	0.25	77	289	569	1,024	0	0	173	8	181	228
Sun 9/9/12	409	0.00	12	209	189	1,013	0	0	114	6	120	232
Mon 9/10/12	4,188	0.16	194	2,533	1,461	1,096	0	0	342	30	372	266
Tues 9/11/12	3,270	0.00	95	1,938	1,237	1,049	0	0	269	30	299	267
Wed 9/12/12	3,684	0.00	174	2,300	1,210	1,030	0	0	292	30	322	273
Thu 9/13/12	4,176	0.02	495	2,580	1,102	1,001	0	0	320	30	350	284
Fri 9/14/12	3,344	0.07	154	2,026	1,164	990	0	0	295	30	325	281
Sat 9/15/12	759	0.10	18	374	367	961	0	0	138	8	146	276
Sun 9/16/12	790	0.03	14	506	269	973	0	0	113	6	119	276
Mon 9/17/12	2,194	0.32	274	723	1,196	935	0	0	226	30	256	260
Tues 9/18/12	3,053	0.20	152	1,764	1,137	921	0	0	277	30	307	261
Wed 9/19/12	3,093	0.00	365	1,478	1,250	926	0	0	279	30	309	259
Thu 9/20/12	2,520	0.03	466	945	1,108	927	0	0	255	30	285	250
Fri 9/21/12	2,700	0.10	200	1,247	1,253	940	0	0	270	30	300	246
Sat 9/22/12	1,313	0.09	95	796	422	948	0	0	168	8	176	250
Sun 9/23/12	658	0.03	8	297	352	960	0	0	112	6	118	250
Mon 9/24/12	2,155	0.00	170	806	1,178	957	0	0	219	30	249	249
Tues 9/25/12	3,163	0.10	190	1,635	1,338	986	0	0	274	30	304	249
Wed 9/26/12	3,163	0.08	254	1,303	1,605	1,037	0	0	281	30	311	249
Thu 9/27/12	4,115	0.09	243	2,344	1,527	1,096	0	0	310	30	340	257
Fri 9/28/12	3,243	0.12	82	1,742	1,419	1,120	0	0	269	30	299	257
Sat 9/29/12	1,426	0.09	97	1,040	288	1,101	0	0	183	8	191	259
Sun 9/30/12	575	0.17	32	266	277	966	0	0	143	6	149	244
Totals	68,661	2.58	4,542	35,206	28,910	1,120	0	0	6,734	670	7,404	250

Permitted Tons per Operating Day:	3,400 TPD7 of disposal waste identified in Table 1, Section 1
Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1	
Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1	
Permitted Disposal Sludge: Weekly average not to exceed 250 TPD	
Inbound Recyclables includes items identified in Table 1, Section 2	
Re-Use Material includes items identified in Table 1, Section 3	
Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 5: This material is used within the limits of waste on a daily basis for various purposes	
Permitted Traffic Volume:	
Total: 500 Vehicles/Day inbound (7 day week average)	
Peak Traffic: 1,000 Vehicles/Day inbound	
Weekly Ave	0
Peak Day (tons) / Peak TPD7 Tons	1,605 / 1,120
Peak Day	372
Peak 7-Day Ave	284

Permitted Traffic Volume:  
 Total: 500 Vehicles/Day inbound (7 day week average)  
 Peak Traffic: 1,000 Vehicles/Day inbound

Table 2

Potrero Hills Landfill

LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - OCTOBER 2012

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Mon 10/1/12	2,270	0.03	168	862	1,239	1,099	0	0	224	30	254	264
Tues 10/2/12	2,156	0.08	159	719	1,278	1,090	0	0	201	30	231	254
Wed 10/3/12	2,456	0.10	169	920	1,367	1,056	0	0	249	30	279	249
Thu 10/4/12	3,031	0.00	267	1,170	1,594	1,066	0	0	257	30	287	241
Fri 10/5/12	2,419	0.03	174	953	1,292	1,048	0	0	238	30	268	237
Sat 10/6/12	848	0.06	44	398	407	1,065	0	0	136	8	144	230
Sun 10/7/12	535	0.12	7	287	240	1,059	0	0	110	6	116	226
Mon 10/8/12	2,719	0.03	372	1,028	1,320	1,071	0	0	249	30	279	229
Tues 10/9/12	2,988	0.00	163	1,054	1,771	1,141	0	0	245	30	275	235
Wed 10/10/12	2,936	0.16	238	1,418	1,280	1,129	0	0	273	30	303	239
Thu 10/11/12	2,897	0.08	323	1,060	1,514	1,118	0	0	264	30	294	240
Fri 10/12/12	2,951	0.00	146	1,516	1,288	1,117	0	0	265	30	295	244
Sat 10/13/12	1,133	0.16	6	525	602	1,145	0	0	179	8	187	250
Sun 10/14/12	586	0.00	8	265	313	1,155	0	0	101	6	107	249
Mon 10/15/12	2,616	0.13	269	1,205	1,142	1,130	0	0	277	30	307	253
Tues 10/16/12	2,521	0.07	186	986	1,349	1,070	0	0	238	30	268	252
Wed 10/17/12	2,750	0.13	177	1,462	1,110	1,046	0	0	228	30	258	245
Thu 10/18/12	2,548	0.03	182	1,024	1,342	1,021	0	0	236	30	266	241
Fri 10/19/12	2,349	0.03	171	983	1,195	1,008	0	0	243	30	273	238
Sat 10/20/12	1,608	0.10	59	981	569	1,003	0	0	188	8	196	239
Sun 10/21/12	655	0.03	18	351	286	999	0	0	113	6	119	241
Mon 10/22/12	3,389	0.06	226	1,685	1,478	1,047	0	0	270	30	300	240
Tues 10/23/12	3,657	0.00	242	1,714	1,701	1,097	0	0	294	30	324	248
Wed 10/24/12	3,787	0.06	216	2,338	1,233	1,115	0	0	326	30	356	262
Thu 10/25/12	3,281	0.19	201	1,593	1,487	1,136	0	0	293	30	323	270
Fri 10/26/12	2,973	0.00	89	1,346	1,538	1,185	0	0	268	30	298	274
Sat 10/27/12	885	0.04	84	112	689	1,202	0	0	137	8	145	266
Sun 10/28/12	495	0.03	9	366	120	1,178	0	0	100	6	106	265
Mon 10/29/12	3,200	0.03	243	790	2,167	1,276	0	0	290	30	320	267
Tues 10/30/12	2,538	0.18	236	585	1,716	1,241	0	0	245	30	275	257
Wed 10/31/12	2,709	0.03	303	1,019	1,387	1,352	0	0	262	30	292	274
Totals	71,886	1.99	5,158	30,713	36,013	0	0	0	6,999	746	7,745	

356
Peak Day
274
Peak 7-Day Ave

0 Weekly Ave

2,167 Peak Day (tons) Peak TPD7 Tons

1,352

30,713

5,158

71,886

1.99

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1,060

1,118

1,129

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1,065

1,048

1,066

1,056

1,090

1,099

1,239

407

1,292

1,594

1,367

1,278

Table 2  
 Potrero Hills Landfill  
 LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - NOVEMBER 2012

DATE	Total Waste Received All Categories (A) (Tons)	Less Inbound Recyclables (B) (Tons)	Less Inbound Re-Use Materials (C) (Tons)	Less Alternate Daily Cover (ADC) (D) (Tons)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (A - B - C - D) (Tons)	Permitted Daily Average Less Recyclables and ADC (TPD7) (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Thu 11/1/12	4,075	0.09	173	2,202	1,700	1,331	0	0	295	30	325	252
Fri 11/2/12	4,657	0.00	707	2,238	1,712	1,356	0	0	347	30	377	263
Sat 11/3/12	1,053	0.09	37	423	593	1,342	0	0	156	8	164	266
Sun 11/4/12	556	0.19	10	347	198	1,353	0	0	120	6	126	268
Mon 11/5/12	2,726	0.00	212	883	1,631	1,277	0	0	253	30	283	263
Tues 11/6/12	3,652	0.07	203	2,224	1,226	1,207	0	0	306	30	336	272
Wed 11/7/12	4,172	0.03	200	2,339	1,633	1,242	0	0	312	30	342	279
Thu 11/8/12	4,209	0.03	379	2,292	1,537	1,218	0	0	330	30	360	284
Fri 11/9/12	2,287	0.04	467	871	949	1,110	0	0	220	30	250	266
Sat 11/10/12	1,917	0.14	72	1,097	748	1,132	0	0	178	8	186	269
Sun 11/11/12	612	0.06	7	176	429	1,165	0	0	93	6	99	265
Mon 11/12/12	3,062	0.38	487	1,150	1,424	1,135	0	0	290	30	320	270
Tues 11/13/12	3,821	0.06	459	1,716	1,646	1,195	0	0	305	30	335	270
Wed 11/14/12	2,672	0.03	163	1,068	1,440	1,168	0	0	250	30	280	261
Thu 11/15/12	3,282	0.07	298	1,699	1,285	1,132	0	0	299	30	329	257
Fri 11/16/12	2,442	0.20	355	664	1,423	1,199	0	0	231	30	261	259
Sat 11/17/12	811	0.00	2	456	353	1,143	0	0	94	8	102	247
Sun 11/18/12	572	0.00	6	347	219	1,113	0	0	64	6	70	242
Mon 11/19/12	2,072	0.06	189	942	942	1,044	0	0	214	30	244	232
Tues 11/20/12	2,437	0.00	82	1,031	1,324	998	0	0	256	30	286	225
Wed 11/21/12	1,966	0.00	77	733	1,157	957	0	0	197	30	227	217
Thu 11/22/12	440	0.00	0	200	240	808	0	0	22	30	52	177
Fri 11/23/12	1,419	0.06	105	421	892	732	0	0	179	30	209	170
Sat 11/24/12	840	0.20	50	120	669	778	0	0	141	8	149	177
Sun 11/25/12	427	0.27	4	152	271	785	0	0	102	6	108	182
Mon 11/26/12	2,530	0.07	252	1,220	1,058	802	0	0	233	30	263	185
Tues 11/27/12	4,166	0.13	153	2,405	1,608	842	0	0	345	30	375	198
Wed 11/28/12	3,998	0.24	338	2,481	1,179	845	0	0	312	30	342	214
Thu 11/29/12	3,572	0.09	286	2,007	1,279	994	0	0	314	30	344	256
Fri 11/30/12	3,339	0.08	119	1,866	1,355	971	0	0	283	30	313	238
Totals	73,784	2.68	5,892	35,771	32,119	1,356	0	0	6,741	716	7,457	

Permitted Tons per Operating Day: 1,712 Peak Day (tons) Peak TPD7 Tons 1,356  
 Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1  
 Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1  
 Permitted Disposal Sludge: Weekly average not to exceed 250 TPD  
 Inbound Recyclables includes items identified in Table 1, Section 2  
 Re-Use Material includes items identified in Table 1, Section 3

377	284
Peak Day	Peak 7-Day Ave

Permitted Traffic Volume:  
 Total: 500 Vehicles/Day inbound (7 day week average)  
 Peak Traffic: 1,000 Vehicles/Day inbound  
 This material is used within the limits of waste on a daily basis for various purposes

Table 2  
Potrero Hills Landfill  
LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - DECEMBER 2012

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (Tons) (A - B - C - D)	Permitted Daily Average Recyclables and ADC (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average of Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Sat 12/1/12	884	0.03	1	300	583	1,047	0	0	75	8	83	261
Sun 12/2/12	512	0.06	0	150	362	1,060	0	0	50	6	56	254
Mon 12/3/12	2,692	0.07	193	1,152	1,347	1,102	0	0	243	30	273	255
Tues 12/4/12	3,651	0.00	675	1,241	1,735	1,120	0	0	281	30	311	246
Wed 12/5/12	3,193	0.57	191	1,229	1,773	1,205	0	0	252	30	282	237
Thu 12/6/12	3,868	0.06	412	1,680	1,776	1,276	0	0	308	30	338	237
Fri 12/7/12	3,577	0.07	404	1,100	2,072	1,378	0	0	301	30	331	239
Sat 12/8/12	1,359	0.18	54	567	738	1,400	0	0	161	8	169	251
Sun 12/9/12	462	0.09	12	179	272	1,388	0	0	108	6	114	260
Mon 12/10/12	4,731	0.08	268	2,595	1,868	1,462	0	0	365	30	395	277
Tues 12/11/12	4,825	0.05	282	3,052	1,491	1,427	0	0	346	30	376	286
Wed 12/12/12	5,743	0.09	201	4,327	1,214	1,347	0	0	400	30	430	308
Thu 12/13/12	3,543	0.08	260	2,013	1,270	1,275	0	0	290	30	320	305
Fri 12/14/12	3,401	0.16	179	1,757	1,464	1,188	0	0	268	30	298	300
Sat 12/15/12	819	0.00	52	238	529	1,158	0	0	113	8	121	293
Sun 12/16/12	374	0.16	3	244	127	1,138	0	0	75	6	81	289
Mon 12/17/12	3,198	0.06	175	1,516	1,507	1,086	0	0	279	30	309	276
Tues 12/18/12	3,306	0.00	273	1,577	1,455	1,081	0	0	243	30	273	262
Wed 12/19/12	3,251	0.03	186	1,855	1,210	1,080	0	0	264	30	294	242
Thu 12/20/12	3,103	0.25	227	1,681	1,196	1,070	0	0	291	30	321	242
Fri 12/21/12	2,754	0.00	117	1,274	1,363	1,055	0	0	213	30	243	235
Sat 12/22/12	1,214	0.06	48	370	795	1,093	0	0	128	8	136	237
Sun 12/23/12	370	0.00	0	174	196	1,103	0	0	39	6	45	232
Mon 12/24/12	1,787	0.08	46	685	1,057	1,039	0	0	166	30	196	215
Tues 12/25/12			0	0	0	831	0	0	0	0	0	176
Wed 12/26/12	2,319	0.12	28	918	1,373	854	0	0	212	30	242	169
Thu 12/27/12	2,435	0.33	142	912	1,381	881	0	0	298	30	328	170
Fri 12/28/12	2,907	0.22	106	1,199	1,602	915	0	0	325	30	355	186
Sat 12/29/12	1,209	0.15	5	302	903	930	0	0	278	8	286	207
Sun 12/30/12	629	0.16	7	218	404	907	0	0	189	6	195	203
Mon 12/31/12	2,066	0.24	185	621	1,260	897	1	0	388	30	418	220
Totals	74,183	3.45	4,732	35,124	34,324	6,949	1	0	6,949	670	7,619	

Weekly Average	0
Peak Day	430
Peak 7-Day Ave	308

0  
Weekly Ave

2,072  
Peak Day (tons) Peak TPD7 Tons

35,124

4,732

3.45

74,183

2,066

621

185

7

629

1,209

2,907

2,435

2,319

1,787

370

1,214

2,754

3,103

3,251

3,306

3,198

374

819

3,401

3,543

5,743

4,825

4,731

462

1,359

3,577

3,868

3,193

3,651

2,692

512

884

0.03

1

300

583

1,047

0

0

75

8

83

261

0.06

0

50

6

56

254

0.07

193

1,347

1,102

243

30

273

255

0.00

675

1,735

1,120

281

30

311

246

0.57

191

1,773

1,205

252

30

282

237

0.06

412

1,776

1,276

308

30

338

237

0.07

404

2,072

1,378

301

30

331

239

0.18

54

738

1,400

161

8

169

251

0.09

12

272

1,388

108

6

114

260

0.08

268

1,868

1,462

365

30

395

277

0.05

282

1,491

1,427

346

30

376

286

0.09

201

1,214

1,347

400

30

430

308

0.08

260

1,270

1,275

290

30

320

305

0.16

179

1,464

268

30

298

300

0.00

52

529

1,158

113

8

121

293

0.16

3

127

1,138

75

6

81

289

0.06

175

1,507

279

30

309

276

0.00

273

1,455

243

30

273

262

0.03

186

1,210

1,080

264

30

294

242

0.25

227

1,19

Table 2  
Potrero Hills Landfill  
LANDFILL DAILY WASTE QUANTITIES AND TRAFFIC COUNTS - JANUARY 2013

DATE	Total Waste Received All Categories (Tons) (A)	Less Inbound Recyclables (Tons) (B)	Less Inbound Re-Use Materials (Tons) (C)	Less Alternate Daily Cover (ADC) (Tons) (D)	Disposal Waste Received Less Recyclables, Re-Use Material and ADC (Tons) (A - B - C - D)	Permitted Daily Average Less Recyclables and ADC (TPD7) (TPD7)	Total Disposal Sludge Received (>50% M.C.) (Tons)	Weekly Average Disposal Sludge (TPD7)	Total Waste Inbound Trips	Employee & Other Estimated Inbound Trips	Total Estimated Inbound Trips	Weekly Average (TPD7)
Tues 1/1/13		0.00	0	0	0	989	0	0	0	30	30	265
Wed 1/2/13	2,458	0.08	194	938	1,326	982	0	0	223	30	253	266
Thu 1/3/13	2,814	0.06	599	807	1,408	986	0	0	259	30	289	261
Fri 1/4/13	3,220	0.28	585	1,262	1,372	953	0	0	281	30	311	255
Sat 1/5/13	1,937	0.19	381	422	1,133	986	0	0	177	8	185	240
Sun 1/6/13	601	0.11	2	317	281	969	0	0	65	6	71	222
Mon 1/7/13	3,167	0.03	447	1,560	1,160	954	0	0	265	30	295	205
Tues 1/8/13	3,383	0.06	332	1,632	1,419	1,157	0	0	267	30	297	243
Wed 1/9/13	3,416	0.00	305	1,939	1,172	1,135	0	0	253	30	283	247
Thu 1/10/13	3,453	0.00	213	2,145	1,095	1,090	0	0	269	30	299	249
Fri 1/11/13	2,950	0.03	332	1,339	1,279	1,077	0	0	236	30	266	242
Sat 1/12/13	2,091	0.03	98	1,362	632	1,005	0	0	144	8	152	238
Sun 1/13/13	501	0.00	3	275	223	997	0	0	65	6	71	238
Mon 1/14/13	3,978	0.00	267	1,258	2,454	1,182	0	0	320	30	350	245
Tues 1/15/13	4,201	0.24	191	1,413	2,597	1,350	0	0	326	30	356	254
Wed 1/16/13	3,802	0.00	171	2,407	1,224	1,357	0	0	281	30	311	258
Thu 1/17/13	4,116	0.00	252	2,501	1,364	1,396	0	0	298	30	328	262
Fri 1/18/13	2,458	0.06	246	1,061	1,151	1,377	0	0	236	30	266	262
Sat 1/19/13	1,041	0.00	81	480	481	1,356	0	0	99	8	107	256
Sun 1/20/13	296	0.07	0	224	72	1,334	0	0	41	6	47	252
Mon 1/21/13	2,564	0.04	304	1,108	1,152	1,148	0	0	207	30	237	236
Tues 1/22/13	3,344	0.03	130	1,019	2,195	1,091	0	0	250	30	280	225
Wed 1/23/13	3,316	0.08	175	916	2,225	1,234	0	0	253	30	283	221
Thu 1/24/13	2,331	0.03	231	855	1,245	1,217	0	0	196	30	226	207
Fri 1/25/13	2,602	0.06	186	986	1,430	1,257	0	0	260	30	290	210
Sat 1/26/13	896	0.00	67	474	355	1,239	0	0	149	8	157	217
Sun 1/27/13	482	0.00	5	291	186	1,256	0	0	114	6	120	228
Mon 1/28/13	2,529	0.04	385	1,105	1,038	1,239	0	0	238	30	268	232
Tues 1/29/13	2,660	0.22	212	841	1,607	1,155	0	0	267	30	297	234
Wed 1/30/13	3,199	0.24	209	1,373	1,618	1,305	0	0	293	30	323	248
Thu 1/31/13	2,793	0.05	286	1,593	914	1,281	1	0	277	30	307	255
Totals	76,598	2.03	6,887	33,903	35,805	1,396	1	0	6,609	746	7,355	

Peak Day	356
Peak 7-Day Ave	266

Weekly Ave

Peak Day (tons) Peak TPD7 Tons

33,903

6,887

2.03

1,593

1,373

1,618

1,607

1,038

1,239

1,256

1,239

1,239

1,257

1,239

1,239

1,257

1,245

1,234

1,091

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Permitted Tons per Operating Day:

Total: 3,400 TPD7 of disposal waste identified in Table 1, Section 1

Daily Peak Tonnage: 4,330 TPD of disposal waste identified in Table 1, Section 1

Permitted Disposal Sludge: Weekly average not to exceed 250 TPD

Inbound Recyclables includes items identified in Table 1, Section 2

Re-Use Material includes items identified in Table 1, Section 3

Alternate Daily Cover (ADC) material includes items identified in Table 1, Section 5: This material is used within the limits of waste on a daily basis for various purposes

Permitted Traffic Volume:

Total: 500 Vehicles/Day inbound (7 day week average)

Peak Traffic: 1,000 Vehicles/Day inbound



# Appendix I—Construction Debris Handling Plan





# CONSTRUCTION DEBRIS HANDLING PLAN

FOR

## Potrero Hills Landfill

3675 Potrero Hills Lane  
Suisun City, CA 94585

Original: April 2012

Updated:

By:

Environmental Management  
Potrero Hills Landfill, Inc.  
P.O. Box 68  
Fairfield, CA 94533



## GENERAL FACILITY INFORMATION

Owner Name: Potrero Hills Landfill, Inc.  
P.O. Box 68  
Fairfield, CA 94533

Processing Operator: Potrero Hills Landfill or an assigned party.

Address: Potrero Hills Landfill  
P.O. Box 68  
Fairfield, CA 94533

Phone: Office: 707-432-4627  
Fax: 707-432-4630

Land Owner: Potrero Hills Landfill, Inc.  
P.O. Box 68  
Fairfield, CA 94533

This operations plan will be updated through amendments as necessary in order to accurately define the operations and to ensure proper notification and compliance remains in place.

## DESCRIPTION OF FACILITY OPERATIONS

All haulers or contractors who deliver acceptable Commercial, Industrial, Construction Debris and/or Demolition Debris material to the landfill are first received at the main entrance and landfill scale area. After weighing of the load, an inspection of the material and printing of a weight ticket, they will be directed to the processing area where the loads will be unloaded and the material will be sorted to extract recyclable and/or re-useable materials thereby reducing the volume of waste disposed in the landfill. The material will be unloaded at a designated processing area where it will be sorted by equipment loaders, tractors, and/or hand into its components to extract recyclable materials. The sorted material will then be reloaded into debris boxes which will be located adjacent to the processing area; some heavy material (such as concrete, asphalt, etc) may not require loading into boxes. At night and during inclement weather (i.e.: rain, high winds) these boxes will be covered with vinyl tarps or similar material. Once these debris boxes are full of the sorted materials they will be delivered to the appropriate recycling and/or disposal facility. The primary materials to be handling will consist of wood, asphalt, concrete, brick, tile, dirt, metal, paper, cardboard, glass, aluminum, certain grades of plastic, and other recyclable materials. Acceptable materials that can not be recovered or recycled will be disposed of within the landfill active area.

Any hazardous materials or other contaminants are prohibited from entering the landfill. This information is given to customers both verbally and posted at the landfill entrance. Occasionally, unauthorized materials are placed into loads that can not be seen until unloaded. This unauthorized material will be handled in accordance with the existing landfill hazardous waste management policy; load check forms will be completed as required by the existing policy.

The majority of the material to be processed will leave the processing area within 14 days, or until a full load of recyclable material is collected. Small volume items such as plastic, glass, aluminum, paper, and cardboard may be stored for longer periods of time until economical loads can be accumulated. These materials will not be stored on the ground, but in debris boxes or similar containers that will be located next to the processing area and can be covered.

## DAYS AND HOURS OF OPERATION

Hours of Operation are as follows:

In-bound Trucking:	Monday thru Friday - 6:00 am to 6:00 pm Saturday and Sunday – 7:00 am to 4:00 pm
Material Processing:	Monday thru Friday - 6:00 am to 6:00 pm Saturday and Sunday – 7:00 am to 4:00 pm (as needed)
Maintenance:	Monday thru Saturday – 8:00 am to 4:00 pm.

The operating hours may be adjusted to accommodate an increase in material to be processed or seasonal conditions. The operating hours will not exceed the permitted operating hours of the landfill. Certain maintenance activities may occur as necessary outside these times including Sundays.

## **TYPES AND QUANTITIES OF DEBRIS TO BE RECEIVED**

The majority of the customers that will utilize the construction debris and demolition debris processing operations are in the construction, demolition, recycling and remodeling industry. Based on similar operations in northern California, these generators produce recyclable, reusable, and/or waste products that include: concrete, wood, cardboard and paper products, various metals (i.e., steel, aluminum, tin), glass and plastic products, gypsum products such as sheet rock/dry wall, and other miscellaneous materials.

It is possible to discover materials classified as “Unauthorized Waste” buried in debris boxes and or loads. Some of the materials that could be encountered are likely to be: batteries, oil, tires, cathode ray tube monitors, paint, and appliances containing refrigerant chemicals. As these materials are discovered they will be separated and temporarily stored in a contained area and disposed of or recycled by certified handlers of the associated materials. Manifests for the disposal of the products that require them will be collected and filed at the main office.

It is expected that quantities of processed materials will average approximately 300 tons per day at peak operations.

## **PROVISIONS FOR HANDLING UNUSUAL PEAK LOADING PERIODS**

Should there be times that an unusual period of peak loading occurs, additional labor and/or equipment will be employed to accommodate the influx of incoming material. Although peak loading times can not be predicted, one example of a peak volume period would be the result of a natural disaster.

## **FINAL DISPOSITION OF SOLID WASTE**

The following is a list of materials that are expected to be handling at the site and a description of how and where the materials will be disposed of:

### **Concrete, asphalt, dirt and inert materials:**

These materials will be either hauled off site for the purpose of crushing and reusing for recycled aggregate materials or relocated on the landfill for ADC and/or beneficial re-use

### **Wood:**

Wood will be the hauled off site for the purpose of reuse, Bio Fuel and/or relocated to the landfills wood recycling area for further processing into ADC, bio fuel, or composting.

### **Cardboard and Paper:**

Cardboard and paper will be hauled off site for the purpose of recycling and will be sold to companies such as, but not limited to, Pacific Rim and Recycle Zone.

### **Metals such as steel, aluminum, and tin:**

These materials will be sold to companies such as, but not limited to, Alco Iron & Metals, West Coast Metals and Simms Metal America.

### **Glass and Plastic Products:**

These materials will be delivered to companies such as, but not limited to, Pacific Rim and Recycle Zone for further processing

### **Gypsum Products such as, Sheet Rock (Dry wall):**

These materials will be either hauled off site for the purpose of crushing and reusing for soil amendments or relocated in the landfill for ADC and/or composting

### **Flooring, roofing and other Construction Debris materials that are not readily recyclable:**

Acceptable materials will be relocated in the landfill for ADC and/or beneficial re-use or to new markets as they may arise. Unacceptable materials will be placed in the landfill for disposal.

## **PROVISIONS FOR UNAUTHORIZED MATERIALS**

Possible unauthorized materials that may be encountered would include:

- Batteries
- Oil and Anti-freeze
- Tires
- Cathode Ray Tube (CRT) Monitors
- Paint
- Lighting

These items will be collected and managed with the landfill's current practice of management for unacceptable items collected from disposal customers.

## **PROVISIONS FOR NOISE**

Any heavy equipment used in the operations process will be required to have mufflers to reduce the impact from noise. In addition, the hours of operation will not be extended past the operating or permitted hours of the landfill.

## **PROVISIONS FOR ODOR**

It is not expected that odors will be a problem in the operations process since the items planned for processing are of an inert nature. In addition, no putrescible waste will be handled or processed. In the event that an odor nuisance is noted, the provisions of the existing Odor Impact Minimization Plan (OIMP) will be used to identify, mitigate and/or eliminate the source of the nuisance odor.

## **PROVISIONS FOR STORM WATER MANAGEMENT**

The processing operations will be located in areas within the existing permitted landfill boundary. The types of materials to be handled and processed are primarily inert and normally do not cause storm water run-off issues. In addition, materials that could be a concern, if allowed to become saturated, will be stored in boxes/containers with covers to eliminate the potential for contact with storm water.

During wet weather periods, any storm water will be drained away from the material processing area(s) and managed in accordance with the current storm water pollution prevention plan (SWPPP). Sampling and testing of storm water and the discharge from detention basins will be conducted in accordance with the SWPPP and the NPDES permit for the landfill. See Figure 1 for location of Basin 1 which is used to collect potential run-off from the processing area(s). No additional testing is required.

## **PROVISIONS FOR DUST CONTROL**

The processing areas are located in areas that are shielded from wind conditions by either existing earth berms or steel containers. The processing of debris materials will not require excessive movement or lifting of the materials which could expose them to wind. Potential from dust on access roads will be handled by the landfill water truck which regularly sprays water during dry periods.

## **PROVISIONS FOR LITTER CONTROL**

Litter management will include the use of portable fences and screen to contain blowing litter. In addition, the materials subject to being blown away in windy conditions (i.e., paper, plastic bags, etc) will be separated and stored in boxes/containers with secure covering. The provisions of the landfill's Litter Management Plan will be used. This may require temporary litter crews to collect any wind-blown litter.



# Appendix J—Sample Invoice





POTRERO HILLS LANDFILL, INC.  
P.O. Box 68  
FAIRFIELD, CA 94533  
(707) 432-4628

# INVOICE

DATE	PAGE
12/31/2011	1
INVOICE NUMBER	
5305	

NAPA-VALLEJO WASTE MGMT AUTHOR  
ACCOUNTS PAYABLE/Cindy  
1195 THIRD ST., SUITE 101  
NAPA CA 94559-3082

AMOUNT DUE	AMOUNT PAID
8,007.89	\$

ACCOUNT NO.
2600

DATE	TICKET	VEHICLE	REFERENCE	DESCRIPTION	QUANTITY	AMOUNT
12/05/11	245827	93318	C379624	C&D - ADC	21.71	293.09
12/05/11	245828	93320	C398618	C&D - ADC	19.03	256.91
12/05/11	245841	3315	C398482	C&D - ADC	21.53	290.66
12/05/11	245865	3317	C376100	C&D - ADC	21.67	292.55
12/05/11	245873	93313	C398729	C&D - ADC	22.04	297.54
12/05/11	245879	93353	C398654	C&D - ADC	21.13	285.26
12/05/11	245881	93318	C379625	C&D - ADC	21.34	288.09
12/05/11	245886	93319	C398834	C&D - ADC	21.35	288.23
12/05/11	245891	93320	C398619	C&D - ADC	19.15	258.53
12/05/11	245893	3315	C398483	C&D - ADC	22.13	298.76
12/05/11	245917	3317	C376101	C&D - ADC	21.87	295.25
12/05/11	245962	93319	C398835	C&D - ADC	21.71	293.09
12/05/11	245971	3315	C398484	C&D - ADC	21.63	292.01
12/05/11	245977	93320	C398620	C&D - ADC	19.33	260.96
12/08/11	246656	3315	C398495	C&D - ADC	22.13	298.76
12/09/11	247072	93312	C398521	C&D - ADC	20.86	281.61
12/09/11	247075	93318	C398166	C&D - ADC	20.32	274.32
12/13/11	247871	93313	C398754	C&D - ADC	21.39	288.77
12/13/11	247874	3317	C376102	C&D - ADC	21.78	294.03
12/13/11	247885	93320	C393394	C&D - ADC	19.31	260.69
12/13/11	247919	3317	C376103	C&D - ADC	21.86	295.11
12/13/11	247955		C393405	C&D - ADC	20.31	274.19
12/13/11	247964	3317	C376104	C&D - ADC	21.49	290.12
12/13/11	248002	3317	C398405	C&D - ADC	22.07	297.95
12/13/11	248047	3317	C398406	C&D - ADC	21.85	294.98
12/14/11	248104	3317	C398408	C&D - ADC	21.98	296.73
12/14/11	248108	93353	C398864	C&D - ADC	22.00	297.00
12/14/11	248112	93400	C393407	C&D - ADC	20.20	272.70
				Invoice Total		8,007.89



# Appendix K—Additional Litigation Information







## Appendix K—Additional Litigation Information

### Solano County, California Measure E/Landfill Expansion Litigation

The Company and one of its subsidiaries, Potrero Hills Landfill, Inc. (“PHLF”), were named as real parties in interest in an amended complaint captioned Sustainability, Parks, Recycling and Wildlife Legal Defense Fund v. County of Solano, which was filed in the Superior Court of California, County of Solano, on July 9, 2009 (the original complaint was filed on June 12, 2009). This lawsuit seeks to compel Solano County to comply with Measure E, a ballot initiative and County ordinance passed in 1984 that the County has not enforced against PHLF since at least 1992. Measure E directs in part that Solano County shall not allow the importation into the County of any solid waste which originated or was collected outside the County in excess of 95,000 tons per year. PHLF accepts for disposal, beneficial reuse and recycling approximately 935,000 tons of solid waste annually, approximately 787,000 tons of which originate from sources outside of Solano County. The Sustainability, Parks, Recycling and Wildlife Legal Defense Fund (“SPRAWLDEF”) lawsuit also seeks to overturn Solano County’s approval of the use permit for the expansion of the Potrero Hills Landfill and the related Environmental Impact Report (“EIR”), arguing that both violate Measure E and that the EIR violates the California Environmental Quality Act (“CEQA”). Two similar actions seeking to enforce Measure E, captioned Northern California Recycling Association v. County of Solano and Sierra Club v. County of Solano, were filed in the same court on June 10, 2009, and August 10, 2009, respectively. The Northern California Recycling Association (“NCRA”) case does not name the Company or any of its subsidiaries as parties and does not contain any CEQA claims. The Sierra Club case names PHLF as a real party in interest, and seeks to overturn the use permit for the expansion of the landfill on Measure E grounds (but does not raise CEQA claims).

In December 2009, the Company and PHLF filed briefs vigorously opposing enforcement of Measure E on constitutional and other grounds. The Company’s position is supported by Solano County, a co-defendant in the Measure E litigation. It is also supported by the Attorney General of the State of California, the National Solid Wastes Management Association (“NSWMA”) and the California Refuse Recycling Council (“CRRC”), each of which filed supporting friend of court briefs or letters. In addition, numerous waste hauling companies in California, Oregon and Nevada intervened on the Company’s side in the state cases, subsequent to their participation in the federal action challenging Measure E discussed below.

On May 12, 2010, the Solano County Superior Court issued a written opinion addressing all three cases. The Court upheld Measure E in part by judicially rewriting the law, and then issued a writ of mandamus directing Solano County to enforce Measure E as rewritten. The Court decided that it could cure the law’s discrimination against out-of-county waste by revising Measure E to only limit the importation of waste into Solano County from other counties in California, but not from other states. In the same opinion, the Court rejected the requests from petitioners in the cases for a writ of



administrative mandamus to overturn the use permit approved by Solano County in June 2009 for the expansion of PHLF's landfill, thereby leaving the expansion permit in place.

In December 2010, the Court entered final judgments and writs of mandamus in the three cases, and Solano County, the Company, PHLF and the waste hauling company intervenors filed notices of appeal, which stayed the judgments and writs pending the outcome of the appeal. Petitioners Sierra Club and SPRAWLDEF cross-appealed the Court's ruling denying their petitions for writs to overturn PHLF's use permit for the expansion. Seventeen separate entities filed friend of court briefs on behalf of the Company and Solano County in September 2011, including the California Attorney General on behalf of the California Department of Resources Recycling and Recovery; the City and County of San Francisco; solid waste joint powers authorities serving the areas of Napa County, the City of Vallejo, the South Lake Tahoe Basin, Central Contra Costa County and the Salinas Valley; the California Association of Sanitation Agencies; sanitation districts serving Los Angeles County and Orange County; the NSWMA; the National Association of Manufacturers; the CRRC; the Los Angeles County Waste Management Association; the Solid Waste Association of Orange County; the Inland Empire Disposal Association; and the California Manufacturers and Technology Association. No friend of court briefs were filed on behalf of the petitioners. The case is now fully briefed and all parties have requested oral argument.

As part of the final judgments, the Solano County Superior Court retained jurisdiction over any motions for attorneys' fees under California's Private Attorney General statute. Petitioners NCRA, SPRAWLDEF and Sierra Club each filed a bill of costs and a motion for attorney fees totaling \$771,000. On May 31, 2011, the court issued a final order awarding petitioners \$452,000 in attorneys' fees, \$411,000 of which relates to the SPRAWLDEF and Sierra Club cases in which the Company or PHLF is a named party. The court allocated 50% of the fee amount to PHLF, none of which the Company recorded as a liability at December 31, 2012. The Company and Solano County appealed this attorneys' fees order in July 2011. The Court of Appeal has not yet issued a briefing schedule. Once this procedural step is completed, the Company will request a stay of this appeal until the merits of the underlying Measure E cases have been finally determined. If the Company prevails on the appeals of the three underlying cases, then none of the Petitioners would be entitled to attorneys' fees and costs. If the Company is unsuccessful on these appeals and its future appeals of the attorneys' fees judgment, PHLF and the County would each ultimately be severally liable for \$206,000 in attorneys' fees for the SPRAWLDEF and Sierra Club cases. However, in all three cases, the Company may reimburse the County for any such attorneys' fees under the indemnification provision in PHLF's use permit.

On February 9, 2012, the California Department of Resources Recycling and Recovery (CalRecycle) concurred in the solid waste facilities permit related to the Potrero Hills Landfill's expansion, and the permit was approved and issued by the Solano County Department of Resource Management on February 14, 2012.

On September 25, 2012, Governor Jerry Brown signed into law Assembly Bill 845 ("AB 845"), an act of the California Legislature, effective January 1, 2013. AB 845 expressly prohibits counties from



restricting or limiting the importation of solid waste into a privately owned facility in a county based on the waste's place of origin. Because the Company believes that neither the Court of Appeal nor the trial court can grant Petitioners any relief in light of AB 845, it filed a motion with the Court of Appeal on September 27, 2012. The motion seeks to dismiss the cross appeals and reverse and remand the portions of the judgments rendered in Petitioners' favor regarding enforcement and implementation of Measure E by Solano County, including Petitioners' recovery of costs, for mootness in light of AB 845, with instructions to the trial court to dismiss the underlying writ petitions with prejudice. Sierra Club and SPRAWLDEF filed oppositions to the Company's motion. The Court of Appeal has not yet ruled on this pending motion or set an argument date for the appeal.

At this point, the Company is not able to determine the likelihood of any outcome in this matter. If the court grants the Company's motion to dismiss the appeals, the judgments requiring Solano County to enforce Measure E and for the Company to pay attorney's fees related to the Measure E litigation will be dismissed as moot. However, in the event that after all appeals are exhausted the Superior Court's writ of mandamus enforcing Measure E as rewritten is upheld, the Company estimates that the current annual impact to its pre-tax earnings resulting from the restriction on imports into Solano County would be approximately \$6,000,000 per year. The Company's estimate could be impacted by various factors, including the County's allocation of the 95,000 tons per year import restriction among PHLF and the other disposal and composting facilities in Solano County. In addition, if the final rulings on Measure E do not limit the importation of waste into Solano County from other states, the Company could potentially offset a portion of the estimated reduction to its pre-tax earnings by internalizing waste for disposal at PHLF from other states in which the Company operates, or by accepting waste volumes from third party haulers operating outside of California.

SPRAWLDEF additionally filed a lawsuit seeking a writ of mandate in Sacramento County Superior Court on August 20, 2009, captioned *SPRAWLDEF v. California Integrated Waste Management Board ("CIWMB"), County of Solano, et al.*, challenging a CIWMB decision to dismiss SPRAWLDEF's administrative appeal to the CIWMB seeking to set aside a 2006 solid waste facilities permit issued to Potrero Hills Landfill by the Solano County Local Enforcement Agency. The case names the Company and PHLF as real parties in interest. The appeal was dismissed by the CIWMB for failure to raise a substantial issue. The 2006 facilities permit authorizes operational modifications and enhanced environmental control measures. The case was tried in Sacramento County Superior Court in October 2010, and the Superior Court rejected all of SPRAWLDEF's claims and ordered the writ petition dismissed. SPRAWLDEF appealed the dismissal to the Third District Court of Appeal. The case has been fully briefed. On March 8, 2012, the Court of Appeal asked for supplemental briefing on two questions, one of which implicates the standing of SPRAWLDEF relative to a claim against the former CIWMB, and the Company responded with a letter brief. Both CIWMB and the County also filed letter briefs. The Company believes (and so advised the Court of Appeal) the case may be moot in light of the February 14, 2012 issuance of the new solid waste facilities permit for the landfill, which supersedes the 2006 permit at issue in the appeal. While the Company believes that the respondent agencies will prevail in this case, in the unlikely event that the 2006 permit was set aside, PHLF



would continue to operate the Potrero Hills Landfill under the site's new 2012 solid waste facilities permit.

On December 17, 2010, SPRAWLDEF and one its members filed a petition for writ of mandate in San Francisco Superior Court seeking to overturn the October 2010 approval of the marsh development permit issued by the San Francisco Bay Conservation and Development Commission ("BCDC") for PHLF's landfill expansion, alleging that the approval is contrary to the Suisun Marsh Protection Act (the "Marsh Act"). Petitioners claim that BCDC abused its discretion by issuing the marsh development permit in contravention of the Marsh Act. The petition, captioned SPRAWLDEF v. San Francisco Bay Conservation and Development Commission, names BCDC as a respondent and the Company as the real party in interest. On its own motion, the San Francisco Superior Court stayed the action and, on April 5, 2012, transferred the case to Solano County Superior Court, citing that court's experience in the related CEQA case and judicial economy. On June 5, 2012, Solano County Superior Court assigned the case to Judge Beeman, who held a hearing for oral argument on October 4, 2012. On November 29, 2012, the court issued an order finding that the administrative record before BCDC did not contain sufficient evidence regarding net profits for the proposed project or the alternative to support the agency's finding that the alternative was economically infeasible. The court therefore issued a writ of mandamus and final judgment on January 14, 2013 setting aside the BCDC permit and remanding it back to the agency for further consideration. On January 15, 2013, the Company filed a notice of appeal, staying execution of the writ and judgment pending the appeal. On January 28, 2013, BCDC also filed a notice of appeal to the writ and judgment. At this point the Company is not able to determine the likelihood of any outcome in this matter.

On June 10, 2011, June Guidotti, a property owner adjacent to PHLF, and SPRAWLDEF and one of its members, each filed administrative petitions for review with the State Water Resources Control Board ("State Board") seeking to overturn a May 11, 2011 Order No. 2166-(a) approving waste discharge requirements issued by the San Francisco Bay Regional Water Quality Control Board ("Regional Board") for PHLF's landfill expansion, alleging that the order is contrary to the State Board's Title 27 regulations authorizing waste discharge requirements for landfills, and in the case of the SPRAWLDEF petition, further alleging that the Regional Board's issuance of a Clean Water Act section 401 certification is not supported by an adequate alternatives analysis as required by the federal Clean Water Act. The Regional Board is preparing the administrative record of its decision to issue Order 2166-(a) to be filed with the State Board as well as its response to the petitions for review. It is anticipated that the Regional Board will vigorously defend its actions and seek dismissal of the petitions for review. A hearing date has not yet been set on either petition, and the State Board has held both the Guidotti and SPRAWLDEF petitions in abeyance at the petitioners' requests. At this point the Company is not able to determine the likelihood of any outcome in this matter.

If as a result of any of the matters described above, after exhausting all appeals, PHLF's use permit or marsh development permit is permanently rescinded, and the Superior Court's writ of mandamus enforcing Measure E as rewritten is ultimately upheld, the Company estimates that it would be required to recognize a pre-tax impairment charge of approximately \$39,000,000 to reduce the



carrying value of PHLF to its estimated fair value, in addition to the approximately \$6,000,000 annual impact to its pre-tax earnings described above. If PHLF's use permit or marsh development permit is permanently rescinded but Measure E is ultimately ruled to be unenforceable, the Company estimates that it would be required to recognize a pre-tax impairment charge of approximately \$33,000,000 to reduce the carrying value of PHLF to its estimated fair value.



# Appendix L—CalRecycle Facility/Site Inspection Listings







## Facility/Site Inspection Listings: Potrero Hills Landfill (48-AA-0075)

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Beatrice Poroli

**Phone Number:** (916) 341-6411

[Search New Facility](#)

[Detail](#) [Inspection](#) [Enforcement](#) [Maps](#) [Documents](#)

**County:** Solano

**Enforcement Agent:** County of Solano

2012

Submit

**Operator/Business Owner:** Potrero Hills Landfill, inc.

**Land Owner:** Potrero Hills Landfill, inc.

### 01 Solid Waste Landfill

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/17/2012	01/08/2013	LEA Periodic		No Violations or Areas of Concern reported
11/20/2012	01/09/2013	LEA Periodic		No Violations or Areas of Concern reported
10/25/2012	11/09/2012	LEA Periodic		No Violations or Areas of Concern reported
09/18/2012	10/04/2012	LEA Periodic	20650-Grading of Fill Surfaces 20660-Stockpiling 20680-Daily Cover 20690-Alternative Daily Cover 20830-Litter Control 20921-Gas Monitoring and Control	Areas of Concern Areas of Concern Areas of Concern Violation Areas of Concern Violation
08/22/2012	10/03/2012	LEA Periodic		No Violations or Areas of Concern reported
07/17/2012	08/10/2012	LEA Periodic		No Violations or Areas of Concern reported
06/18/2012	07/05/2012	LEA Periodic		No Violations or Areas of Concern reported
05/30/2012	06/28/2012	LEA Periodic		No Violations or Areas of Concern reported
05/30/2012	06/05/2012	LEA Periodic	20690-Alternative Daily Cover	Areas of Concern
04/24/2012	05/04/2012	LEA Periodic	20690-Alternative Daily Cover	Areas of Concern
03/23/2012	04/25/2012	LEA Periodic		No Violations or Areas of Concern reported
02/17/2012	03/05/2012	LEA Periodic		No Violations or Areas of Concern reported
01/26/2012	06/28/2012	LEA Periodic		No Violations or Areas of Concern reported

Inspections Data Dictionary

Last updated: Data updated continuously.



**Facility/Site Inspection Listings: Potrero Hills Landfill (48-AA-0075)**

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Beatrice Poroli

**Phone Number:** (916) 341-6411

[Search New Facility](#)

[Detail](#) [Inspection](#) [Enforcement](#) [Maps](#) [Documents](#)

**County:** Solano

**Enforcement Agent:** County of Solano

**Operator/Business Owner:** Potrero Hills Landfill, inc.

**Land Owner:** Potrero Hills Landfill, inc.

2011	Submit
------	--------

**01 Solid Waste Landfill**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/06/2011	12/20/2011	CalRecycle Focused		No Violations or Areas of Concern reported
12/06/2011	01/24/2012	LEA Periodic		No Violations or Areas of Concern reported
11/16/2011	11/30/2011	LEA Periodic		No Violations or Areas of Concern reported
10/25/2011	11/15/2011	LEA Periodic		No Violations or Areas of Concern reported
09/27/2011	10/19/2011	LEA Periodic		No Violations or Areas of Concern reported
08/29/2011	09/14/2011	LEA Periodic		No Violations or Areas of Concern reported
07/26/2011	08/09/2011	LEA Periodic		No Violations or Areas of Concern reported
06/27/2011	07/18/2011	LEA Periodic		No Violations or Areas of Concern reported
05/25/2011	06/07/2011	LEA Periodic		No Violations or Areas of Concern reported
04/06/2011	05/05/2011	CalRecycle Periodic	20650-Grading of Fill Surfaces 20680-Daily Cover 20690-Alternative Daily Cover 20686-Beneficial ReUse 20790-Leachate Control 20820-Drainage and Erosion Control 20830-Litter Control	Areas of Concern Violation Violation Areas of Concern Violation Violation Violation
04/06/2011	05/25/2011	LEA Periodic	20790-Leachate Control 20820-Drainage and Erosion Control 20830-Litter Control 20680-Daily Cover 20690-Alternative Daily Cover 20686-Beneficial ReUse 20650-Grading of Fill Surfaces	Violation Violation Violation Violation Violation Areas of Concern Areas of Concern
03/24/2011	05/11/2011	LEA Periodic		No Violations or Areas of Concern reported
02/22/2011	03/08/2011	LEA Periodic		No Violations or Areas of Concern reported

01/27/2011

02/04/2011

LEA Periodic

No Violations or Areas of Concern reported

No Violations or Areas of Concern reported

Inspections Data Dictionary

Last updated: Data updated continuously.

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Last updated: Data updated continuously.  
Solid Waste Information System(SWIS), <http://www.CalRecycle.ca.gov/SWFacilities/Directory/>  
Cody Oquendo, [Cody.Oquendo@CalRecycle.ca.gov](mailto:Cody.Oquendo@CalRecycle.ca.gov) (916) 341-6719

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## Facility/Site Inspection Listings: Potrero Hills Landfill (48-AA-0075)

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Beatrice Poroli

**Phone Number:** (916) 341-6411

[Search New Facility](#)

[Detail](#) [Inspection](#) [Enforcement](#) [Maps](#) [Documents](#)

**County:** Solano

**Enforcement Agent:** County of Solano

**Operator/Business Owner:** Potrero Hills Landfill, inc.

**Land Owner:** Potrero Hills Landfill, inc.

### 01 Solid Waste Landfill

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/15/2010	01/26/2011	LEA Periodic		
11/23/2010	12/30/2010	LEA Periodic		No Violations or Areas of Concern reported
10/26/2010	06/28/2012	LEA Periodic		No Violations or Areas of Concern reported
09/15/2010	10/05/2010	LEA Periodic		No Violations or Areas of Concern reported
08/27/2010	09/28/2010	LEA Periodic	20620-Site Attendant	Areas of Concern
07/23/2010	08/24/2010	LEA Periodic		No Violations or Areas of Concern reported
06/23/2010	08/10/2010	LEA Periodic	20830-Litter Control	Areas of Concern
05/27/2010	06/07/2010	LEA Periodic		No Violations or Areas of Concern reported
04/23/2010	05/10/2010	LEA Periodic		No Violations or Areas of Concern reported
03/25/2010	04/12/2010	LEA Periodic		No Violations or Areas of Concern reported
02/25/2010	03/08/2010	LEA Periodic		No Violations or Areas of Concern reported
01/25/2010	02/04/2010	LEA Periodic		No Violations or Areas of Concern reported

Inspections Data Dictionary

Last updated: Data updated continuously.

Last updated: Data updated continuously.  
 Solid Waste Information System (SWIS), <http://www.CalRecycle.ca.gov/SWFacilities/Directory/>  
 Cody Oquendo, [Cody.Oquendo@CalRecycle.ca.gov](mailto:Cody.Oquendo@CalRecycle.ca.gov) (916) 341-6719

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**Facility/Site Inspection Listings: Recology Hay Road (48-AA-0002)**

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Beatrice Poroli

**Phone Number:** (916) 341-6411

[Search New Facility](#)

[Detail](#) [Inspection](#) [Enforcement](#) [Maps](#) [Documents](#)

**County:** Solano

**Enforcement Agent:** County of Solano

**Operator/Business Owner:** Recology Hay Road

**Land Owner:** Recology Hay Road

2012

**01 Solid Waste Landfill**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/10/2012	01/08/2013	LEA Periodic		
11/20/2012	12/12/2012	LEA Periodic	No Violations or Areas of Concern reported	
10/09/2012	11/09/2012	LEA Periodic	No Violations or Areas of Concern reported	
09/25/2012	10/03/2012	LEA Focused	No Violations or Areas of Concern reported	
09/25/2012	10/04/2012	LEA Focused	No Violations or Areas of Concern reported	
09/11/2012	10/04/2012	LEA Periodic	No Violations or Areas of Concern reported	
09/11/2012	10/03/2012	LEA Periodic	No Violations or Areas of Concern reported	
08/06/2012	10/03/2012	LEA Periodic	No Violations or Areas of Concern reported	
07/10/2012	08/28/2012	LEA Periodic	No Violations or Areas of Concern reported	
06/19/2012	07/05/2012	LEA Periodic	No Violations or Areas of Concern reported	
06/05/2012	07/05/2012	LEA Focused	No Violations or Areas of Concern reported	
05/14/2012	06/05/2012	LEA Periodic	No Violations or Areas of Concern reported	
04/24/2012	05/04/2012	LEA Focused	No Violations or Areas of Concern reported	
04/23/2012	05/04/2012	LEA Periodic	No Violations or Areas of Concern reported	
03/28/2012	04/25/2012	LEA Periodic	No Violations or Areas of Concern reported	
02/15/2012	03/05/2012	LEA Periodic	No Violations or Areas of Concern reported	
01/11/2012	02/08/2012	LEA Periodic	No Violations or Areas of Concern reported	

**02 ACW Disposal Site**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Quarterly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/10/2012	01/08/2013	LEA Periodic		No Violations or Areas of Concern reported
11/20/2012	01/09/2013	LEA Periodic		No Violations or Areas of Concern reported
10/09/2012	11/09/2012	LEA Periodic		No Violations or Areas of Concern reported
09/11/2012	10/04/2012	LEA Periodic		No Violations or Areas of Concern reported
09/11/2012	10/03/2012	LEA Periodic		No Violations or Areas of Concern reported
08/06/2012	10/03/2012	LEA Periodic		No Violations or Areas of Concern reported
07/10/2012	08/10/2012	LEA Periodic		No Violations or Areas of Concern reported
06/19/2012	07/05/2012	LEA Periodic		No Violations or Areas of Concern reported
05/14/2012	06/05/2012	LEA Periodic		No Violations or Areas of Concern reported
04/23/2012	05/04/2012	LEA Periodic		No Violations or Areas of Concern reported
03/28/2012	04/25/2012	LEA Periodic		No Violations or Areas of Concern reported
02/15/2012	03/05/2012	LEA Periodic		No Violations or Areas of Concern reported
01/11/2012	02/08/2012	LEA Periodic		No Violations or Areas of Concern reported

Inspections Data Dictionary

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**Facility/Site Inspection Listings: Recology Hay Road (48-AA-0002)**

For this facility, please contact Local Enforcement Agency (LEA) below  
**CalRecycle Contact:** Beatrice Poroli  
**Phone Number:** (916) 341-6411

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**County:** Solano

**Enforcement Agent:** County of Solano

**Operator/Business Owner:** Recology Hay Road

**Land Owner:** Recology Hay Road

2011	Submit
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**01 Solid Waste Landfill**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/13/2011	01/24/2012	LEA Periodic		No Violations or Areas of Concern reported
12/13/2011	01/24/2012	LEA Focused		No Violations or Areas of Concern reported
11/03/2011	12/21/2011	LEA Periodic		No Violations or Areas of Concern reported
10/13/2011	11/28/2011	LEA Periodic	21600-Report of Disposal Site Information Violation	
09/20/2011	10/05/2011	LEA Periodic		No Violations or Areas of Concern reported
09/20/2011	10/05/2011	LEA Periodic	20800-Dust Control	Areas of Concern
09/02/2011	10/05/2011	LEA Focused		No Violations or Areas of Concern reported
08/03/2011	08/29/2011	CalRecycle Periodic		No Violations or Areas of Concern reported
08/03/2011	09/14/2011	LEA Periodic	20740-Equipment	Areas of Concern
08/03/2011	09/14/2011	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
07/08/2011	08/09/2011	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
07/08/2011	08/09/2011	LEA Periodic	20740-Equipment	Areas of Concern
06/21/2011	07/18/2011	LEA Periodic		No Violations or Areas of Concern reported
06/16/2011	07/18/2011	LEA Focused		No Violations or Areas of Concern reported
06/04/2011	07/18/2011	LEA Focused		No Violations or Areas of Concern reported
06/04/2011	07/18/2011	LEA Focused		No Violations or Areas of Concern reported
05/23/2011	06/07/2011	LEA Periodic	20760-Nuisance Control	Violation
04/27/2011	05/04/2011	LEA Periodic		No Violations or Areas of Concern reported
03/22/2011	04/05/2011	LEA Periodic	20921-Gas Monitoring and Control	Violation
03/17/2011	04/05/2011	LEA Focused	20921-Gas Monitoring and Control	Violation
02/07/2011	03/29/2011	LEA Periodic		No Violations or Areas of Concern reported
01/26/2011	02/04/2011	LEA Periodic		No Violations or Areas of Concern reported

No Violations or Areas of Concern reported

## 02 ACW Disposal Site

Regulatory Status: Permitted Operational Status: Active Inspection Frequency: Quarterly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/13/2011	01/24/2012	LEA Periodic		No Violations or Areas of Concern reported
11/03/2011	12/21/2011	LEA Periodic		No Violations or Areas of Concern reported
10/13/2011	11/28/2011	LEA Periodic		No Violations or Areas of Concern reported
09/20/2011	10/05/2011	LEA Periodic		No Violations or Areas of Concern reported
08/03/2011	09/14/2011	LEA Periodic		No Violations or Areas of Concern reported
08/03/2011	08/29/2011	CalRecycle Periodic		No Violations or Areas of Concern reported
07/08/2011	08/09/2011	LEA Periodic		No Violations or Areas of Concern reported
06/21/2011	07/18/2011	LEA Periodic		No Violations or Areas of Concern reported
05/23/2011	06/07/2011	LEA Periodic		No Violations or Areas of Concern reported
04/27/2011	05/04/2011	LEA Periodic		No Violations or Areas of Concern reported
03/22/2011	04/05/2011	LEA Periodic		No Violations or Areas of Concern reported
02/07/2011	03/29/2011	LEA Periodic		No Violations or Areas of Concern reported
01/26/2011	02/04/2011	LEA Periodic		No Violations or Areas of Concern reported

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**Facility/Site Inspection Listings: Recology Hay Road (48-AA-0002)**

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Beatrice Poroli

**Phone Number:** (916) 341-6411

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**County:** Solano

**Enforcement Agent:** County of Solano

**Operator/Business Owner:** Recology Hay Road

**Land Owner:** Recology Hay Road

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**01 Solid Waste Landfill**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/21/2010	01/06/2011	LEA Focused		No Violations or Areas of Concern reported
12/16/2010	01/06/2011	LEA Focused	20870-Hazardous Wastes	Areas of Concern
11/12/2010	12/30/2010	LEA Periodic		No Violations or Areas of Concern reported
10/13/2010	11/23/2010	LEA Periodic		No Violations or Areas of Concern reported
09/20/2010	10/05/2010	LEA Periodic		No Violations or Areas of Concern reported
08/20/2010	09/28/2010	LEA Periodic		No Violations or Areas of Concern reported
07/21/2010	08/09/2010	LEA Periodic		No Violations or Areas of Concern reported
06/21/2010	08/10/2010	LEA Focused		No Violations or Areas of Concern reported
06/08/2010	07/26/2010	LEA Periodic	20921-Gas Monitoring and Control	Violation
			20937-Reporting and Control of Excessive Gas Concentrations	Areas of Concern
05/05/2010	08/10/2010	LEA Periodic	20921-Gas Monitoring and Control	Violation
			20937-Reporting and Control of Excessive Gas Concentrations	Areas of Concern
04/19/2010	05/11/2010	LEA Periodic	20921-Gas Monitoring and Control	Violation
03/11/2010	04/06/2010	CalRecycle Periodic	20700-Intermediate Cover	Areas of Concern
			20921-Gas Monitoring and Control	Violation
03/11/2010	04/12/2010	LEA Periodic	20700-Intermediate Cover	Areas of Concern
			20921-Gas Monitoring and Control	Violation
02/02/2010	03/08/2010	LEA Periodic		No Violations or Areas of Concern reported
01/05/2010	02/04/2010	LEA Periodic		No Violations or Areas of Concern reported

**02 ACW Disposal Site**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Quarterly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/21/2010	01/06/2011	LEA Periodic		No Violations or Areas of Concern reported
11/12/2010	12/30/2010	LEA Periodic		No Violations or Areas of Concern reported
10/13/2010	11/23/2010	LEA Periodic		No Violations or Areas of Concern reported
09/20/2010	10/05/2010	LEA Periodic		No Violations or Areas of Concern reported
08/20/2010	09/28/2010	LEA Periodic		No Violations or Areas of Concern reported
07/21/2010	08/24/2010	LEA Periodic		No Violations or Areas of Concern reported
06/08/2010	08/10/2010	LEA Periodic		No Violations or Areas of Concern reported
05/05/2010	06/07/2010	LEA Periodic		No Violations or Areas of Concern reported
04/19/2010	05/11/2010	LEA Periodic		No Violations or Areas of Concern reported
03/11/2010	04/12/2010	LEA Periodic		No Violations or Areas of Concern reported
02/02/2010	03/08/2010	LEA Periodic		No Violations or Areas of Concern reported
01/05/2010	02/04/2010	LEA Periodic		No Violations or Areas of Concern reported

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**Facility/Site Inspection Listings: Keller Canyon Landfill (07-AA-0032)**

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Beatrice Poroli

**Phone Number:** (916) 341-6411

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**County:** Contra Costa

**Enforcement Agent:** County of Contra Costa

**Operator/Business Owner:** Keller Canyon Landfill

**Land Owner:** Keller Canyon Landfill Company

2012

**01 Solid Waste Landfill**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/17/2012	12/20/2012	LEA Periodic		No Violations or Areas of Concern reported
11/26/2012	11/29/2012	LEA Periodic		No Violations or Areas of Concern reported
10/29/2012	11/01/2012	LEA Periodic		No Violations or Areas of Concern reported
09/21/2012	10/01/2012	LEA Periodic		No Violations or Areas of Concern reported
08/29/2012	09/07/2012	LEA Periodic		No Violations or Areas of Concern reported
07/23/2012	07/25/2012	LEA Periodic		No Violations or Areas of Concern reported
06/27/2012	07/02/2012	LEA Periodic		No Violations or Areas of Concern reported
05/31/2012	06/04/2012	LEA Periodic		No Violations or Areas of Concern reported
04/25/2012	05/09/2012	LEA Periodic		No Violations or Areas of Concern reported
03/22/2012	03/26/2012	LEA Periodic		No Violations or Areas of Concern reported
02/27/2012	03/12/2012	LEA Periodic		No Violations or Areas of Concern reported
01/13/2012	01/31/2012	LEA Periodic		No Violations or Areas of Concern reported

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**Facility/Site Inspection Listings: Keller Canyon Landfill (07-AA-0032)**

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Beatrice Poroli

**Phone Number:** (916) 341-6411

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**County:** Contra Costa

**Enforcement Agent:** County of Contra Costa

**Operator/Business Owner:** Keller Canyon Landfill

**Land Owner:** Keller Canyon Landfill Company

2011

**01 Solid Waste Landfill**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/16/2011	01/03/2012	LEA Periodic		No Violations or Areas of Concern reported
11/29/2011	12/21/2011	LEA Periodic		No Violations or Areas of Concern reported
10/27/2011	12/21/2011	LEA Periodic		No Violations or Areas of Concern reported
09/23/2011	10/31/2011	LEA Periodic		No Violations or Areas of Concern reported
08/03/2011	08/23/2011	LEA Periodic		No Violations or Areas of Concern reported
08/03/2011	08/25/2011	CalRecycle Periodic		No Violations or Areas of Concern reported
07/13/2011	07/25/2011	LEA Periodic		No Violations or Areas of Concern reported
06/27/2011	07/11/2011	LEA Periodic	20937-Reporting and Control of Excessive Gas Concentrations	Violation
05/20/2011	06/22/2011	LEA Periodic	20937-Reporting and Control of Excessive Gas Concentrations	Violation
04/26/2011	05/11/2011	LEA Periodic	20921-Gas Monitoring and Control	Violation
03/22/2011	05/18/2011	LEA Periodic	20937-Reporting and Control of Excessive Gas Concentrations	Violation
01/28/2011	02/15/2011	LEA Periodic	20921-Gas Monitoring and Control	Violation
				No Violations or Areas of Concern reported

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**Facility/Site Inspection Listings: Keller Canyon Landfill (07-AA-0032)**

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**CalRecycle Contact:** Beatrice Poroli

**Phone Number:** (916) 341-6411

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**County:** Contra Costa

**Enforcement Agent:** County of Contra Costa

**Operator/Business Owner:** Keller Canyon Landfill

**Land Owner:** Keller Canyon Landfill Company

2010

**01 Solid Waste Landfill**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/16/2010	01/07/2011	LEA Periodic		No Violations or Areas of Concern reported
11/03/2010	12/06/2010	LEA Periodic		No Violations or Areas of Concern reported
10/22/2010	11/09/2010	LEA Periodic		
09/28/2010	10/12/2010	LEA Periodic	20921-Gas Monitoring and Control	Areas of Concern
08/25/2010	09/09/2010	LEA Periodic	20921-Gas Monitoring and Control	Areas of Concern
07/27/2010	08/05/2010	LEA Periodic	20921-Gas Monitoring and Control	Areas of Concern
06/28/2010	07/08/2010	LEA Periodic	20921-Gas Monitoring and Control	Areas of Concern
05/27/2010	06/14/2010	LEA Periodic	20921-Gas Monitoring and Control	Areas of Concern
04/29/2010	05/11/2010	LEA Periodic	20921-Gas Monitoring and Control	Areas of Concern
03/23/2010	04/01/2010	LEA Periodic	20921-Gas Monitoring and Control	Areas of Concern
02/04/2010	03/03/2010	CalRecycle Periodic		No Violations or Areas of Concern reported
02/04/2010	03/09/2010	LEA Periodic	20921-Gas Monitoring and Control	Areas of Concern
01/27/2010	11/05/2010	LEA Periodic	20921-Gas Monitoring and Control	Areas of Concern

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## Facility/Site Inspection Listings: Redwood Landfill (21-AA-0001)

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Reinhard Hohlwein

**Phone Number:** (916) 341-6344

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**County:** Marin

**Enforcement Agent:** County of Marin

**Operator/Business Owner:** Redwood Landfill, Inc.

**Land Owner:** Redwood Landfill, Inc.

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### 01 Solid Waste Landfill

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/20/2012	12/26/2012	LEA Periodic	20810-Vector and Bird Control 20820-Drainage and Erosion Control	Areas of Concern Areas of Concern
11/27/2012	11/30/2012	LEA Periodic	No Violations or Areas of Concern reported	
10/30/2012	11/13/2012	LEA Periodic	No Violations or Areas of Concern reported	
09/28/2012	10/01/2012	LEA Periodic	No Violations or Areas of Concern reported	
08/23/2012	09/13/2012	CalRecycle Periodic	No Violations or Areas of Concern reported	
08/23/2012	09/18/2012	LEA Periodic	No Violations or Areas of Concern reported	
07/26/2012	08/03/2012	LEA Periodic	No Violations or Areas of Concern reported	
06/27/2012	06/29/2012	LEA Periodic	No Violations or Areas of Concern reported	
05/23/2012	05/23/2012	LEA Periodic	No Violations or Areas of Concern reported	
04/27/2012	05/04/2012	LEA Periodic	20820-Drainage and Erosion Control	Areas of Concern
03/23/2012	03/27/2012	LEA Periodic	No Violations or Areas of Concern reported	
02/24/2012	02/28/2012	LEA Periodic	No Violations or Areas of Concern reported	
01/23/2012	01/25/2012	LEA Periodic	20510-Disposal Site Records 20810-Vector and Bird Control	Areas of Concern Areas of Concern

### 03 Composting Facility (Mixed)

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/20/2012	12/21/2012	LEA Periodic	No Violations or Areas of Concern reported	

11/20/2012	11/30/2012	LEA Periodic		No Violations or Areas of Concern reported
10/30/2012	10/31/2012	LEA Periodic		No Violations or Areas of Concern reported
09/28/2012	10/01/2012	LEA Periodic		No Violations or Areas of Concern reported
08/23/2012	09/18/2012	LEA Periodic		No Violations or Areas of Concern reported
08/23/2012	09/13/2012	CalRecycle Focused		No Violations or Areas of Concern reported
07/26/2012	08/01/2012	LEA Periodic		No Violations or Areas of Concern reported
06/27/2012	06/29/2012	LEA Periodic		No Violations or Areas of Concern reported
05/23/2012	05/23/2012	LEA Periodic		No Violations or Areas of Concern reported
04/27/2012	04/30/2012	LEA Periodic		No Violations or Areas of Concern reported
03/23/2012	03/27/2012	LEA Periodic		No Violations or Areas of Concern reported
			17867(a)(2)- Vectors/Odor/Litter/Hazard/Nuisance/Noise/Dust	Areas of Concern
			17869(b)-Special Occurrences	Areas of Concern
02/24/2012	02/27/2012	LEA Periodic	PRC 44014(b)-Operator Complies with Terms & Conditions	Violation
			17867(a)(2)- Vectors/Odor/Litter/Hazard/Nuisance/Noise/Dust	Areas of Concern
01/17/2012	01/25/2012	LEA Periodic	17867(a)(2)- Vectors/Odor/Litter/Hazard/Nuisance/Noise/Dust	Areas of Concern

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## Facility/Site Inspection Listings: Redwood Landfill (21-AA-0001)

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Reinhard Hohlwein

**Phone Number:** (916) 341-6344

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**County:** Marin

**Enforcement Agent:** County of Marin

**Operator/Business Owner:** Redwood Landfill, Inc.

**Land Owner:** Redwood Landfill, Inc.

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### 01 Solid Waste Landfill

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/22/2011	12/23/2011	LEA Periodic		No Violations or Areas of Concern reported
11/29/2011	12/07/2011	LEA Periodic		No Violations or Areas of Concern reported
10/27/2011	12/07/2011	LEA Periodic		No Violations or Areas of Concern reported
10/27/2011	11/01/2011	LEA Periodic		No Violations or Areas of Concern reported
09/26/2011	11/15/2011	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
08/30/2011	09/14/2011	LEA Periodic		No Violations or Areas of Concern reported
07/28/2011	08/31/2011	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
06/24/2011	07/18/2011	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
05/26/2011	06/07/2011	LEA Periodic		No Violations or Areas of Concern reported
04/27/2011	05/11/2011	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
03/28/2011	04/12/2011	LEA Periodic	PRC 44014(b)-Operator Complies with Terms & Conditions	Areas of Concern
02/24/2011	03/22/2011	CalRecycle Periodic		No Violations or Areas of Concern reported
02/24/2011	04/05/2011	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
01/27/2011	02/04/2011	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
				No Violations or Areas of Concern reported

### 02 Composting Facility (Other)

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
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09/26/2011	10/26/2011	LEA Periodic	No Violations or Areas of Concern reported
08/30/2011	09/14/2011	LEA Periodic	PRC 44014(b)-Operator Complies with Terms & Conditions Areas of Concern
07/28/2011	08/31/2011	LEA Periodic	17867(a)(8)-Fire Prevention, Protection and Control Areas of Concern
06/24/2011	07/18/2011	LEA Periodic	No Violations or Areas of Concern reported
05/26/2011	06/07/2011	LEA Periodic	17867(a)(2)- Vectors/Odor/Litter/Hazard/Nuisance/Noise/Dust Areas of Concern
04/27/2011	05/11/2011	LEA Periodic	No Violations or Areas of Concern reported
03/28/2011	04/12/2011	LEA Periodic	No Violations or Areas of Concern reported
02/24/2011	04/19/2011	LEA Periodic	17867(a)(2)- Vectors/Odor/Litter/Hazard/Nuisance/Noise/Dust Areas of Concern
02/24/2011	03/22/2011	CalRecycle Focused	17867(a)(2)- Vectors/Odor/Litter/Hazard/Nuisance/Noise/Dust Areas of Concern
01/27/2011	02/04/2011	LEA Periodic	17867(a)(2)- Vectors/Odor/Litter/Hazard/Nuisance/Noise/Dust Areas of Concern

**03 Composting Facility (Mixed)**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/22/2011	12/23/2011	LEA Periodic	No Violations or Areas of Concern reported	
11/29/2011	12/06/2011	LEA Periodic	17868.3(d)-Temperature Monitoring	Areas of Concern
10/27/2011	10/31/2011	LEA Periodic	No Violations or Areas of Concern reported	

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## Facility/Site Inspection Listings: Redwood Landfill (21-AA-0001)

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Reinhard Hohlwein

**Phone Number:** (916) 341-6344

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**County:** Marin

**Enforcement Agent:** County of Marin

**Operator/Business Owner:** Redwood Landfill, Inc.

**Land Owner:** Redwood Landfill, Inc.

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### 01 Solid Waste Landfill

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/23/2010	01/10/2011	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
11/30/2010	12/30/2010	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
10/29/2010	11/23/2010	LEA Periodic		No Violations or Areas of Concern reported
09/24/2010	10/10/2010	LEA Periodic		No Violations or Areas of Concern reported
08/26/2010	09/07/2010	LEA Periodic	20800-Dust Control	Areas of Concern
			20810-Vector and Bird Control	Areas of Concern
07/26/2010	08/09/2010	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
06/29/2010	07/06/2010	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
05/28/2010	06/07/2010	LEA Periodic	20810-Vector and Bird Control	Areas of Concern
04/23/2010	05/19/2010	LEA Periodic		No Violations or Areas of Concern reported
03/23/2010	04/06/2010	LEA Periodic		No Violations or Areas of Concern reported
02/25/2010	03/11/2010	LEA Periodic		No Violations or Areas of Concern reported
01/20/2010	02/09/2010	LEA Periodic		No Violations or Areas of Concern reported

### 02 Composting Facility (Other)

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/23/2010	01/10/2011	LEA Periodic		No Violations or Areas of Concern reported
11/30/2010	12/30/2010	LEA Periodic		No Violations or Areas of Concern reported
10/29/2010	11/09/2010	LEA Periodic		No Violations or Areas of Concern reported



## Facility/Site Inspection Listings: Potrero Hills Landfill (48-AA-0075)

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Beatrice Poroli

**Phone Number:** (916) 341-6411

[Search New Facility](#)

[Detail](#) [Inspection](#) [Enforcement](#) [Maps](#) [Documents](#)

**County:** Solano

**Enforcement Agent:** County of Solano

**Operator/Business Owner:** Potrero Hills Landfill, inc.

**Land Owner:** Potrero Hills Landfill, inc.

2009 ▾

Submit

### 01 Solid Waste Landfill

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/22/2009	12/31/2009	LEA Periodic		No Violations or Areas of Concern reported
11/19/2009	11/25/2009	LEA Periodic		No Violations or Areas of Concern reported
10/28/2009	11/10/2009	LEA Periodic		No Violations or Areas of Concern reported
09/10/2009	10/13/2009	LEA Periodic		No Violations or Areas of Concern reported
09/10/2009	10/08/2009	CalRecycle Periodic		No Violations or Areas of Concern reported
08/28/2009	09/03/2009	LEA Periodic		No Violations or Areas of Concern reported
07/10/2009	08/06/2009	LEA Periodic		No Violations or Areas of Concern reported
06/26/2009	07/07/2009	LEA Periodic		No Violations or Areas of Concern reported
05/21/2009	06/05/2009	LEA Periodic		No Violations or Areas of Concern reported
04/29/2009	05/06/2009	LEA Periodic		No Violations or Areas of Concern reported
03/16/2009	04/06/2009	LEA Periodic		No Violations or Areas of Concern reported
02/25/2009	03/03/2009	LEA Periodic		No Violations or Areas of Concern reported
01/28/2009	02/02/2009	LEA Periodic		No Violations or Areas of Concern reported

Inspections Data Dictionary

Last updated: Data updated continuously.

Last updated: Data updated continuously.  
 Solid Waste Information System (SWIS), <http://www.CalRecycle.ca.gov/SWFacilities/Directory/>  
 Cody Oquendo, [Cody.Oquendo@CalRecycle.ca.gov](mailto:Cody.Oquendo@CalRecycle.ca.gov) (916) 341-6719

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**Facility/Site Inspection Listings: Potrero Hills Landfill (48-AA-0075)**

For this facility, please contact Local Enforcement Agency (LEA) below

**CalRecycle Contact:** Beatrice Poroli  
**Phone Number:** (916) 341-6411

[Search New Facility](#)

[Detail](#) [Inspection](#) [Enforcement](#) [Maps](#) [Documents](#)

**County:** Solano

**Enforcement Agent:** County of Solano

**Operator/Business Owner:** Potrero Hills Landfill, inc.

**Land Owner:** Potrero Hills Landfill, inc.

2008

**01 Solid Waste Landfill**

**Regulatory Status:** Permitted **Operational Status:** Active **Inspection Frequency:** Monthly

Inspection Date	CalRecycle Received	Inspection Program	Regulation	Areas of Concern/Violations
12/11/2008	01/09/2009	LEA Periodic		No Violations or Areas of Concern reported
11/25/2008	12/03/2008	LEA Periodic	20700-Intermediate Cover	Areas of Concern
10/22/2008	11/06/2008	LEA Periodic		No Violations or Areas of Concern reported
09/29/2008	10/07/2008	LEA Periodic		No Violations or Areas of Concern reported
08/18/2008	09/05/2008	LEA Periodic		No Violations or Areas of Concern reported
07/10/2008	08/06/2008	LEA Periodic		No Violations or Areas of Concern reported
06/23/2008	07/08/2008	LEA Periodic		No Violations or Areas of Concern reported
05/15/2008	07/08/2008	LEA Periodic		No Violations or Areas of Concern reported
04/30/2008	05/12/2008	LEA Periodic		No Violations or Areas of Concern reported
03/18/2008	04/04/2008	LEA Periodic		No Violations or Areas of Concern reported
03/18/2008	05/25/2008	CalRecycle Periodic		No Violations or Areas of Concern reported
02/28/2008	03/04/2008	LEA Periodic		No Violations or Areas of Concern reported
01/16/2008	02/08/2008	LEA Periodic		No Violations or Areas of Concern reported

Inspections Data Dictionary

Last updated: Data updated continuously.

Last updated: Data updated continuously.  
 Solid Waste Information System (SWIS), <http://www.CalRecycle.ca.gov/SWFacilities/Directory/>  
 Cody Oquendo, [Cody.Oquendo@CalRecycle.ca.gov](mailto:Cody.Oquendo@CalRecycle.ca.gov) (916) 341-6719

09/24/2010	10/19/2010	LEA Periodic	No Violations or Areas of Concern reported
08/26/2010	09/07/2010	LEA Periodic	No Violations or Areas of Concern reported
07/26/2010	08/24/2010	LEA Periodic	No Violations or Areas of Concern reported
06/29/2010	07/06/2010	LEA Periodic	No Violations or Areas of Concern reported
05/28/2010	06/07/2010	LEA Periodic	No Violations or Areas of Concern reported
04/23/2010	05/19/2010	LEA Periodic	17867(a)(4)-Compost Contamination Areas of Concern
03/23/2010	04/06/2010	LEA Periodic	No Violations or Areas of Concern reported
02/25/2010	03/11/2010	LEA Periodic	No Violations or Areas of Concern reported
01/29/2010	02/09/2010	LEA Periodic	No Violations or Areas of Concern reported

Inspections Data Dictionary

Last updated: Data updated continuously.

.....  
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 Solid Waste Information System(SWIS), <http://www.CalRecycle.ca.gov/SWFacilities/Directory/>  
 Cody Oquendo, [Cody.Oquendo@CalRecycle.ca.gov](mailto:Cody.Oquendo@CalRecycle.ca.gov) (916) 341-6719

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# Appendix M—Waste Connections, Inc. Financial Information







WASTE CONNECTIONS, INC.  
*Connect with the Future®*

March 12, 2013

Richard F. Luthy Jr.  
Executive Director  
Napa-Vallejo Waste Management Authority  
1195 Third Street, Suite 101  
Napa, CA 94559

Attached please find consolidated, audited financial statements, including income and balance sheets for Waste Connections, Inc. (NYSE: WCN) and its subsidiaries, including Potrero Hills Landfill, Inc. (the proposing entity), covering the most recently completed three fiscal years and through the most recently completed quarter (Q4 2012). These financial statements were filed with Waste Connections, Inc.'s Annual report on Form 10-K, filed with the Securities and Exchange Commission on March 1, 2013. The full report is available on the SEC's website, [www.sec.gov](http://www.sec.gov), or at the following link:

<http://www.sec.gov/Archives/edgar/data/1057058/000119312513085841/d431432d10k.htm>.

The undersigned hereby confirms that there has been no material change in the financial circumstances of the proposing entity (or its parent company, Waste Connections, Inc.) since the date of the last audited statements.

Sincerely,

WORTHING F. JACKMAN  
Executive Vice President and Chief Financial Officer





# MAKING THE RIGHT MOVES



WASTE CONNECTIONS, INC.  
2011 ANNUAL REPORT

# DIFFERENTIATED MARKETS



## WESTERN REGION

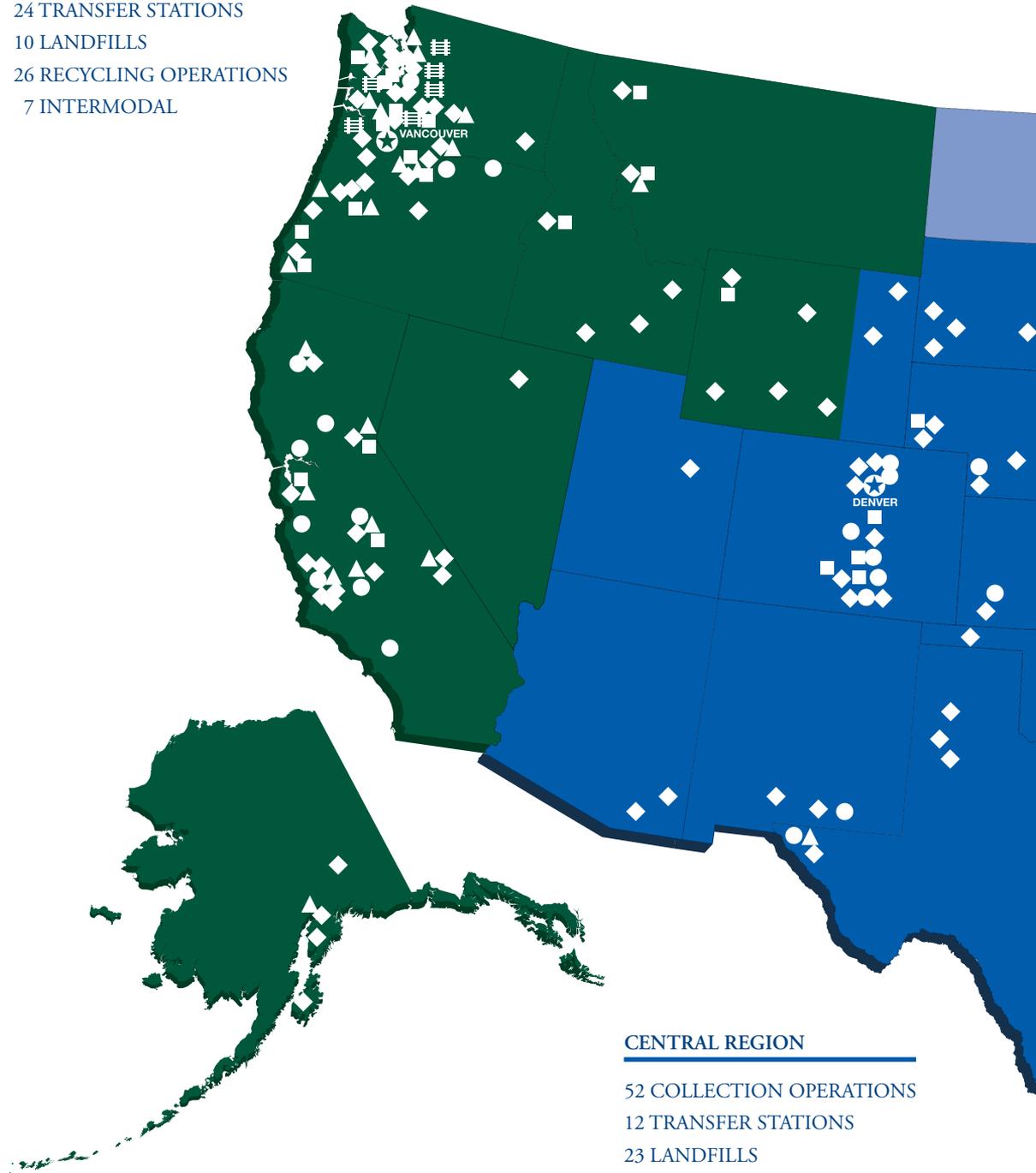
59 COLLECTION OPERATIONS

24 TRANSFER STATIONS

10 LANDFILLS

26 RECYCLING OPERATIONS

7 INTERMODAL



## CENTRAL REGION

52 COLLECTION OPERATIONS

12 TRANSFER STATIONS

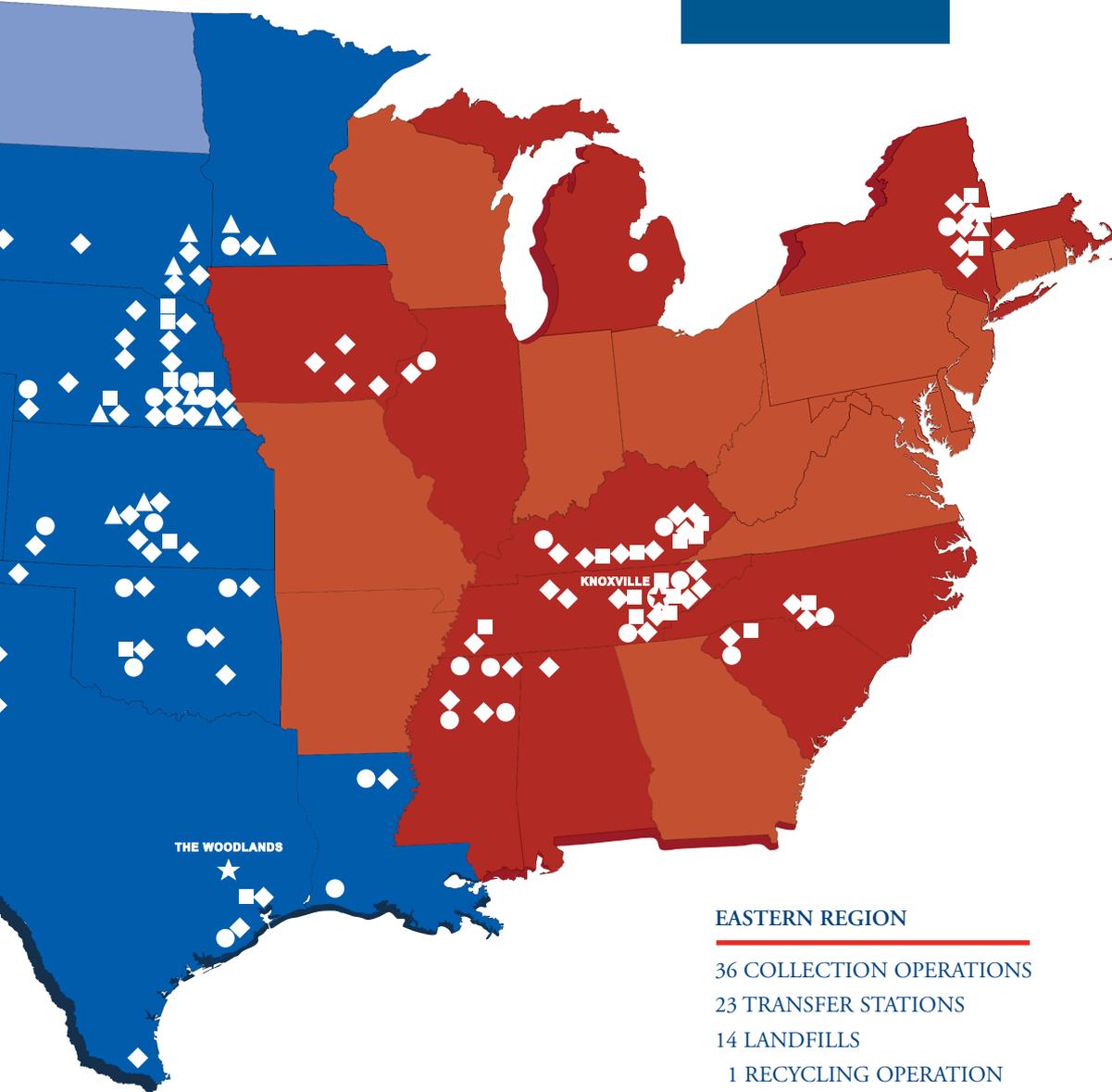
23 LANDFILLS

13 RECYCLING OPERATIONS

# DIFFERENTIATED RESULTS

## MAP LEGEND

- ◆ COLLECTION
- TRANSFER
- DISPOSAL
- ▲ RECYCLING
- ▤ INTERMODAL
- ⊕ REGIONAL OFFICE
- ★ CORPORATE HEADQUARTERS



## EASTERN REGION

- 36 COLLECTION OPERATIONS
- 23 TRANSFER STATIONS
- 14 LANDFILLS
- 1 RECYCLING OPERATION



## LETTER TO STOCKHOLDERS



*Making the Right Moves...* as important in business as in life. For Waste Connections, making the right moves involves market selection, capital deployment, a guiding set of operating values, personnel development, and corporate headquarters location. It also involves the tireless efforts of our 6,000 employees in making a positive impact on the customers and communities we are privileged to serve. Together, the *right moves* have resulted in superior financial performance and value creation for our stockholders.



Waste Connections is the premier provider of solid waste services in mostly exclusive and secondary markets across the United States. Our differentiated strategy targets markets that have strong demographic growth trends and where competitive barriers exist. Approximately half of our revenue is derived from markets where we have long-term, exclusive arrangements to provide our services.



We prefer to avoid highly competitive, large urban markets, where a punitive price/market share trade-off makes sustainable value creation difficult. Put simply, since solid waste is treated like a commodity in urban America, our market strategy seeks to avoid these areas. We have adhered to this strategy since our founding, and today our operations across 30 states generate the highest operating and free cash flow margins among U.S. publicly-traded solid waste companies.



Our results in 2011 once again demonstrated the benefits of our differentiated strategy within the solid waste industry. Revenue in 2011 grew 14.1% to \$1.51 billion, and net income, on an adjusted basis, increased 15.6% to \$167.6 million. Free cash flow was \$254.5 million, or \$2.24 per diluted share, up 23.1%.

We also deployed over \$480 million in 2011 for capital expenditures and acquisitions to reinvest in and expand our business. We signed or closed acquisitions with annualized revenue of approximately \$200 million, a single year record for us, including new market entries in Alaska and New York's Hudson Valley. We returned more than \$150 million of capital to stockholders through the repurchase of common stock and cash dividends, and increased our regular quarterly cash dividend by 20%.

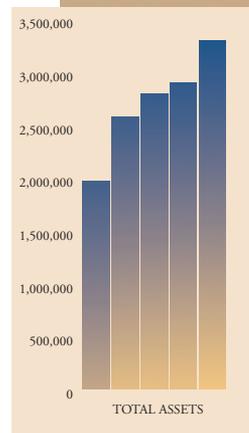
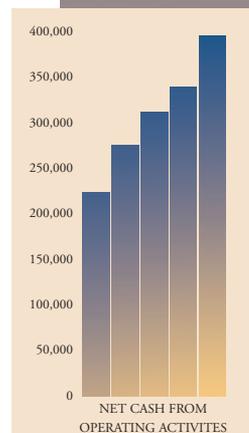
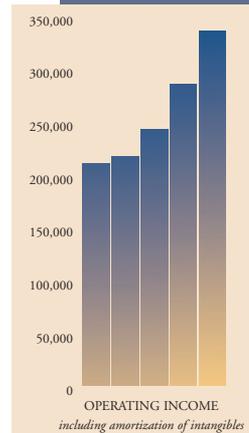
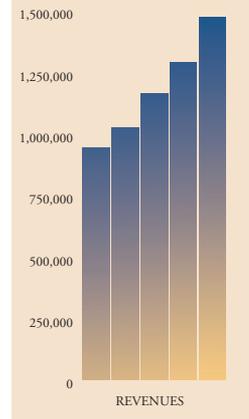
FIVE YEAR  
FINANCIAL  
HIGHLIGHTS  
(2007-2011;\$000s)

The strength of our financial profile was affirmed by S&P, who upgraded our credit rating to “BBB”, now among the highest within our sector.

Stockholders were again rewarded for these record results as our Total Shareholder Return, or TSR, in 2011 was 21.6%, compared to 2.1% for the S&P 500 Index and -7.6% for our solid waste industry peer group, making 2011 our eighth consecutive year for positive stockholder returns. For the five-year period ending December 31, 2011 (a period commencing before the start of the “Great Recession”), our TSR was 81.5%, easily outpacing the approximately -1.2% TSR for the S&P 500 Index and 11.6% for our solid waste industry peer group over the same period. Our free cash flow per diluted share, the measure that we believe is the best gauge of value creation, increased 143.5% over that same five-year period. The directional similarities in growth of our TSR and free cash flow per diluted share over both one and five-year periods confirm our belief in this correlation.

While our past successes provide a solid foundation for the future, we recognize that there are headwinds that will make 2012, our 15<sup>th</sup> anniversary, a challenging year. These stem primarily from recent declines in recycling commodity values, soaring fuel prices and dampened volume growth from the loss of lower-priced disposal volumes at one of our largest landfills. *Making the Right Moves* will again be key to our success in this environment. Pricing discipline, tight costs controls, employee development, and potential acquisitions will position us for continuing growth and margin expansion as these headwinds begin to dissipate in late 2012.

Headwinds or not, our operating values—Safety, Integrity, Customer Service, To Be a Great Place to Work, and To Be the Premier Solid Waste Services Company in the U.S.—guide our daily actions and decisions. As Safety is our #1 value, we are pleased to report that we had fewer incidents in 2011 than in 2003 when we were almost one-third of our current size. Please excuse the play on words...but this improvement was no accident. Our employees have the training, coaching, resources and incentives for continuous improvement. A “zero-incident” culture is the least we owe our families and communities.



*Making the Right Moves* for us in 2012 also includes the relocation of our corporate headquarters to The Woodlands, Texas. Our expanding geographic reach and expected continuing growth required us to make an objective assessment of the most effective location for our corporate headquarters. The Woodlands offers our employees a more centrally located, lower cost, business and tax friendly environment that should ideally position us for our next growth phase. California was a good location for the earlier stages of our Company. But The Woodlands provides better accessibility to our operations across 30 states and improved ability to attract and retain personnel.

Our stockholders should be pleased to know that the vast majority of our corporate employees plan to relocate. We think this speaks volumes for our culture, and we thank them for their commitment to Waste Connections.

Thank you for your continued support as we enter our 15th year.



Ronald J. Mittelstaedt  
CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER



Steven F. Bouck  
PRESIDENT

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 1-31507



WASTE CONNECTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

94-3283464  
(I.R.S. Employer Identification No.)

Waterway Plaza Two  
10001 Woodloch Forest Drive, Suite 400  
The Woodlands, Texas  
(Address of principal executive offices)

77380  
(Zip Code)

(832) 442-2200  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:  
Common Stock, par value \$0.01 per share      New York Stock Exchange  
(Title of each class)      (Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes       No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes       No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes       No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes       No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer                       Accelerated filer                       Non-accelerated filer                       Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes                       No

As of June 30, 2011, the aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant, based on the closing sales price for the registrant's common stock, as reported on the New York Stock Exchange, was \$3,569,021,781.

Number of shares of common stock outstanding as of January 20, 2012: 110,922,595

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2012 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

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WASTE CONNECTIONS, INC.  
ANNUAL REPORT ON FORM 10-K

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## PART I

### ITEM 1. BUSINESS

#### Our Company

Waste Connections, Inc. is an integrated solid waste services company that provides solid waste collection, transfer, disposal and recycling services in mostly exclusive and secondary markets in the U.S. We provide intermodal services for the rail haul movement of cargo and solid waste containers in the Pacific Northwest through a network of seven intermodal facilities. We also treat and dispose of non-hazardous waste that is generated in the exploration and production of oil and natural gas primarily at a facility in Southwest Louisiana. As of December 31, 2011, we served more than two million residential, commercial and industrial customers from a network of operations in 29 states: Alabama, Arizona, California, Colorado, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington and Wyoming. As of December 31, 2011, we owned or operated a network of 140 solid waste collection operations, 58 transfer stations, seven intermodal facilities, 39 recycling operations, 46 active landfills, and one exploration and production waste treatment and disposal facility.

We are a leading provider of solid waste services in most of our markets. We have focused on exclusive and secondary markets because we believe that those areas offer:

- opportunities to enter into exclusive arrangements;
- more competitive barriers to entry;
- less competition from larger solid waste services companies;
- projected economic and population growth rates that will contribute to the growth of our business; and
- a number of independent solid waste services companies suitable for acquisition.

Our senior management team has extensive experience in operating, acquiring and integrating solid waste services businesses, and we intend to continue to focus our efforts on balancing internal and acquisition-based growth. We anticipate that a part of our future growth will come from acquiring additional solid waste collection, transfer and disposal businesses and, therefore, we expect that additional acquisitions could continue to affect period-to-period comparisons of our operating results.

Waste Connections, Inc. is a Delaware corporation organized in 1997.

#### Our Operating Strategy

Our operating strategy seeks to improve financial returns and deliver superior stockholder value creation within the solid waste industry. We seek to avoid highly competitive, large urban markets and instead target markets where we can provide non-integrated or integrated solid waste services under exclusive arrangements or where we can operate on an integrated basis while attaining high market share. The key components of our operating strategy, which are tailored to the competitive and regulatory factors that affect our markets, are as follows:

Control the Waste Stream. In markets where waste collection services are provided under exclusive arrangements, or where waste disposal is municipally funded or available at multiple municipal sources, we believe that controlling the waste stream by providing collection services is often more important to our profitability and growth than owning or operating landfills. In addition, contracts in some Western U.S. markets in which we operate dictate the disposal facility to be used. The large size of many western states increases the cost of interstate and long haul disposal, heightening the effects of regulations that direct or otherwise restrict waste disposal, which may make it more difficult for a landfill to obtain the disposal volume necessary to operate profitably. In markets with these characteristics, we believe that landfill ownership or vertical integration is not as critical to our success.

Provide Vertically Integrated Services. In markets where we believe that owning landfills is a strategic element to a collection operation because of competitive and regulatory factors, we generally focus on providing integrated services, from collection through disposal of solid waste in landfills that we own or operate.

Manage on a Decentralized Basis. We manage our operations on a decentralized basis. This places decision-making authority close to the customer, enabling us to identify and address customers' needs quickly in a cost-effective manner. We believe that decentralization provides a low-overhead, highly efficient operational structure that allows us to expand into geographically contiguous markets and operate in relatively small communities that larger competitors may not find attractive. We believe that this

structure gives us a strategic competitive advantage, given the relatively rural nature of many of the markets in which we operate, and makes us an attractive buyer to many potential acquisition candidates.

As of December 31, 2011, we delivered our services from approximately 180 operating locations grouped into three regions: our Western Region is comprised of operating locations in California, Idaho, Montana, Nevada, Oregon, Washington and western Wyoming; our Central Region is comprised of operating locations in Arizona, Colorado, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah and eastern Wyoming; and our Eastern Region is comprised of operating locations in Alabama, Illinois, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, North Carolina, South Carolina and Tennessee. We manage and evaluate our business on the basis of the regions' geographic characteristics, interstate waste flow, revenue base, employee base, regulatory structure and acquisition opportunities. Each region has a regional vice president and a regional controller, reporting directly to our corporate management. These regional officers are responsible for operations and accounting in their regions and supervise their regional staff. See Note 15 to the consolidated financial statements for further information on our segment reporting of our operations.

Each operating location has a district or site manager who has a high degree of decision-making authority for his or her operations and is responsible for maintaining service quality, promoting safety, implementing marketing programs and overseeing day-to-day operations, including contract administration. Local managers also help identify acquisition candidates and are responsible for integrating acquired businesses into our operations and obtaining the permits and other governmental approvals required for us to operate.

Implement Operating Standards. We develop company-wide operating standards, which are tailored for each of our markets based on industry norms and local conditions. We implement cost controls and employee training and safety procedures and establish a sales and marketing plan for each market. By internalizing the waste stream of acquired operations, we can further increase operating efficiencies and improve capital utilization. We use a wide-area information system network, implement financial controls and consolidate certain accounting, personnel and customer service functions. While regional and district management operate with a high degree of autonomy, our executive officers monitor regional and district operations and require adherence to our accounting, purchasing, marketing and internal control policies, particularly with respect to financial matters. Our executive officers regularly review the performance of regional officers, district managers and operations. We believe we can improve the profitability of existing and newly acquired operations by establishing operating standards, closely monitoring performance and streamlining certain administrative functions.

#### Our Growth Strategy

We tailor the components of our growth strategy to the markets in which we operate and into which we hope to expand.

Obtain Additional Exclusive Arrangements. Our operations include market areas where we have exclusive arrangements, including franchise agreements, municipal contracts and governmental certificates, under which we are the exclusive service provider for a specified market. These exclusive rights and contractual arrangements create a barrier to entry that is usually obtained through the acquisition of a company with such exclusive rights or contractual arrangements or by winning a competitive bid.

We devote significant resources to securing additional franchise agreements and municipal contracts through competitive bidding and by acquiring other companies. In bidding for franchises and municipal contracts and evaluating acquisition candidates holding governmental certificates, our management team draws on its experience in the waste industry and knowledge of local service areas in existing and target markets. Our district management and sales and marketing personnel maintain relationships with local governmental officials within their service areas, maintain, renew and renegotiate existing franchise agreements and municipal contracts, and secure additional agreements and contracts while targeting acceptable financial returns. Our sales and marketing personnel also expand our presence into areas adjacent to or contiguous with our existing markets, and market additional services to existing customers. We believe our ability to offer comprehensive rail haul disposal services in the Pacific Northwest improves our competitive position in bidding for such contracts in that region.

Generate Internal Growth. To generate internal revenue growth, our district management and sales and marketing personnel focus on increasing market penetration in our current and adjacent markets, soliciting new residential, commercial and industrial customers in markets where such customers have the option to choose a particular waste collection service and marketing upgraded or additional services (such as compaction or automated collection) to existing customers. We also focus on raising prices and instituting surcharges, when appropriate, to offset cost increases. Where possible, we intend to leverage our franchise-based platforms to expand our customer base beyond our exclusive market territories. As customers are added in existing markets, our revenue per routed truck increases, which generally increases our collection efficiencies and profitability. In markets in which we have exclusive contracts, franchises and certificates, we expect internal volume growth generally to track population and business growth.

**Expand Through Acquisitions.** We intend to expand the scope of our operations by continuing to acquire solid waste companies in new markets and in existing or adjacent markets that are combined with or “tucked in” to our existing operations. We focus our acquisition efforts on markets that we believe provide significant growth opportunities for a well-capitalized market entrant and where we can create economic and operational barriers to entry by new competitors. This focus typically highlights markets in which we can either: (1) provide waste collection services under exclusive arrangements such as franchise agreements, municipal contracts and governmental certificates; or (2) gain a leading market position and provide vertically integrated collection and disposal services. We believe that our experienced management, decentralized operating strategy, financial strength, size and public company status make us an attractive buyer to certain solid waste collection and disposal acquisition candidates. We have developed an acquisition discipline based on a set of financial, market and management criteria to evaluate opportunities. Once an acquisition is closed, we seek to integrate it while minimizing disruption to our ongoing operations and those of the acquired business.

In new markets, we often use an initial acquisition as an operating base and seek to strengthen the acquired operation's presence in that market by providing additional services, adding new customers and making “tuck-in” acquisitions of other solid waste companies in that market or adjacent markets. We believe that many suitable “tuck-in” acquisition opportunities exist within our current and targeted market areas that may provide us with opportunities to increase our market share and route density.

The U.S. solid waste services industry experienced significant consolidation during the 1990s. The consolidation trend has continued, most notably with the merger between Republic Services, Inc. and Allied Waste Industries, Inc. in 2008 and the merger between IESI-BFC Ltd. and Waste Services, Inc. in 2010. In addition, Veolia Environnement S.A. recently announced its intention to divest its U.S. solid waste business. The solid waste services industry remains regional in nature with acquisition opportunities available in selected markets. Some of the remaining independent landfill and collection operators lack the capital resources, management skills and/or technical expertise necessary to comply with stringent environmental and other governmental regulations and compete with larger, more efficient, integrated operators. In addition, many of the remaining independent operators may wish to sell their businesses to achieve liquidity in their personal finances or as part of their estate planning. Due to the prevalence of exclusive arrangements, we believe the Western markets contain the largest and most attractive number of acquisition opportunities.

During the year ended December 31, 2011, we completed 13 acquisitions, none of which individually accounted for greater than 10% of our total assets. The total fair value of consideration transferred for the 13 acquisitions completed during the year ended December 31, 2011 was \$375.7 million. During the year ended December 31, 2010, we completed 19 acquisitions, none of which individually or in the aggregate accounted for greater than 10% of our total assets. During 2009, we completed the acquisition of 100% interests in certain operations from Republic Services, Inc. and some of its subsidiaries and affiliates (“Republic”) for an aggregate purchase price of \$377.1 million. The operations were divested as a result of Republic’s merger with Allied Waste Industries, Inc. During the year ended December 31, 2009, we completed six other acquisitions, none of which individually or in the aggregate accounted for greater than 10% of our total assets.

## **SOLID WASTE SERVICES**

### Residential, Commercial and Industrial Collection Services

We serve more than two million residential, commercial and industrial customers from operations in 29 states. Our services are generally provided under one of the following arrangements: (1) governmental certificates; (2) exclusive franchise agreements; (3) exclusive municipal contracts; (4) residential subscriptions; (5) residential contracts; or (6) commercial and industrial service agreements.

Governmental certificates, exclusive franchise agreements and exclusive municipal contracts grant us rights to provide services within specified areas at established rates. Governmental certificates, or G Certificates, are unique to the State of Washington. The Washington Utilities and Transportation Commission, or the WUTC, awards G Certificates to solid waste collection service providers in unincorporated areas and electing municipalities. These certificates typically grant the holder the exclusive and perpetual right to provide specific residential, commercial and/or industrial waste services in a defined territory at specified rates subject to divestiture and/or cancellation by the WUTC on specified, limited grounds. Franchise agreements typically provide an exclusive period of seven years or longer for a specified territory. These arrangements specify a broad range of services to be provided, establish rates for the services and often give the service provider a right of first refusal to extend the term of the agreement. Municipal contracts typically provide a shorter service period and a more limited scope of services than franchise agreements and generally require competitive bidding at the end of the contract term. We do not expect that the loss of any current contracts in negotiation for renewal or contracts likely to terminate in 2012 will have a material adverse effect on our revenues or cash flows. No single contract or customer accounted for more than 10% of our total revenues at the consolidated or reportable segment level for the years ended December 31, 2011, 2010 or 2009.

We provide residential solid waste services, other than those we perform under exclusive arrangements, under contracts with homeowners' associations, apartment owners, mobile home park operators or on a subscription basis with individual households. We set base residential fees on a contract basis primarily based on route density, the frequency and level of service, the distance to the disposal or processing facility, weight and type of waste collected, type of equipment and containers furnished, the cost of disposal or processing and prices charged by competitors in that market for similar services. Collection fees are paid either by the municipalities from tax revenues or directly by the residents receiving the services. We provide 20- to 96-gallon carts to residential customers.

We provide commercial and industrial services, other than those we perform under exclusive arrangements, under customer service agreements generally ranging from one to five years in duration. We determine fees under these agreements by such factors as collection frequency, level of service, route density, the type, volume and weight of the waste collected, type of equipment and containers furnished, the distance to the disposal or processing facility, the cost of disposal or processing and prices charged by competitors in our collection markets for similar services. Collection of larger volumes of commercial and industrial waste streams generally helps improve our operating efficiencies, and consolidation of these volumes allows us to negotiate more favorable disposal prices. We provide one- to ten-cubic yard containers to commercial customers and ten- to 50-cubic yard containers to industrial customers. For an additional fee, we install stationary compactors that compact waste prior to collection on the premises of large volume customers.

#### Landfill Disposal Services

We generally own solid waste landfills to achieve vertical integration in markets where the economic and regulatory environments make landfill ownership attractive. We also own landfills in certain markets where we do not provide collection services because we believe that the waste volume generated in these markets makes landfill ownership attractive. Where our operations are vertically integrated, we eliminate third-party disposal costs and generally realize higher margins and stronger operating cash flows. The fees charged at disposal facilities, which are known as tipping fees, are based on market factors and take into account the type and weight or volume of solid waste deposited and the type and size of the vehicles used to transport waste. Solid waste landfills over time generate a greenhouse gas, methane, which can be converted into a valuable source of clean energy. We deploy gas recovery systems to collect methane, which can then be used to generate electricity for local households, fuel local industrial power plants, power alternative fueled vehicles, or qualify for carbon emission credits.

Our landfill facilities consisted of the following at December 31, 2011:

Owned and operated landfills	35
Operated landfills under life-of-site agreements	5
Operated landfills under limited-term operating agreements	6
	<u>46</u>

We own landfills in California, Colorado, Illinois, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Nebraska, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Texas and Washington. In addition, we operate, but do not own, landfills in California, Mississippi, Nebraska, New Mexico and New York. With the exception of three landfills, two of which are located in Mississippi and one in Colorado, which only accept construction and demolition and other non-putrescible waste, all landfills that we own or operate are municipal solid waste landfills.

Under landfill operating agreements, the owner of the property, generally a municipality, usually owns the permit and we operate the landfill for a contracted term, which may be the life of the landfill. Where the contracted term is not the life of the landfill, the property owner is generally responsible for final capping, closure and post-closure obligations. We are responsible for all final capping, closure and post-closure obligations at four of our five operated landfills for which we have life-of-site agreements. Five of our six operating contracts for which the contracted term is less than the life of the landfill have expiration dates from 2012 to 2018, and we intend to seek renewal of these contracts prior to, or upon, their expiration. The remaining operating contract for which the contracted term is less than the life of the landfill is operated on a month-to-month basis.

Based on remaining permitted capacity as of December 31, 2011, and projected annual disposal volumes, the average remaining landfill life for our owned and operated landfills and landfills operated, but not owned, under life-of-site agreements, is estimated to be approximately 38 years. Many of our existing landfills have the potential for expanded disposal capacity beyond the amount currently permitted. We regularly consider whether it is advisable, in light of changing market conditions and/or regulatory requirements, to seek to expand or change the permitted waste streams or to seek other permit modifications. We also monitor the available permitted in-place disposal capacity of our landfills on an ongoing basis and evaluate whether to seek capacity expansion. In making this evaluation, we consider various factors, including the following:

- whether the land where the expansion is being sought is contiguous to the current disposal site, and we either own the expansion property or have rights to it under an option, purchase, operating or other similar agreement;
- whether total development costs, final capping costs, and closure/post-closure costs have been determined;
- whether internal personnel have performed a financial analysis of the proposed expansion site and have determined that it has a positive financial and operational impact;
- whether internal personnel or external consultants are actively working to obtain the necessary approvals to obtain the landfill expansion permit; and
- whether we consider it probable that we will achieve the expansion (for a pursued expansion to be considered probable, there must be no significant known technical, legal, community, business or political restrictions or similar issues existing that we believe are more likely than not to impair the success of the expansion).

We are currently seeking to expand permitted capacity at nine of our landfills for which we consider expansions to be probable. Although we cannot be certain that all future expansions will be permitted as designed, the average remaining landfill life for our owned and operated landfills and landfills operated, but not owned, under life-of-site agreements is estimated to be approximately 48 years when considering remaining permitted capacity, probable expansion capacity and projected annual disposal volume.

The following table reflects estimated landfill capacity and airspace changes, as measured in tons, for owned and operated landfills and landfills operated, but not owned, under life-of-site agreements (in thousands):

	<b>2011</b>			<b>2010</b>		
	<b>Permitted</b>	<b>Probable Expansion</b>	<b>Total</b>	<b>Permitted</b>	<b>Probable Expansion</b>	<b>Total</b>
Balance, beginning of year	531,905	133,324	665,229	526,088	119,227	645,315
Acquired landfills	1,846	4,000	5,846	21,710	-	21,710
Permits granted	12,047	(12,047)	-	5,426	(5,426)	-
Airspace consumed	(14,387)	-	(14,387)	(13,255)	-	(13,255)
Pursued expansions	-	16,537	16,537	-	-	-
Changes in engineering estimates	1,239	-	1,239	(8,064)	19,523	11,459
Balance, end of year	<u>532,650</u>	<u>141,814</u>	<u>674,464</u>	<u>531,905</u>	<u>133,324</u>	<u>665,229</u>

The estimated remaining operating lives for the landfills we own and landfills we operate under life-of-site agreements, based on remaining permitted and probable expansion capacity and projected annual disposal volume, in years, as of December 31, 2011, and December 31, 2010, are shown in the tables below. The estimated remaining operating lives include assumptions that the operating permits are renewed.

	<b>2011</b>						<b>Total</b>
	<b>0 to 5</b>	<b>6 to 10</b>	<b>11 to 20</b>	<b>21 to 40</b>	<b>41 to 50</b>	<b>51+</b>	
Owned and operated landfills	1	2	4	8	4	16	35
Operated landfills under life-of-site agreements	-	-	2	2	-	1	5
	<u>1</u>	<u>2</u>	<u>6</u>	<u>10</u>	<u>4</u>	<u>17</u>	<u>40</u>
	<b>2010</b>						<b>Total</b>
	<b>0 to 5</b>	<b>6 to 10</b>	<b>11 to 20</b>	<b>21 to 40</b>	<b>41 to 50</b>	<b>51+</b>	
Owned and operated landfills	2	1	4	7	3	18	35
Operated landfills under life-of-site agreements	-	-	-	3	-	1	4
	<u>2</u>	<u>1</u>	<u>4</u>	<u>10</u>	<u>3</u>	<u>19</u>	<u>39</u>

The disposal tonnage that we received in 2011 and 2010 at all of our landfills is shown in the tables below (tons in thousands):

	Three months ended								Twelve months ended December 31, 2011
	March 31, 2011		June 30, 2011		September 30, 2011		December 31, 2011		
	Number of Sites	Total Tons	Number of Sites	Total Tons	Number of Sites	Total Tons	Number of Sites	Total Tons	
Owned landfills and landfills operated under life-of-site agreements	39	3,059	39	3,592	40	4,134	40	3,602	14,387
Operated landfills	5	120	5	136	5	150	6	140	546
	<u>44</u>	<u>3,179</u>	<u>44</u>	<u>3,728</u>	<u>45</u>	<u>4,284</u>	<u>46</u>	<u>3,742</u>	<u>14,933</u>

	Three months ended								Twelve months ended December 31, 2010
	March 31, 2010		June 30, 2010		September 30, 2010		December 31, 2010		
	Number of Sites	Total Tons	Number of Sites	Total Tons	Number of Sites	Total Tons	Number of Sites	Total Tons	
Owned landfills and landfills operated under life-of-site agreements	38	2,853	38	3,324	39	3,775	39	3,303	13,255
Operated landfills	5	122	5	137	5	136	5	128	523
	<u>43</u>	<u>2,975</u>	<u>43</u>	<u>3,461</u>	<u>44</u>	<u>3,911</u>	<u>44</u>	<u>3,431</u>	<u>13,778</u>

In 2010, we renewed an operating agreement at one of our landfills which resulted in a term equal to the remaining life of the site. As a result, this landfill previously classified as operated is currently operated under a life-of-site agreement. We have restated all information above to reflect this change.

#### Transfer Station Services

We have an active program to acquire, develop, own and operate transfer stations in markets proximate to our collection operations. Transfer stations receive, compact and load solid waste to be transported to landfills via truck, rail or barge. Transfer stations extend our direct-haul reach and link collection operations with distant disposal facilities. We owned or operated 58 transfer stations at December 31, 2011. Currently, we own transfer stations in California, Colorado, Kansas, Kentucky, Montana, Nebraska, North Carolina, New York, Oklahoma, Oregon, South Carolina, Tennessee, Texas and Washington. In addition, we operate, but do not own, transfer stations in Idaho, Kentucky, Nebraska, Tennessee, Washington and Wyoming. We believe that transfer stations benefit us by:

- concentrating the waste stream from a wider area, which increases the volume of disposal at our landfill facilities and gives us greater leverage in negotiating more favorable disposal rates at other landfills;
- improving utilization of collection personnel and equipment; and
- building relationships with municipalities and private operators that deliver waste, which can lead to additional growth opportunities.

#### Recycling Services

We offer residential, commercial, industrial and municipal customers recycling services for a variety of recyclable materials, including cardboard, office paper, plastic containers, glass bottles and ferrous and aluminum metals. In addition, we have partnered with RecycleBank to introduce a customer loyalty and rewards program in certain markets to encourage customers to either recycle for the first time or increase their current recycling efforts. We own or operate 39 recycling processing operations and sell other collected recyclable materials to third parties for processing before resale. The majority of the recyclables we process for sale are paper products and are shipped to customers in Asia. Changes in end market demand can cause fluctuations in the prices for such commodities, which can affect revenue, operating income and cash flows. Certain of our municipal recycling contracts in Washington specify certain benchmark resale prices for recycled commodities. To the extent the prices we actually receive for the processed recycled commodities collected under those contracts exceed the prices specified in the contracts, we share the excess with the municipality, after recovering any previous shortfalls resulting from actual market prices falling below the prices specified in the contracts. To reduce our exposure to commodity price volatility and risk with respect to recycled materials, we have adopted a pricing strategy of charging collection and processing fees for recycling volume collected from third parties. We believe that recycling will

continue to be an important component of local and state solid waste management plans due to the public's increasing environmental awareness and expanding regulations that mandate or encourage recycling.

## **EXPLORATION AND PRODUCTION WASTE TREATMENT AND DISPOSAL SERVICES**

We treat and dispose of non-hazardous waste that is generated in the exploration and production, or E&P, of oil and natural gas primarily at a facility in Southwest Louisiana. E&P waste streams accepted at this permitted location include: saltwater, which is injected into on-site disposal wells; recovered hydrocarbons, which are sold for re-use; and soil, which is treated to remove hydrocarbons, salts, dissolved solids and heavy metals and then tested to ensure regulatory compliance. In addition, this facility accepts non-hazardous industrial wastes from local refineries and petrochemical plants. We also accept E&P waste soils and other hydrocarbon-contaminated soils and liquids at our solid waste landfills.

## **INTERMODAL SERVICES**

Intermodal logistics is the movement of containers using two or more modes of transportation, usually including a rail or truck segment. We entered the intermodal services business in the Pacific Northwest through the acquisition of Northwest Container Services, Inc., which provides repositioning, storage, maintenance and repair of cargo containers for international shipping companies. We provide these services for containerized cargo primarily to international shipping companies importing and exporting goods through the Pacific Northwest. We also operate two intermodal facilities primarily for the shipment of waste by rail to distant disposal facilities that we do not own. As of December 31, 2011, we owned or operated seven intermodal operations in Washington and Oregon. Our fleet of double-stack railcars provides dedicated direct-line haul services among terminals in Portland, Tacoma and Seattle. We have contracts with the Burlington Northern Santa Fe and Union Pacific railroads for the movement of containers among our seven intermodal operations. We also provide our customers container and chassis sales and leasing services.

We intend to further expand our intermodal business through cross-selling efforts with our solid waste services operations. We believe that a significant amount of solid waste is transported currently by truck, rail and barge from primarily the Seattle-Tacoma and Metro Portland areas to remote landfills in Eastern Washington and Eastern Oregon. We believe our ability to market both intermodal and disposal services will enable us to more effectively compete for these volumes.

## **COMPETITION**

The U.S. solid waste services industry is highly competitive and requires substantial labor and capital resources. In addition to us, the industry includes: two national, publicly-held solid waste companies – Waste Management, Inc. and Republic Services, Inc.; several regional, publicly-held and privately-owned companies; and several thousand small, local, privately-owned companies. Certain of the markets in which we compete or will likely compete are served by one or more large, national solid waste companies, as well as by numerous regional and local solid waste companies of varying sizes and resources, some of which we believe have accumulated substantial goodwill in their markets. We also compete with operators of alternative disposal facilities, including incinerators, and with counties, municipalities and solid waste districts that maintain their own waste collection and disposal operations. Public sector operators may have financial advantages over us because of their access to user fees and similar charges, tax revenues and tax-exempt financing.

We compete for collection, transfer and disposal volume based primarily on the price and, to a lesser extent, quality of our services. From time to time, competitors may reduce the price of their services in an effort to expand their market shares or service areas or to win competitively bid municipal contracts. These practices may cause us to reduce the price of our services or, if we elect not to do so, to lose business. We provide a significant amount of our residential, commercial and industrial collection services under exclusive franchise and municipal contracts and G Certificates. Exclusive franchises and municipal contracts may be subject to periodic competitive bidding.

The U.S. solid waste services industry has undergone significant consolidation, and we encounter competition in our efforts to acquire collection operations, transfer stations and landfills. We generally compete for acquisition candidates with publicly-owned regional and national waste management companies. Accordingly, it may become uneconomical for us to make further acquisitions or we may be unable to locate or acquire suitable acquisition candidates at price levels and on terms and conditions that we consider appropriate, particularly in markets we do not already serve. Competition in the disposal industry is also affected by the increasing national emphasis on recycling and other waste reduction programs, which may reduce the volume of waste deposited in landfills.

The intermodal services industry is also highly competitive. We compete against other intermodal rail services companies, trucking companies and railroads, many of which have greater financial and other resources than we do. Competition is based primarily on price, reliability and quality of service.

## **REGULATION**

### Introduction

Our operations, including landfills, solid waste transportation, transfer stations, intermodal operations, vehicle maintenance shops and fueling facilities are all subject to extensive and evolving federal, state and local environmental laws and regulations, the enforcement of which has become increasingly stringent. The environmental regulations that affect us are administered by the Environmental Protection Agency, or the EPA, and other federal, state and local environmental, zoning, health and safety agencies. The WUTC regulates the portion of our collection business in Washington performed under G Certificates. We currently comply in all material respects with applicable federal, state and local environmental laws, permits, orders and regulations. In addition, we attempt to anticipate future regulatory requirements and plan in advance as necessary to comply with them. We do not presently anticipate incurring any material costs to bring our operations into environmental compliance with existing or expected future regulatory requirements, although we can give no assurance that this will not change in the future.

Major federal, state and local statutes and regulations that apply to our operations are described generally below. Certain of the statutes described below contain provisions that authorize, under certain circumstances, lawsuits by private citizens to enforce the provisions of the statutes. In addition to penalties, some of those statutes authorize an award of attorneys' fees to parties that successfully bring such an action. Enforcement actions under these statutes may include both civil and criminal penalties, as well as injunctive relief in some instances.

### The Resource Conservation and Recovery Act of 1976, or RCRA

RCRA regulates the generation, treatment, storage, handling, transportation and disposal of solid waste and requires states to develop programs to ensure the safe disposal of solid waste. RCRA divides solid waste into two groups, hazardous and nonhazardous. Wastes are generally classified as hazardous if they either: (1) are specifically included on a list of hazardous wastes; or (2) exhibit certain characteristics defined as hazardous. Household wastes are specifically designated as nonhazardous. Wastes classified as hazardous under RCRA are subject to much stricter regulation than wastes classified as nonhazardous, and businesses that deal with hazardous waste are subject to regulatory obligations in addition to those imposed on handlers of nonhazardous waste. From time to time, our intermodal services business transports hazardous materials in compliance with federal transportation requirements. Some of our ancillary operations, such as vehicle maintenance operations, may generate hazardous wastes. We manage these wastes in substantial compliance with applicable laws.

In October 1991, the EPA adopted the Subtitle D Regulations governing solid waste landfills. The Subtitle D Regulations, which generally became effective in October 1993, include location restrictions, facility design standards, operating criteria, closure and post-closure requirements, financial assurance requirements, groundwater monitoring requirements, groundwater remediation standards and corrective action requirements. In addition, the Subtitle D Regulations require that new landfill sites meet more stringent liner design criteria (typically, composite soil and synthetic liners or two or more synthetic liners) intended to keep leachate out of groundwater and have extensive collection systems to carry away leachate for treatment prior to disposal. Groundwater monitoring wells must also be installed at virtually all landfills to monitor groundwater quality and, indirectly, the effectiveness of the leachate collection system. The Subtitle D Regulations also require, where certain regulatory thresholds are exceeded, that facility owners or operators control emissions of methane gas generated at landfills in a manner intended to protect human health and the environment. Each state is required to revise its landfill regulations to meet these requirements or such requirements will be automatically imposed by the EPA on landfill owners and operators in that state. Each state is also required to adopt and implement a permit program or other appropriate system to ensure that landfills in the state comply with the Subtitle D Regulations. Various states in which we operate or may operate in the future have adopted regulations or programs as stringent as, or more stringent than, the Subtitle D Regulations.

RCRA also regulates underground storage of petroleum and other regulated materials. RCRA requires registration, compliance with technical standards for tanks, release detection and reporting, and corrective action, among other things. Certain of our facilities and operations are subject to these requirements.

### The Federal Water Pollution Control Act of 1972, or the Clean Water Act

The Clean Water Act regulates the discharge of pollutants from a variety of sources, including solid waste disposal sites and transfer stations, into waters of the United States. If run-off from our owned or operated transfer stations or run-off or collected leachate from our owned or operated landfills is discharged into streams, rivers or other surface waters, the Clean Water Act would require us to apply for and obtain a discharge permit, conduct sampling and monitoring and, under certain circumstances, reduce the quantity of pollutants in such discharge. Also, virtually all landfills are required to comply with the EPA's storm water regulations

issued in November 1990, which are designed to prevent contaminated landfill storm water run-off from flowing into surface waters. We believe that our facilities comply in all material respects with the Clean Water Act requirements. Various states in which we operate or may operate in the future have been delegated authority to implement the Clean Water Act permitting requirements, and some of these states have adopted regulations that are more stringent than the federal Clean Water Act requirements. For example, states often require permits for discharges that may impact ground water as well as surface water.

#### The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or CERCLA

CERCLA established a regulatory and remedial program intended to provide for the investigation and cleanup of facilities where or from which a release of any hazardous substance into the environment has occurred or is threatened. CERCLA's primary mechanism for remedying such problems is to impose strict joint and several liability for cleanup of facilities on current owners and operators of the site, former owners and operators of the site at the time of the disposal of the hazardous substances, any person who arranges for the transportation, disposal or treatment of the hazardous substances, and the transporters who select the disposal and treatment facilities, regardless of the care exercised by such persons. CERCLA also imposes liability for the cost of evaluating and remedying any damage to natural resources. The costs of CERCLA investigation and cleanup can be very substantial. Liability under CERCLA does not depend on the existence or disposal of "hazardous waste" as defined by RCRA; it can also be based on the release of even very small amounts of the more than 700 "hazardous substances" listed by the EPA, many of which can be found in household waste. In addition, the definition of "hazardous substances" in CERCLA incorporates substances designated as hazardous or toxic under the federal Clean Water Act, Clean Air Act and Toxic Substances Control Act. If we were found to be a responsible party for a CERCLA cleanup, the enforcing agency could hold us, or any other generator, transporter or the owner or operator of the contaminated facility, responsible for all investigative and remedial costs, even if others were also liable. CERCLA also authorizes the imposition of a lien in favor of the United States on all real property subject to, or affected by, a remedial action for all costs for which a party is liable. Subject to certain procedural restrictions, CERCLA gives a responsible party the right to bring a contribution action against other responsible parties for their allocable shares of investigative and remedial costs. Our ability to obtain reimbursement from others for their allocable shares of such costs would be limited by our ability to find other responsible parties and prove the extent of their responsibility, their financial resources, and other procedural requirements. Various state laws also impose strict joint and several liability for investigation, cleanup and other damages associated with hazardous substance releases.

#### The Clean Air Act

The Clean Air Act, or CAA, generally, through state implementation of federal requirements, regulates emissions of air pollutants from certain landfills based on factors such as the date of the landfill construction and tons per year of emissions of regulated pollutants. Larger landfills and landfills located in areas where the ambient air does not meet certain requirements of the CAA may be subject to even more extensive air pollution controls and emission limitations. In addition, the EPA has issued standards regulating the disposal of asbestos-containing materials. Air permits may be required to construct gas collection and flaring systems and composting operations, and operating permits may be required, depending on the potential air emissions. State air regulatory programs may implement the federal requirements but may impose additional restrictions. For example, some state air programs uniquely regulate odor and the emission of toxic air pollutants. The EPA recently modified, or is in the process of modifying, standards promulgated under the CAA in a manner which could increase our compliance costs. For example, the EPA has recently modified or discussed modifying boiler emission standards, national ambient air quality standards applicable to particulate matter, carbon monoxide, and oxides of sulfur and nitrogen, and other standards to make them more stringent.

#### Climate Change Laws and Regulations

On September 27, 2006, California enacted AB 32, the Global Warming Solutions Act of 2006, which established the first statewide program in the United States to limit greenhouse gas, or GHG, emissions and impose penalties for non-compliance. Because landfill and collection operations emit GHGs, our operations in California are subject to regulations issued under AB 32. The California Air Resources Board, or CARB, has taken, and plans to take, various actions to implement AB 32, including the approval in December 2008 of an AB 32 Scoping Plan summarizing the main GHG-reduction strategies for California. CARB approved a landfill methane control measure, which became effective in June 2010, and this measure requires that certain uncontrolled landfills install gas collection and control systems and also sets operating standards for gas collection and control systems. In addition, CARB approved in December 2010 and revised in October 2011 regulations implementing a GHG cap-and-trade program, which is scheduled to begin imposing compliance obligations in 2013.

State climate change laws could also affect our non-California operations. For example, the Western Climate Initiative, which once included seven states and four Canadian provinces, has developed GHG reduction strategies, among them a GHG cap-and-trade program.

The EPA's regulation of GHG emissions under its CAA authority may also impact our operations. In 2009, the EPA made an endangerment finding allowing GHGs to be regulated under the CAA. The CAA requires stationary sources of air pollution to obtain New Source Review, or NSR, permits prior to construction and, in some cases, Title V operating permits. Pursuant to the EPA's rulemakings and interpretations, certain Title V and NSR Prevention of Significant Deterioration, or PSD, permits issued on or after January 2, 2011, must address GHG emissions. As a result, new or modified landfills may be required to install Best Available Control Technology to limit GHG emissions. The EPA may in the future promulgate CAA New Source Performance Standards applicable to landfills. The EPA's Mandatory Greenhouse Gas Reporting Rule sets monitoring, recordkeeping, and reporting requirements applicable to certain landfills and other entities.

These statutes and regulations increase the costs of our operations, and future climate change statutes and regulations may have an impact as well. If we are unable to pass such higher costs through to our customers, our business, financial condition and operating results could be adversely affected.

#### The Occupational Safety and Health Act of 1970, or the OSH Act

The OSH Act is administered by the Occupational Safety and Health Administration, or OSHA, and many state agencies whose programs have been approved by OSHA. The OSH Act establishes employer responsibilities for worker health and safety, including the obligation to maintain a workplace free of recognized hazards likely to cause death or serious injury, comply with adopted worker protection standards, maintain certain records, provide workers with required disclosures and implement certain health and safety training programs. Various OSHA standards may apply to our operations, including standards concerning notices of hazards, safety in excavation and demolition work, the handling of asbestos and asbestos-containing materials and worker training and emergency response programs.

#### Flow Control/Interstate Waste Restrictions

Certain permits and approvals and state and local regulations may limit a landfill's or transfer station's ability to accept waste that originates from specified geographic areas, import out-of-state waste or wastes originating outside the local jurisdictions or otherwise discriminate against non-local waste. These restrictions, generally known as flow control restrictions, are controversial, and some courts have held that some state and local flow control schemes violate constitutional limits on state or local regulation of interstate commerce, while other state and local flow control schemes do not. Certain state and local jurisdictions may seek to enforce flow control restrictions through local legislation or contractually. These actions could limit or prohibit the importation of out-of-state waste or direct that wastes be handled at specified facilities. Such actions could adversely affect our transfer stations and landfills. These restrictions could also result in higher disposal costs for our collection operations. If we were unable to pass such higher costs through to our customers, our business, financial condition and operating results could be adversely affected.

#### State and Local Regulations

Each state in which we now operate or may operate in the future has laws and regulations governing the generation, storage, treatment, handling, transportation and disposal of solid waste, occupational safety and health, water and air pollution and, in most cases, the siting, design, operation, maintenance, closure and post-closure maintenance of landfills and transfer stations. State and local permits and approval for these operations may be required and may be subject to periodic renewal, modification or revocation by the issuing agencies. In addition, many states have adopted statutes comparable to, and in some cases more stringent than, CERCLA. These statutes impose requirements for investigation and cleanup of contaminated sites and liability for costs and damages associated with such sites, and some provide for the imposition of liens on property owned by responsible parties.

Many municipalities also have enacted or could enact ordinances, local laws and regulations affecting our operations. These include zoning and health measures that limit solid waste management activities to specified sites or activities, flow control provisions that direct or restrict the delivery of solid wastes to specific facilities, laws that grant the right to establish franchises for collection services and bidding for such franchises, and bans or other restrictions on the movement of solid wastes into a municipality.

Various jurisdictions have enacted "fitness" regulations which allow agencies with authority over waste service contracts or permits to deny or revoke such contracts or permits based on the compliance history of the provider. Some jurisdictions also consider the compliance history of the parent, subsidiaries, or affiliated companies of the provider in making these decisions.

Permits or other land use approvals with respect to a landfill, as well as state or local laws and regulations, may specify the quantity of waste that may be accepted at the landfill during a given time period and/or the types of waste that may be accepted at the landfill. Once an operating permit for a landfill is obtained, it generally must be renewed periodically.

There has been an increasing trend at the state and local level to mandate and encourage waste reduction at the source and waste recycling, and to prohibit or restrict the disposal in landfills of certain types of solid wastes, such as yard wastes, leaves, tires, computers and other electronic equipment waste, and painted wood and other construction and demolition debris. The enactment of regulations reducing the volume and types of wastes available for transport to and disposal in landfills could prevent us from operating our facilities at their full capacity.

Some state and local authorities enforce certain federal requirements in addition to state and local laws and regulations. For example, in some states, local or state authorities enforce requirements of RCRA, the OSH Act and parts of the Clean Air Act and the Clean Water Act instead of the EPA or OSHA, as applicable, and in some states such laws are enforced jointly by state or local and federal authorities.

#### Public Utility Regulation

In some states, public authorities regulate the rates that landfill operators may charge. The adoption of rate regulation or the reduction of current rates in states in which we own or operate landfills could adversely affect our business, financial condition and operating results.

Solid waste collection services in all unincorporated areas of Washington and in electing municipalities in Washington are provided under G Certificates awarded by the WUTC. In association with the regulation of solid waste collection service levels in these areas, the WUTC also reviews and approves rates for regulated solid waste collection and transportation service.

### **RISK MANAGEMENT, INSURANCE AND FINANCIAL SURETY BONDS**

#### Risk Management

We maintain environmental and other risk management programs that we believe are appropriate for our business. Our environmental risk management program includes evaluating existing facilities and potential acquisitions for environmental law compliance. We do not presently expect environmental compliance costs to increase materially above current levels, but we cannot predict whether future acquisitions will cause such costs to increase. We also maintain a worker safety program that encourages safe practices in the workplace. Operating practices at our operations emphasize minimizing the possibility of environmental contamination and litigation. Our facilities comply in all material respects with applicable federal and state regulations.

#### Insurance

We have a high deductible insurance program for automobile liability, property, general liability, workers' compensation, employer's liability claims, employee group health insurance and employment practices liability. Our loss exposure for insurance claims is generally limited to per incident deductibles. Losses in excess of deductible levels are insured subject to policy limits. Under our current insurance program, we carry per incident deductibles of \$2 million for automobile liability claims, \$1.5 million for workers' compensation and employer's liability claims, \$1 million (\$2 million aggregate) for general liability claims, \$250,000 for employee group health insurance and employment practices liability, and primarily \$100,000 for property claims. Additionally, we have umbrella policies with third-party insurance companies for automobile liability, general liability and employer's liability. Since workers' compensation is a statutory coverage limited by the various state jurisdictions, the umbrella coverage is not applicable. Also, our umbrella policy does not cover property claims, as the insurance limits for these claims are in accordance with the replacement values of the insured property. From time to time, actions filed against us include claims for punitive damages, which are generally excluded from coverage under all of our liability insurance policies.

We carry environmental protection insurance which has a \$250,000 per incident deductible. This insurance policy covers all owned or operated landfills, certain transfer stations and other facilities. Subject to policy terms, insurance coverage is guaranteed for acquired and newly-constructed facilities, but each addition to the policy is underwritten on a site-specific basis and the premium is set according to the conditions found at the site. Our policy provides insurance for new pollution conditions that originate after the commencement of our coverage. Pollution conditions existing prior to the commencement of our coverage, if found, could be excluded from coverage.

#### Financial Surety Bonds

We use financial surety bonds for a variety of corporate guarantees. The financial surety bonds are primarily used for guaranteeing municipal contract performance and providing financial assurances to meet final capping, landfill closure and post-closure obligations as required under certain environmental regulations. In addition to surety bonds, such guarantees and obligations

may also be met through alternative financial assurance instruments, including insurance, letters of credit and restricted asset deposits. At December 31, 2011 and 2010, we had provided customers and various regulatory authorities with surety bonds in the aggregate amount of approximately \$243.3 million and \$221.7 million, respectively, to secure our landfill final capping, closure and post-closure requirements and \$68.7 million and \$63.9 million, respectively, to secure performance under collection contracts and landfill operating agreements.

We own a 9.9% interest in a company that, among other activities, issues financial surety bonds to secure final capping, landfill closure and post-closure obligations for companies operating in the solid waste sector, including a portion of our own.

## **EMPLOYEES**

At December 31, 2011, we employed 5,909 full-time employees, of which 750, or approximately 12.7% of our workforce, were employed under collective bargaining agreements, primarily with the Teamsters Union. These employees are subject to labor agreements that are renegotiated periodically. We have seven collective bargaining agreements covering 331 employees that are set to expire during 2012. We do not expect any significant disruption in our overall business in 2012 as a result of labor negotiations, employee strikes or organizational efforts.

## **SEASONALITY**

We expect our operating results to vary seasonally, with revenues typically lowest in the first quarter, higher in the second and third quarters and lower in the fourth quarter than in the second and third quarters. This seasonality reflects the lower volume of solid waste generated during the late fall, winter and early spring because of decreased construction and demolition activities during winter months in the U.S. We expect the fluctuation in our revenues between our highest and lowest quarters to be approximately 7% to 10%. In addition, some of our operating costs may be higher in the winter months. Adverse winter weather conditions slow waste collection activities, resulting in higher labor and operational costs. Greater precipitation in the winter increases the weight of collected waste, resulting in higher disposal costs, which are calculated on a per ton basis.

## EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information concerning our executive officers and key employee as of February 8, 2012:

<u>NAME</u>	<u>AGE</u>	<u>POSITIONS</u>
Ronald J. Mittelstaedt <sup>(1)</sup>	48	Chief Executive Officer and Chairman
Steven F. Bouck	54	President
Darrell W. Chambliss	47	Executive Vice President and Chief Operating Officer
Worthing F. Jackman	47	Executive Vice President and Chief Financial Officer
David G. Eddie	42	Senior Vice President and Chief Accounting Officer
David M. Hall	54	Senior Vice President – Sales and Marketing
James M. Little	50	Senior Vice President – Engineering and Disposal
Eric M. Merrill	59	Senior Vice President – People, Safety and Development
Eric O. Hansen	46	Vice President – Chief Information Officer
Jerri L. Hunt <sup>(2)</sup>	60	Vice President – Employee Relations
Scott I. Schreiber	55	Vice President – Disposal Operations
Patrick J. Shea	41	Vice President, General Counsel and Secretary
Gregory Thibodeaux	45	Vice President – Maintenance and Fleet Management
Richard K. Wojahn	54	Vice President – Business Development

<sup>(1)</sup> Member of the Executive Committee of the Board of Directors.

<sup>(2)</sup> Key employee.

Ronald J. Mittelstaedt has been Chief Executive Officer and a director of Waste Connections since the company was formed, and was elected Chairman in January 1998. Mr. Mittelstaedt also served as President from Waste Connections' formation through August 2004. Mr. Mittelstaedt has more than 23 years of experience in the solid waste industry. Mr. Mittelstaedt holds a B.A. degree in Business Economics with a finance emphasis from the University of California at Santa Barbara.

Steven F. Bouck has been President of Waste Connections since September 1, 2004. From February 1998 to that date, Mr. Bouck served as Executive Vice President and Chief Financial Officer. Mr. Bouck held various positions with First Analysis Corporation from 1986 to 1998, focusing on financial services to the environmental industry. Mr. Bouck holds B.S. and M.S. degrees in Mechanical Engineering from Rensselaer Polytechnic Institute, and an M.B.A. in Finance from the Wharton School.

Darrell W. Chambliss has been Executive Vice President and Chief Operating Officer of Waste Connections since October 2003. From October 1, 1997, to that date, Mr. Chambliss served as Executive Vice President – Operations. Mr. Chambliss has more than 22 years of experience in the solid waste industry. Mr. Chambliss holds a B.S. degree in Business Administration from the University of Arkansas.

Worthing F. Jackman has been Executive Vice President and Chief Financial Officer of Waste Connections since September 1, 2004. From April 2003 to that date, Mr. Jackman served as Vice President – Finance and Investor Relations. Mr. Jackman held various investment banking positions with Alex. Brown & Sons, now Deutsche Bank Securities, Inc., from 1991 through 2003, including most recently as a Managing Director within the Global Industrial & Environmental Services Group. In that capacity, he provided capital markets and strategic advisory services to companies in a variety of sectors, including solid waste services. Mr. Jackman serves as a director for Quanta Services, Inc. He holds a B.S. degree in Finance from Syracuse University and an M.B.A. from the Harvard Business School.

David G. Eddie has been Senior Vice President and Chief Accounting Officer of Waste Connections since January 2011. From February 2010 to that date, Mr. Eddie served as Vice President – Chief Accounting Officer. From March 2004 to February 2010, Mr. Eddie served as Vice President – Corporate Controller. From April 2003 to February 2004, Mr. Eddie served as Vice President – Public Reporting and Compliance. From May 2001 to March 2003, Mr. Eddie served as Director of Finance. Mr. Eddie served as Corporate Controller for International Fibercom, Inc. from April 2000 to May 2001. From September 1999 to April 2000, Mr. Eddie served as Waste Connections' Manager of Financial Reporting. From September 1994 to September 1999, Mr. Eddie held various positions, including Audit Manager, for PricewaterhouseCoopers LLP. Mr. Eddie is a Certified Public Accountant and holds a B.S. degree in Accounting from California State University, Sacramento.

David M. Hall has been Senior Vice President – Sales and Marketing of Waste Connections since October 2005. From August 1998 to that date, Mr. Hall served as Vice President – Business Development. Mr. Hall has more than 24 years of experience in the solid waste industry with extensive operating and marketing experience in the Western U.S. Mr. Hall received a B.S. degree in Management and Marketing from Missouri State University.

James M. Little has been Senior Vice President – Engineering and Disposal of Waste Connections since February 2009. From September 1999 to that date, Mr. Little served as Vice President – Engineering. Mr. Little held various management positions with Waste Management, Inc. (formerly USA Waste Services, Inc., which acquired Waste Management, Inc. and Chambers Development Co. Inc.) from April 1990 to September 1999, including Regional Environmental Manager and Regional Landfill Manager, and most recently Division Manager in Ohio, where he was responsible for the operations of ten operating companies in the Northern Ohio area. Mr. Little is a certified professional geologist and holds a B.S. degree in Geology from Slippery Rock University.

Eric M. Merrill has been Senior Vice President – People, Safety and Development of Waste Connections since January 2009. From June 2007 to that date, Mr. Merrill served as Senior Vice President – People, Training and Development. Mr. Merrill joined us in 1998 and since 2000 had served as Regional Vice President – Pacific Northwest Region. Mr. Merrill has over 24 years of experience in the solid waste industry. He holds a B.S. degree in Accounting from the University of Oregon.

Eric O. Hansen has been Vice President – Chief Information Officer of Waste Connections since July 2004. From January 2001 to that date, Mr. Hansen served as Vice President – Information Technology. From April 1998 to December 2000, Mr. Hansen served as Director of Management Information Systems. Mr. Hansen holds a B.S. degree from Portland State University.

Jerri L. Hunt has been Vice President – Employee Relations of Waste Connections since June 2007. Ms. Hunt previously served as Vice President – Human Resources from May 2002 to June 2007, and as Vice President – Human Resources and Risk Management from December 1999 to April 2002. From 1994 to 1999, Ms. Hunt held various positions with First Union National Bank (including the Money Store, which was acquired by First Union National Bank), most recently Vice President of Human Resources. From 1989 to 1994, Ms. Hunt served as Manager of Human Resources and Risk Management for Browning-Ferris Industries, Inc. Ms. Hunt also served as a Human Resources Supervisor for United Parcel Service from 1976 to 1989. She holds a B.S. degree from California State University, Sacramento, and a Master’s degree in Human Resources from Golden Gate University.

Scott I. Schreiber has been Vice President – Disposal Operations of Waste Connections since February 2009. From October 1998 to that date, Mr. Schreiber served as Director of Landfill Operations. Mr. Schreiber has more than 32 years of experience in the solid waste industry. From September 1993 to September 1998, Mr. Schreiber served as corporate Director of Landfill Development and corporate Director of Environmental Compliance for Allied Waste Industries, Inc. From August 1988 to September 1993, Mr. Schreiber served as Regional Engineer (Continental Region) and corporate Director of Landfill Development for Laidlaw Waste Systems Inc. From June 1979 to August 1988, Mr. Schreiber held several managerial and technical positions in the solid waste and environmental industry. Mr. Schreiber holds a B.S. degree in Chemistry from the University of Wisconsin at Parkside.

Patrick J. Shea has been Vice President, General Counsel and Secretary of Waste Connections since February 2009. From February 2008 to that date, Mr. Shea served as General Counsel and Secretary. He served as Corporate Counsel from February 2004 to February 2008. Mr. Shea practiced corporate and securities law with Brobeck, Phleger & Harrison LLP in San Francisco from 1999 to 2003 and Winthrop, Stimson, Putnam & Roberts (now Pillsbury Winthrop Shaw Pittman LLP) in New York and London from 1995 to 1999. Mr. Shea holds a B.S. degree in Managerial Economics from the University of California at Davis and a J.D. degree from Cornell University.

Gregory Thibodeaux has been Vice President – Maintenance and Fleet Management of Waste Connections since January 2011. From January 2000 to that date, Mr. Thibodeaux served as Director of Maintenance. Mr. Thibodeaux has more than 26 years of experience in the solid waste industry having held various management positions with Browning Ferris Industries, Sanifill, and USA Waste Services, Inc. Before coming to Waste Connections, Mr. Thibodeaux served as corporate Director of Maintenance for Texas Disposal Systems.

Richard K. Wojahn has been Vice President – Business Development of Waste Connections since February 2009. From September 2005 to that date, Mr. Wojahn served as Director of Business Development. Mr. Wojahn served as Vice President of Operations for Mountain Jack Environmental Services, Inc. (which was acquired by Waste Connections in September 2005) from January 2004 to September 2005. Mr. Wojahn has more than 30 years of experience in the solid waste industry having held various management positions with Waste Management, Inc. and Allied Waste Industries, Inc. Mr. Wojahn attended Western Illinois University.

## **AVAILABLE INFORMATION**

Our corporate website address is <http://www.wasteconnections.com>. The information on our website is not incorporated by reference in this annual report on Form 10-K. We make our reports on Forms 10-K, 10-Q and 8-K and any amendments to such reports available on our website free of charge as soon as reasonably practicable after we file them with or furnish them to the Securities and Exchange Commission, or SEC. The public may read and copy any materials we file with the SEC at the SEC’s Public

Reference Room at 100 F Street, NE, Washington, DC, 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

## ITEM 1A. RISK FACTORS

Certain statements contained in this Annual Report on Form 10-K are forward-looking in nature, including statements related to our ability to provide adequate cash to fund our operating activities, our ability to draw on our credit facility or raise additional capital, the impact of global economic conditions on our volume, business and results of operations, the effects of landfill special waste projects on volume results, the effects of seasonality on our business and results of operations, demand for recyclable commodities and recyclable commodity pricing, completion of the Alaska Waste acquisition and the expected timing thereof, the impact of the relocation of our corporate headquarters to The Woodlands, Texas, our expectations with respect to capital expenditures, and our expectations with respect to the purchase of fuel and fuel prices. These statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” or “anticipates,” or the negative thereof or comparable terminology, or by discussions of strategy.

Our business and operations are subject to a variety of risks and uncertainties and, consequently, actual results may differ materially from those projected by any forward-looking statements. Factors that could cause actual results to differ from those projected include, but are not limited to, those listed below and elsewhere in this report. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances that may change.

### Risks Related to Our Business

#### Our acquisitions may not be successful, resulting in changes in strategy, operating losses or a loss on sale of the business acquired.

Even if we are able to make acquisitions on advantageous terms and are able to integrate them successfully into our operations and organization, some acquisitions may not fulfill our objectives in a given market due to factors that we cannot control, such as market position, customer base, third party legal challenges or governmental actions. See discussion regarding the Solano County, California Measure E/Landfill Expansion Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report. As a result, operating margins could be less than we originally anticipated when we made those acquisitions. In addition, we may change our strategy with respect to that market or those businesses and decide to sell the operations at a loss, or keep those operations and recognize an impairment of goodwill and/or intangible assets. Similar risks may affect contracts that we are awarded to operate municipally-owned assets, such as landfills. See discussion regarding the Colonie, New York Landfill Privatization Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report.

#### A portion of our growth and future financial performance depends on our ability to integrate acquired businesses into our organization and operations.

A component of our growth strategy involves achieving economies of scale and operating efficiencies by growing through acquisitions. We may not achieve these goals unless we effectively combine the operations of acquired businesses with our existing operations. Similar risks may affect contracts that we are awarded to operate municipally-owned assets, such as landfills. In addition, we are not always able to control the timing of our acquisitions. Our inability to complete acquisitions within the time frames that we expect may cause our operating results to be less favorable than expected, which could cause our stock price to decline.

#### Competition for acquisition candidates, consolidation within the waste industry and economic and market conditions may limit our ability to grow through acquisitions.

Most of our growth since our inception has been through acquisitions. Although we have identified numerous acquisition candidates that we believe are suitable, we may not be able to acquire them at prices or on terms and conditions favorable to us.

Other companies have adopted or may in the future adopt our strategy of acquiring and consolidating regional and local businesses. We expect that increased consolidation in the solid waste services industry will continue to reduce the number of attractive acquisition candidates. Moreover, general economic conditions and the environment for attractive investments may affect the desire of the owners of acquisition candidates to sell their companies. As a result, we may have fewer acquisition opportunities and those opportunities may be on less attractive terms than in the past, which could cause a reduction in our rate of growth from acquisitions.

Our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so. While we expect we will be able to fund some of our acquisitions with our existing resources, additional financing to pursue additional acquisitions may be required. However, if market conditions deteriorate, we may be unable to secure additional financing or any such

additional financing may be available to us on unfavorable terms, which could have an impact on our flexibility to pursue additional acquisition opportunities and maintain our desired level of revenue growth in the future. In addition, disruptions in the capital and credit markets could adversely affect our ability to draw on our credit facility. Our access to funds under the credit facility is dependent on the ability of the banks that are parties to the facility to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time.

We may be unable to compete effectively with larger and better capitalized companies, companies with lower return expectations, and governmental service providers.

Our industry is highly competitive and requires substantial labor and capital resources. Some of the markets in which we compete or will likely compete are served by one or more large, national companies, as well as by regional and local companies of varying sizes and resources, some of which we believe have accumulated substantial goodwill in their markets. Some of our competitors may also be better capitalized than we are, have greater name recognition than we do, or be able to provide or be willing to bid their services at a lower price than we may be willing to offer. Our inability to compete effectively could hinder our growth or negatively impact our operating results.

We also compete with counties, municipalities and solid waste districts that maintain or could in the future choose to maintain their own waste collection and disposal operations, including through the implementation of flow control ordinances or similar legislation. These operators may have financial advantages over us because of their access to user fees and similar charges, tax revenues and tax-exempt financing.

We may lose contracts through competitive bidding, early termination or governmental action.

We derive a significant portion of our revenues from market areas where we have exclusive arrangements, including franchise agreements, municipal contracts and G Certificates. Many franchise agreements and municipal contracts are for a specified term and are or will be subject to competitive bidding in the future. For example, we have approximately 255 contracts, representing approximately 3.4% of our annual revenues, which are set for expiration or automatic renewal on or before December 31, 2012. Although we intend to bid on additional municipal contracts and franchise agreements, we may not be the successful bidder. In addition, some of our customers, including municipalities, may terminate their contracts with us before the end of the terms of those contracts. Similar risks may affect contracts that we are awarded to operate municipally-owned assets, such as landfills. See discussion regarding the Colonie, New York Landfill Privatization Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report.

Governmental action may also affect our exclusive arrangements. Municipalities may annex unincorporated areas within counties where we provide collection services. As a result, our customers in annexed areas may be required to obtain services from competitors that have been franchised by the annexing municipalities to provide those services. In addition, municipalities in which we provide services on a competitive basis may elect to franchise those services. Unless we are awarded franchises by these municipalities, we will lose customers. Municipalities may also decide to provide services to their residents themselves, on an optional or mandatory basis, causing us to lose customers. Municipalities in Washington may, by law, annex any unincorporated territory, which could remove such territory from an area covered by a G Certificate issued to us by the WUTC. Such occurrences could subject more of our Washington operations to competitive bidding. Moreover, legislative action could amend or repeal the laws governing WUTC regulation, which could harm our competitive position by subjecting more areas to competitive bidding and/or overlapping service. If we are not able to replace revenues from contracts lost through competitive bidding or early termination or from the renegotiation of existing contracts with other revenues within a reasonable time period, our revenues could decline.

Price increases may not be adequate to offset the impact of increased costs or may cause us to lose volume.

We seek to secure price increases necessary to offset increased costs, to improve operating margins and to obtain adequate returns on our deployed capital. Contractual, general economic or market-specific conditions may limit our ability to raise prices. As a result of these factors, we may be unable to offset increases in costs, improve operating margins and obtain adequate investment returns through price increases. We may also lose volume to lower-cost competitors.

Economic downturns adversely affect operating results.

Negative effects of a weak economy include decreases in volume generally associated with the construction industry, reduced personal consumption and declines in recycled commodity prices. In an economic slowdown, we also experience the negative effects of increased competitive pricing pressure, customer turnover, and reductions in customer service requirements. Worsening economic

conditions or a prolonged or recurring economic recession could adversely affect our operating results and expected seasonal fluctuations. Further, we cannot assure you that an improvement in economic conditions after such a downturn will result in an immediate, if at all positive, improvement in our operating results or cash flows.

Our results are vulnerable to economic conditions and seasonal factors affecting the regions in which we operate.

Our business and financial results would be harmed by downturns in the general economy of the regions in which we operate and other factors affecting those regions, such as state regulations affecting the solid waste services industry and severe weather conditions. Based on historic trends, we expect our operating results to vary seasonally, with revenues typically lowest in the first quarter, higher in the second and third quarters, and lower in the fourth quarter than in the second and third quarters. We expect the fluctuation in our revenues between our highest and lowest quarters to be approximately 7% to 10%. This seasonality reflects the lower volume of solid waste generated during the late fall, winter and early spring because of decreased construction and demolition activities during the winter months in the U.S. In addition, some of our operating costs may be higher in the winter months. Adverse winter weather conditions slow waste collection activities, resulting in higher labor and operational costs. Greater precipitation in the winter increases the weight of collected waste, resulting in higher disposal costs, which are calculated on a per ton basis. Because of these factors, we expect operating income to be generally lower in the winter months, and our stock price may be negatively affected by these variations.

We may be subject in the normal course of business to judicial, administrative or other third party proceedings that could interrupt or limit our operations, require expensive remediation, result in adverse judgments, settlements or fines and create negative publicity.

Governmental agencies may, among other things, impose fines or penalties on us relating to the conduct of our business, attempt to revoke or deny renewal of our operating permits, franchises or licenses for violations or alleged violations of environmental laws or regulations or as a result of third party challenges, require us to install additional pollution control equipment or require us to remediate potential environmental problems relating to any real property that we or our predecessors ever owned, leased or operated or any waste that we or our predecessors ever collected, transported, disposed of or stored. Individuals, citizens groups, trade associations or environmental activists may also bring actions against us in connection with our operations that could interrupt or limit the scope of our business. Any adverse outcome in such proceedings could harm our operations and financial results and create negative publicity, which could damage our reputation, competitive position and stock price.

Increases in the price of fuel may adversely affect our business and reduce our operating margins.

The market price of fuel is volatile and rose substantially in recent years before falling with the general economic downturn in late 2008, but again rose during 2009, 2010 and 2011. We generally purchase diesel fuel at market prices, and such prices have fluctuated significantly. A significant increase in our fuel cost could adversely affect our business and reduce our operating margins and reported earnings. To manage a portion of this risk, we have entered into fuel hedge agreements related to forecasted diesel fuel purchases and may also enter into fixed-price fuel purchase contracts. During periods of falling diesel fuel prices, our hedge payable positions may increase and it may become more expensive to purchase fuel under fixed-price fuel purchase contracts than at market prices.

Increases in labor and disposal and related transportation costs could impact our financial results.

Our continued success will depend on our ability to attract and retain qualified personnel. We compete with other businesses in our markets for qualified employees. From time to time, the labor supply is tight in some of our markets. A shortage of qualified employees would require us to enhance our wage and benefits packages to compete more effectively for employees, to hire more expensive temporary employees or to contract for services with more expensive third-party vendors. The relocation of our corporate headquarters from California to Texas, discussed in greater detail in Note 10 of our consolidated financial statements included in Item 8 of this report, may temporarily exacerbate this risk. Labor is one of our highest costs and relatively small increases in labor costs per employee could materially affect our cost structure. If we fail to attract and retain qualified employees, control our labor costs during periods of declining volumes, or recover any increased labor costs through increased prices we charge for our services or otherwise offset such increases with cost savings in other areas, our operating margins could suffer. Disposal and related transportation costs are our second highest cost category. If we incur increased disposal and related transportation costs to dispose of solid waste, and if, in either case, we are unable to pass these costs on to our customers, our operating results would suffer.

Efforts by labor unions could divert management attention and adversely affect operating results.

From time to time, labor unions attempt to organize our employees. Some groups of our employees are represented by unions, and we have negotiated collective bargaining agreements with most of these groups. We are currently engaged in negotiations with

other groups of employees represented by unions. Additional groups of employees may seek union representation in the future. As a result of these activities, we may be subjected to unfair labor practice charges, complaints and other legal and administrative proceedings initiated against us by unions or the National Labor Relations Board, which could negatively impact our operating results. Negotiating collective bargaining agreements with these groups could divert management attention, which could also adversely affect operating results. If we are unable to negotiate acceptable collective bargaining agreements, we might have to wait through “cooling off” periods, which are often followed by union-initiated work stoppages, including strikes. Furthermore, any significant work stoppage or slowdown at ports or by railroad workers could reduce or interrupt the flow of cargo containers through our intermodal facilities. Depending on the type and duration of any labor disruptions, our operating expenses could increase significantly, which could adversely affect our financial condition, results of operations and cash flows.

We could face significant withdrawal liability if we withdraw from participation in one or more underfunded multiemployer pension plans in which we participate.

We participate in various “multiemployer” pension plans administered by employee and union trustees. We make periodic contributions to these plans pursuant to our various contractual obligations to do so. In the event that we withdraw from participation in or otherwise cease our contributions to one of these plans, then applicable law regarding withdrawal liability could require us to make additional contributions to the plan if it is underfunded, and we would have to reflect that as an expense in our consolidated statement of operations and as a liability on our consolidated balance sheet. Our withdrawal liability for any multiemployer plan would depend on the extent of the plan's funding of vested benefits. In the ordinary course of our renegotiation of collective bargaining agreements with labor unions that participate in these plans, we may decide to discontinue participation in a plan, and in that event, we could face a withdrawal liability. Some multiemployer plans in which we participate may from time to time have significant underfunded liabilities. Such underfunding could increase the size of our potential withdrawal liability.

Increases in insurance costs and the amount that we self-insure for various risks could reduce our operating margins and reported earnings.

We maintain high deductible insurance policies for automobile, general, employer’s, environmental and directors’ and officers’ liability as well as for employee group health insurance, property insurance and workers’ compensation. We carry umbrella policies for certain types of claims to provide excess coverage over the underlying policies and per incident deductibles. The amounts that we self-insure could cause significant volatility in our operating margins and reported earnings based on the occurrence and claim costs of incidents, accidents, injuries and adverse judgments. Our insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by our management with assistance from our third-party actuary and our third-party claims administrator. To the extent these estimates are inaccurate, we may recognize substantial additional expenses in future periods that would reduce operating margins and reported earnings. From time to time, actions filed against us include claims for punitive damages, which are generally excluded from coverage under all of our liability insurance policies. A punitive damage award could have an adverse effect on our reported earnings in the period in which it occurs. Significant increases in premiums on insurance that we retain also could reduce our margins.

Our indebtedness could adversely affect our financial condition; we may incur substantially more debt in the future.

As of December 31, 2011, we had \$1.18 billion of total indebtedness outstanding. We may incur substantial additional debt in the future. The incurrence of substantial additional indebtedness could have important consequences to you. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to obtain additional financing or refinancings at attractive rates;
- require the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, thereby reducing the availability of such cash flow to fund our growth strategy, working capital, capital expenditures, dividends, share repurchases and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry; and
- place us at a competitive disadvantage relative to our competitors with less debt.

Each business that we acquire or have acquired may have liabilities or risks that we fail or are unable to discover, including environmental liabilities.

It is possible that the corporate entities or sites we have acquired, or which we may acquire in the future, have liabilities or risks in respect of former or existing operations or properties, or otherwise, which we have not been able to identify and assess through our due diligence investigations. As a successor owner, we may be legally responsible for those liabilities that arise from businesses that we acquire. Even if we obtain legally enforceable representations, warranties and indemnities from the sellers of such businesses, they

may not cover the liabilities fully or the sellers may not have sufficient funds to perform their obligations. Some environmental liabilities, even if we do not expressly assume them, may be imposed on us under various regulatory schemes and other applicable laws. In addition, our insurance program may not cover such sites and will not cover liabilities associated with some environmental issues that may have existed prior to attachment of coverage. A successful uninsured claim against us could harm our financial condition or operating results. Additionally, there may be other risks of which we are unaware that could have an adverse affect on businesses that we acquire or have acquired. For example, interested parties may bring actions against us in connection with operations that we acquire or have acquired. Any adverse outcome in such proceedings could harm our operations and financial results and create negative publicity, which could damage our reputation, competitive position and stock price.

Liabilities for environmental damage may adversely affect our financial condition, business and earnings.

We may be liable for any environmental damage that our current or former facilities cause, including damage to neighboring landowners or residents, particularly as a result of the contamination of soil, groundwater or surface water, and especially drinking water, or to natural resources. We may be liable for damage resulting from conditions existing before we acquired these facilities. We may also be liable for any on-site environmental contamination caused by pollutants or hazardous substances whose transportation, treatment or disposal we or our predecessors arranged or conducted. If we were to incur liability for environmental damage, environmental cleanups, corrective action or damage not covered by insurance or in excess of the amount of our coverage, our financial condition or operating results could be materially adversely affected.

Our accruals for our landfill site closure and post-closure costs may be inadequate.

We are required to pay capping, closure and post-closure maintenance costs for landfill sites that we own and operate. We are also required to pay capping, closure and post-closure maintenance costs for four of our five operated landfills for which we have life-of-site agreements. Our obligations to pay closure or post-closure costs may exceed the amount we have accrued and reserved and other amounts available from funds or reserves established to pay such costs. In addition, the completion or closure of a landfill site does not end our environmental obligations. After completion or closure of a landfill site, there exists the potential for unforeseen environmental problems to occur that could result in substantial remediation costs. Paying additional amounts for closure or post-closure costs and/or for environmental remediation could harm our financial condition or operating results.

The financial soundness of our customers could affect our business and operating results.

As a result of the disruptions in the financial markets and other macro-economic challenges currently affecting the economy of the United States and other parts of the world, our customers may experience cash flow concerns. As a result, if customers' operating and financial performance deteriorates, or if they are unable to make scheduled payments or obtain credit, customers may not be able to pay, or may delay payment of, accounts receivable owed to us. Any inability of current and/or potential customers to pay us for services may adversely affect our financial condition, results of operations and cash flows.

We depend significantly on the services of the members of our senior, regional and district management team, and the departure of any of those persons could cause our operating results to suffer.

Our success depends significantly on the continued individual and collective contributions of our senior, regional and district management team. Key members of our management have entered into employment agreements, but we may not be able to enforce these agreements. The loss of the services of any member of our senior, regional or district management or the inability to hire and retain experienced management personnel could harm our operating results.

Our decentralized decision-making structure could allow local managers to make decisions that adversely affect our operating results.

We manage our operations on a decentralized basis. Local managers have the authority to make many decisions concerning their operations without obtaining prior approval from executive officers, subject to compliance with general company-wide policies. Poor decisions by local managers could result in the loss of customers or increases in costs, in either case adversely affecting operating results.

We may incur charges related to capitalized expenditures of landfill development projects, which would decrease our earnings.

In accordance with U.S. generally accepted accounting principles, we capitalize some expenditures and advances relating to landfill development projects. We expense indirect costs such as executive salaries, general corporate overhead and other corporate services as we incur those costs. We charge against earnings any unamortized capitalized expenditures and advances (net of any amount that we estimate we will recover, through sale or otherwise) that relate to any operation that is permanently shut down or

determined to be impaired and any landfill development project that we do not expect to complete. For example, if we are unsuccessful in our attempts to obtain or defend permits that we are seeking or have been awarded to operate or expand a landfill, we will no longer generate anticipated income from the landfill and we will be required to expense in a future period the amount of capitalized expenditures related to the landfill or expansion project, less the recoverable value of the property and other amounts recovered. Additionally, we may incur increased operating expenses to dispose of the previously internalized waste that would need to be transported to another disposal location. Any such charges could have a material adverse effect on our results of operations for that period and could decrease our stock price. See discussion regarding the Chaparral, New Mexico Landfill Permit Litigation, the Harper County, Kansas Permit Litigation and the Solano County, California Measure E/Landfill Expansion Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report.

Because we depend on railroads for our intermodal operations, our operating results and financial condition are likely to be adversely affected by any reduction or deterioration in rail service.

We depend on two major railroads for the intermodal services we provide – the Burlington Northern Santa Fe and Union Pacific. Consequently, a reduction in, or elimination of, rail service to a particular market is likely to adversely affect our ability to provide intermodal transportation services to some of our customers. In addition, the railroads are relatively free to adjust shipping rates up or down as market conditions permit when existing contracts expire. Rate increases would result in higher intermodal transportation costs, reducing the attractiveness of intermodal transportation compared to solely trucking or other transportation modes, which could cause a decrease in demand for our services. Our business could also be adversely affected by harsh weather conditions or other factors that hinder the railroads’ ability to provide reliable transportation services.

Our financial results are based upon estimates and assumptions that may differ from actual results.

In preparing our consolidated financial statements in accordance with U.S. generally accepted accounting principles, several estimates and assumptions are made that affect the accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and assumptions must be made because certain information that is used in the preparation of our financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. The estimates and the assumptions having the greatest amount of uncertainty, subjectivity and complexity are related to our accounting for landfills, self-insurance, intangibles, allocation of acquisition purchase price, income taxes, asset impairments and litigation, claims and assessments. Actual results for all estimates could differ materially from the estimates and assumptions that we use, which could have an adverse effect on our financial condition and results of operations.

The adoption of new accounting standards or interpretations could adversely affect our financial results.

Our implementation of and compliance with changes in accounting rules and interpretations could adversely affect our operating results or cause unanticipated fluctuations in our results in future periods. The accounting rules and regulations that we must comply with are complex and continually changing. Recent actions and public comments from the SEC have focused on the integrity of financial reporting generally. The Financial Accounting Standards Board, or FASB, has recently introduced several new or proposed accounting standards, or is developing new proposed standards, which would represent a significant change from current industry practices. For example, the proposed derivatives guidance would change the overall accounting for hedges by requiring only a qualitative assessment of hedge effectiveness at inception and reassessments only under certain circumstances. However, the proposed guidance requires all ineffectiveness to be recorded in the income statement and eliminates the short cut and critical terms match methods to attain hedge effectiveness. Additionally, the proposed lease accounting pronouncement would change the accounting for operating leases by requiring a “right-of-use-asset” to be recorded on the balance sheet as well as a corresponding liability for the obligation to pay lease rentals. The proposed guidance also changes how lease expense is recognized in the income statement requiring more expense to be recorded in the initial years of the lease.

In addition, many companies’ accounting policies are being subjected to heightened scrutiny by regulators and the public. While we believe that our financial statements have been prepared in accordance with U.S. generally accepted accounting principles, we cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward.

Pending or future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements.

We are, and from time to time become, involved in lawsuits, regulatory inquiries, and governmental and other legal proceedings arising out of the ordinary course of our business. Many of these matters raise difficult and complicated factual and legal issues and

are subject to uncertainties and complexities. The timing of the final resolutions to lawsuits, regulatory inquiries, and governmental and other legal proceedings is uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting our consolidated financial condition, results of operations and cash flows. See discussion under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report.

If we are not able to develop and protect intellectual property, or if a competitor develops or obtains exclusive rights to a breakthrough technology, our financial results may suffer.

Our existing and proposed service offerings to customers may require that we develop or license, and protect, new technologies. We may experience difficulties or delays in the research, development, production and/or marketing of new products and services which may negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to bring new products and services to market. Further, protecting our intellectual property rights and combating unlicensed copying and use of intellectual property is difficult, and any inability to obtain or protect new technologies could impact our services to customers and development of new revenue sources. Additionally, a competitor may develop or obtain exclusive rights to a “breakthrough technology” that provides a revolutionary change in traditional waste management. If we have inferior intellectual property to our competitors, our financial results may suffer.

### **Risks Related to Our Industry**

Fluctuations in prices for recycled commodities that we sell and rebates we offer to customers may cause our revenues and operating results to decline.

We provide recycling services to some of our customers. The majority of the recyclables we process for sale are paper products that are shipped to customers in Asia. The sale prices of and demands for recyclable commodities, particularly paper products, are frequently volatile and when they decline, our revenues, operating results and cash flows will be affected. Our recycling operations offer rebates to customers based on the market prices of commodities we buy to process for resale. Therefore, if we recognize increased revenues resulting from higher prices for recyclable commodities, the rebates we pay to suppliers will also increase, which also may impact our operating results.

Our financial and operating performance may be affected by the inability to renew landfill operating permits, obtain new landfills and expand existing ones.

We currently own and/or operate 46 landfills. Our ability to meet our financial and operating objectives may depend in part on our ability to acquire, lease, or renew landfill operating permits, expand existing landfills and develop new landfill sites. It has become increasingly difficult and expensive to obtain required permits and approvals to build, operate and expand solid waste management facilities, including landfills and transfer stations. Operating permits for landfills in states where we operate must generally be renewed every five to ten years, although some permits are required to be renewed more frequently. These operating permits often must be renewed several times during the permitted life of a landfill. The permit and approval process is often time consuming, requires numerous hearings and compliance with zoning, environmental and other requirements, is frequently challenged by special interest and other groups, and may result in the denial of a permit or renewal, the award of a permit or renewal for a shorter duration than we believed was otherwise required by law, or burdensome terms and conditions being imposed on our operations. We may not be able to obtain new landfill sites or expand the permitted capacity of our landfills when necessary. Obtaining new landfill sites is important to our expansion into new, non-exclusive markets. If we do not believe that we can obtain a landfill site in a non-exclusive market, we may choose not to enter that market. Expanding existing landfill sites is important in those markets where the remaining lives of our landfills are relatively short. We may choose to forego acquisitions and internal growth in these markets because increased volumes would further shorten the lives of these landfills. Any of these circumstances could adversely affect our operating results.

Future changes in laws or renewed enforcement of laws regulating the flow of solid waste in interstate commerce could adversely affect our operating results.

Various state and local governments have enacted, or are considering enacting, laws and regulations that restrict the disposal within the jurisdiction of solid waste generated outside the jurisdiction. In addition, some state and local governments have promulgated, or are considering promulgating, laws and regulations which govern the flow of waste generated within their respective jurisdictions. These “flow control” laws and regulations typically require that waste generated within the jurisdiction be directed to specified facilities for disposal or processing, which could limit or prohibit the disposal or processing of waste in our transfer stations and landfills. Such flow control laws and regulations could also require us to deliver waste collected by us within a particular

jurisdiction to facilities not owned or controlled by us, which could increase our costs and reduce our revenues. In addition, such laws and regulations could require us to obtain additional costly licenses or authorizations to be deemed an authorized hauler or disposal facility.

Additionally, public interest and pressure from competing industry segments has caused some trade associations and environmental activists to seek enforcement of laws regulating the flow of solid waste that have not been recently enforced and which, in at least one case, we believe are unconstitutional and otherwise unlawful. See discussion regarding the Solano County, California Measure E/Landfill Expansion Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report. If successful, these groups may advocate for the enactment of similar laws in neighboring jurisdictions through local ballot initiatives or otherwise. All such waste disposal laws and regulations are subject to judicial interpretation and review. Court decisions, congressional legislation, and state and local regulation in the waste disposal area could adversely affect our operations.

Extensive and evolving environmental, health, safety and employment laws and regulations may restrict our operations and growth and increase our costs.

Existing environmental and employment laws and regulations have become more stringently enforced in recent years. Competing industry segments and other interested parties have sought enforcement of laws that local jurisdictions have not recently enforced and which, in at least one case, we believe are unconstitutional and otherwise unlawful. See discussion regarding the Solano County, California Measure E/Landfill Expansion Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report. If successful, such groups may advocate for the enactment of similar laws in neighboring jurisdictions through local ballot initiatives or otherwise. In addition, our industry is subject to regular enactment of new or amended federal, state and local environmental and health and safety statutes, regulations and ballot initiatives, as well as judicial decisions interpreting these requirements. These requirements impose substantial capital and operating costs and operational limitations on us and may adversely affect our business. In addition, federal, state and local governments may change the rights they grant to, the restrictions they impose on, or the laws and regulations they enforce against, solid waste services companies, and those changes could restrict our operations and growth.

Climate change regulations may adversely affect operating results.

Governmental authorities and various interest groups have promoted laws and regulations that could limit greenhouse gas, or GHG, emissions due to concerns that GHGs are contributing to climate change. The State of California has already adopted a climate change law, and other states in which we operate are considering similar actions. For example, California enacted AB 32, the Global Warming Solutions Act of 2006, which established the first statewide program in the United States to limit GHG emissions and impose penalties for non-compliance. The California Air Resources Board has taken and plans to take various actions to implement the program, including the approval in December 2008 of an AB 32 Scoping Plan summarizing the main GHG-reduction strategies for California; a landfill methane control measure, which became effective in June 2010; and, in December 2010, a GHG cap-and-trade program which is scheduled to begin imposing compliance obligations in 2013. Because landfill and collection operations emit GHGs, our operations in California are subject to regulations issued under AB 32. These regulations increase our costs for those operations and adversely affect our operating results. The Western Climate Initiative, which once included seven states, all of which we operate in, and four Canadian provinces, has also developed GHG reduction strategies, among them a GHG cap-and-trade program. In addition, the EPA made an endangerment finding in 2009 allowing certain GHGs to be regulated under the Clean Air Act. This finding allows the EPA to create regulations that will impact our operations – including imposing emission reporting, permitting, control technology installation, and monitoring requirements, although the materiality of the impacts will not be known until all regulations are finalized. The EPA has already finalized its GHG “reporting rule,” which requires that municipal solid waste landfills monitor and report GHG emissions. The EPA has also finalized its “tailoring rule,” which imposes certain permitting and control technology requirements upon newly-constructed or modified facilities which emit GHGs over a certain threshold under the Clean Air Act New Source Review Prevention of Significant Deterioration, or NSR PSD, and Title V permitting programs. As a result, NSR PSD or Title V permits issued after January 2, 2011, for new or modified landfills may need to address GHG emissions, including by requiring the installation of Best Available Control Technology. Notably, landfills may become subject to such permitting requirements under the “tailoring rule” based on their GHG emissions even if their emission of other regulated pollutants would not otherwise trigger permitting requirements. In addition, NEPA and the National Highway Transportation Safety Administration promulgated in August 2011 standards to reduce GHG emissions from, and increase the fuel efficiency of, medium- and heavy-duty vehicles.

Extensive regulations that govern the design, operation and closure of landfills may restrict our landfill operations or increase our costs of operating landfills.

Regulations that govern landfill design, operation, closure and financial assurances include the regulations that establish minimum federal requirements adopted by the EPA in October 1991 under Subtitle D of RCRA. If we fail to comply with these regulations or their state counterparts, we could be required to undertake investigatory or remedial activities, curtail operations or close landfills temporarily or permanently. Future changes to these regulations may require us to modify, supplement or replace equipment or facilities at substantial costs. If regulatory agencies fail to enforce these regulations vigorously or consistently, our competitors whose facilities are not forced to comply with the Subtitle D regulations or their state counterparts may obtain an advantage over us. Our financial obligations arising from any failure to comply with these regulations could harm our business and operating results.

Alternatives to landfill disposal may cause our revenues and operating results to decline.

Counties and municipalities in which we operate landfills may be required to formulate and implement comprehensive plans to reduce the volume of solid waste deposited in landfills through waste planning, composting, recycling or other programs. Some state and local governments prohibit the disposal of certain types of wastes, such as yard waste, at landfills. Although such actions are useful to protect our environment, these actions, as well as the actions of our customers to reduce waste or seek disposal alternatives, have reduced and may in the future further reduce the volume of waste going to landfills in certain areas, which may affect our ability to operate our landfills at full capacity and could adversely affect our operating results.

Unusually adverse weather conditions may interfere with our operations, harming our operating results.

Our operations could be adversely affected, beyond the normal seasonal variations described above, by unusually long periods of inclement weather, which could interfere with collection, landfill and intermodal operations, reduce the volume of waste generated by our customers, delay the development of landfill capacity, and increase the costs we incur in connection with the construction of landfills and other facilities. Periods of particularly harsh weather may force us to temporarily suspend some of our operations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

As of December 31, 2011, we owned 140 collection operations, 45 transfer stations, 32 municipal solid waste landfills, three construction and demolition landfills, 39 recycling operations, five intermodal operations and one exploration and production waste treatment and disposal facility, and operated, but did not own, an additional 13 transfer stations, 11 municipal solid waste landfills and two intermodal operations in 29 states. We lease certain of the sites on which these facilities are located. We lease various office facilities, including our corporate offices in The Woodlands, Texas, where we occupy approximately 19,000 square feet of space. We also lease approximately 64,000 square feet of space in our former corporate offices in Folsom, California. We may incur a loss on lease in 2012 on the cessation of use of our former corporate offices, which we estimate could range between \$4 million and \$6 million. We also maintain regional administrative offices in each of our regions. We own various equipment, including waste collection and transportation vehicles, related support vehicles, double-stack rail cars, carts, containers, chassis and heavy equipment used in landfill, collection, transfer station and intermodal operations. We believe that our existing facilities and equipment are adequate for our current operations. However, we expect to make additional investments in property and equipment for expansion and replacement of assets in connection with future acquisitions.

**ITEM 3. LEGAL PROCEEDINGS**

Information regarding our legal proceedings can be found under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report and is incorporated herein by reference.

**ITEM 4. MINE SAFETY DISCLOSURE**

None.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the symbol "WCN". The following table sets forth, for the periods indicated, the high and low prices per share of our common stock, as reported on the New York Stock Exchange. Prices have been retroactively adjusted to reflect our three-for-two stock split, in the form of a 50% stock dividend, effective as of November 12, 2010.

	<u>HIGH</u>	<u>LOW</u>	<u>DIVIDENDS DECLARED</u>
<b>2012</b>			
First Quarter (through January 20, 2012)	\$ 33.94	\$ 31.81	\$ 0.090 <sup>(1)</sup>
<b>2011</b>			
Fourth Quarter	\$ 35.95	\$ 31.26	\$ 0.090
Third Quarter	35.35	29.06	0.075
Second Quarter	32.69	28.77	0.075
First Quarter	29.86	26.99	0.075
<b>2010</b>			
Fourth Quarter	\$ 27.79	\$ 25.60	\$ 0.075
Third Quarter	26.96	22.97	-
Second Quarter	24.71	22.01	-
First Quarter	23.58	20.46	-

(1) On February 7, 2012, we announced that our Board of Directors approved a regular quarterly cash dividend of \$0.09 per share on our common stock. The dividend will be paid on March 6, 2012, to stockholders of record on the close of business on February 21, 2012. The Board will review the cash dividend periodically, with a long-term objective of increasing the amount of the dividend. We cannot assure you as to the amounts or timing of future dividends. We have the ability under our senior revolving credit facility to repurchase our common stock and pay dividends provided we maintain specified financial ratios.

As of January 20, 2012, there were 80 record holders of our common stock.

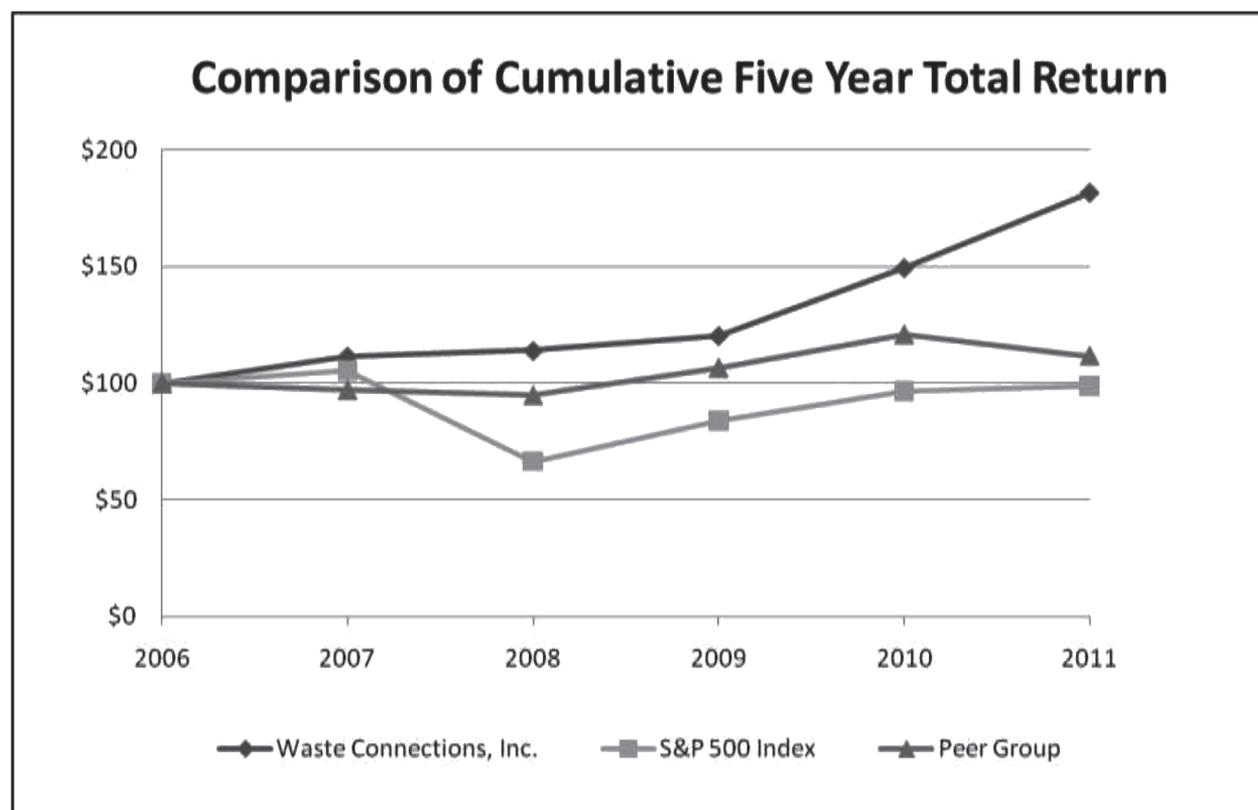
On December 5, 2011, we announced that our Board of Directors authorized a \$400 million increase to, and extended the term of, our previously announced common stock repurchase program. As amended, our common stock repurchase program authorizes the repurchase of up to \$1.2 billion of our common stock through December 31, 2014. Under the program, stock repurchases may be made in the open market or in privately negotiated transactions from time to time at management's discretion. The timing and amounts of any repurchases will depend on many factors, including our capital structure, the market price of our common stock and overall market conditions. As of December 31, 2011, we have repurchased approximately 39.2 million shares of our common stock at a cost of \$765.4 million. The table below reflects repurchases we made during the three months ended December 31, 2011 (in thousands, except share and per share amounts):

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share<sup>(1)</sup></u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Program</u>	<u>Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program</u>
10/1/11 – 10/31/11	-	\$ -	-	\$ 466,306
11/1/11 – 11/30/11	633,862	32.31	633,862	445,828
12/1/11 – 12/31/11	350,626	32.15	350,626	434,557
	<u>984,488</u>	32.25	<u>984,488</u>	

(1) This amount represents the weighted average price paid per common share. This price includes a per share commission paid for all repurchases.

## Performance Graph

The following performance graph compares the total cumulative stockholder returns on our common stock over the past five fiscal years with the total cumulative returns for the S&P 500 Index and a peer group index we selected. The graph assumes an investment of \$100 in our common stock on December 31, 2006, and the reinvestment of all dividends. This chart has been calculated in compliance with SEC requirements and prepared by Capital IQ®.



This graph and the accompanying text is not “soliciting material,” is not deemed filed with the SEC, and is not to be incorporated by reference in any filing by us under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Company Name / Index	Base Period Dec06	Indexed Returns Years Ending				
		Dec07	Dec08	Dec09	Dec10	Dec11
Waste Connections, Inc.	\$ 100	\$ 111.55	\$ 113.97	\$ 120.36	\$ 149.35	\$ 181.55
S&P 500 Index	\$ 100	\$ 105.49	\$ 66.46	\$ 84.05	\$ 96.71	\$ 98.76
Peer Group <sup>(a)</sup>	\$ 100	\$ 96.97	\$ 94.68	\$ 106.51	\$ 120.84	\$ 111.64

(a) Peer Group Companies: Casella Waste Systems, Inc.; Republic Services, Inc.; Waste Management, Inc.; IESI-BFC Ltd. (included from June 5, 2009, when it began trading on a U.S. stock exchange)

THE STOCK PRICE PERFORMANCE INCLUDED IN THIS GRAPH IS NOT NECESSARILY INDICATIVE OF FUTURE STOCK PRICE PERFORMANCE.

## ITEM 6. SELECTED FINANCIAL DATA

This table sets forth our selected financial data for the periods indicated. This data should be read in conjunction with, and is qualified by reference to, “Management's Discussion and Analysis of Financial Condition and Results of Operations” included in Item 7 of this Annual Report on Form 10-K and our audited consolidated financial statements, including the related notes and our independent registered public accounting firm’s report and the other financial information included in Item 8 of this Annual Report on Form 10-K. The selected data in this section is not intended to replace the consolidated financial statements included in this report.

	<b>YEARS ENDED DECEMBER 31,</b>				
	<b>2011<sup>(a)</sup></b>	<b>2010<sup>(a)</sup></b>	<b>2009<sup>(a)</sup></b>	<b>2008</b>	<b>2007</b>
	<i>(in thousands, except share and per share data)</i>				
<b>STATEMENT OF OPERATIONS DATA:</b>					
Revenues	\$ 1,505,366	\$ 1,319,757	\$ 1,191,393	\$ 1,049,603	\$ 958,541
Operating expenses:					
Cost of operations	857,580	749,487	692,415	628,075	566,089
Selling, general and administrative	161,967	149,860	138,026	111,114	99,565
Depreciation	147,036	132,874	117,796	91,095	81,287
Amortization of intangibles	20,064	14,582	12,962	6,334	4,341
Loss (gain) on disposal of assets	1,657	571	(481)	629	250
Operating income	<u>317,062</u>	<u>272,383</u>	<u>230,675</u>	<u>212,356</u>	<u>207,009</u>
Interest expense	(44,520)	(40,134)	(49,161)	(43,102)	(39,206)
Interest income	530	590	1,413	3,297	1,593
Loss on extinguishment of debt	-	(10,193)	-	-	-
Other income (expense), net	57	2,830	(7,551)	(633)	289
Income before income tax provision	<u>273,129</u>	<u>225,476</u>	<u>175,376</u>	<u>171,918</u>	<u>169,685</u>
Income tax provision	(106,958)	(89,334)	(64,565)	(56,775)	(58,328)
Net income	<u>166,171</u>	<u>136,142</u>	<u>110,811</u>	<u>115,143</u>	<u>111,357</u>
Less: Net income attributable to noncontrolling interests	(932)	(1,038)	(986)	(12,240)	(14,870)
Net income attributable to Waste Connections	<u>\$ 165,239</u>	<u>\$ 135,104</u>	<u>\$ 109,825</u>	<u>\$ 102,903</u>	<u>\$ 96,487</u>
Earnings per common share attributable to Waste Connections’ common stockholders:					
Basic	<u>\$ 1.47</u>	<u>\$ 1.17</u>	<u>\$ 0.92</u>	<u>\$ 0.98</u>	<u>\$ 0.94</u>
Diluted	<u>\$ 1.45</u>	<u>\$ 1.16</u>	<u>\$ 0.91</u>	<u>\$ 0.96</u>	<u>\$ 0.92</u>
Shares used in the per share calculations:					
Basic <sup>(b)</sup>	<u>112,720,444</u>	<u>115,646,173</u>	<u>119,119,601</u>	<u>105,037,311</u>	<u>102,357,785</u>
Diluted <sup>(b)</sup>	<u>113,583,486</u>	<u>116,894,204</u>	<u>120,506,162</u>	<u>107,129,568</u>	<u>104,992,070</u>
Cash dividends per common share	<u>\$ 0.315</u>	<u>\$ 0.075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash dividends paid	<u>\$ 35,566</u>	<u>\$ 8,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**YEARS ENDED DECEMBER 31,**

	<b>2011</b> <sup>(a)</sup>	<b>2010</b> <sup>(a)</sup>	<b>2009</b> <sup>(a)</sup>	<b>2008</b>	<b>2007</b>
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*(in thousands, except share and per share data)*

**BALANCE SHEET DATA:**

Cash and equivalents	\$ 12,643	\$ 9,873	\$ 9,639	\$ 265,264	\$ 10,298
Working capital (deficit)	(34,844)	(37,976)	(45,059)	213,747	(24,849)
Property and equipment, net	1,450,469	1,337,476	1,308,392	984,124	865,330
Total assets	3,328,005	2,915,984	2,820,448	2,600,357	1,981,548
Long-term debt and notes payable	1,172,758	909,978	867,554	819,828	704,184
Total equity	1,399,687	1,370,418	1,357,036	1,261,997	814,618

- (a) For more information regarding this financial data, see the Management's Discussion and Analysis of Financial Condition and Results of Operations section included in this report. For disclosures associated with the impact of the adoption of new accounting pronouncements and the comparability of this information, see Note 1 of the consolidated financial statements.
- (b) Share amounts have been retroactively adjusted to reflect our three-for-two stock split, in the form of a 50% stock dividend, effective as of March 13, 2007 and our three-for-two stock split, in the form of a 50% stock dividend, effective as of November 12, 2010.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the "Selected Financial Data" included in Item 6 of this Annual Report on Form 10-K, our consolidated financial statements and the related notes included elsewhere in this report.

### Industry Overview

The solid waste industry is a local and highly competitive business, requiring substantial labor and capital resources. The participants compete for collection accounts primarily on the basis of price and, to a lesser extent, the quality of service, and compete for landfill business on the basis of tipping fees, geographic location and quality of operations. The solid waste industry has been consolidating and continues to consolidate as a result of a number of factors, including the increasing costs and complexity associated with waste management operations and regulatory compliance. Many small independent operators and municipalities lack the capital resources, management, operating skills and technical expertise necessary to operate effectively in such an environment. The consolidation trend has caused solid waste companies to operate larger landfills that have complementary collection routes that can use company-owned disposal capacity. Controlling the point of transfer from haulers to landfills has become increasingly important as landfills continue to close and disposal capacity moves further from collection markets.

Generally, the most profitable industry operators are those companies that are vertically integrated or enter into long-term collection contracts. A vertically integrated operator will benefit from: (1) the internalization of waste, which is bringing waste to a company-owned landfill; (2) the ability to charge third-party haulers tipping fees either at landfills or at transfer stations; and (3) the efficiencies gained by being able to aggregate and process waste at a transfer station prior to landfilling.

### Executive Overview

We are an integrated solid waste services company that provides solid waste collection, transfer, disposal and recycling services in mostly exclusive and secondary markets in the U.S. We provide intermodal services for the rail haul movement of cargo and solid waste containers in the Pacific Northwest through a network of intermodal facilities. We also treat and dispose of non-hazardous waste that is generated in the exploration and production of oil and natural gas primarily at a facility in Southwest Louisiana. We seek to avoid highly competitive, large urban markets and instead target markets where we can provide either solid waste services under exclusive arrangements, or markets where we can be integrated and attain high market share. In markets where waste collection services are provided under exclusive arrangements, or where waste disposal is municipally funded or available at multiple municipal sources, we believe that controlling the waste stream by providing collection services under exclusive arrangements is often more important to our growth and profitability than owning or operating landfills.

### Operating Results

Revenues in 2011 increased 14.1% to \$1.51 billion from \$1.32 billion in 2010, with approximately two-thirds of this growth attributable to acquisitions. Operating margins, net income, capital expenditures, and free cash flow also increased, further strengthening our business and financial profile.

As shown in the table below, internal growth decreased to 4.7% in 2011, from 5.5% in 2010. Pricing increased 0.7%, due to higher surcharges primarily related to increased fuel prices. Increased landfill revenue primarily associated with higher special waste, or one-time projects, offset most of the continuing weakness in collection revenue, which resulted in total volume growth decreasing from flat in 2010 to negative 0.3% in 2011. Intermodal, recycling and other contributed 1.4% to internal growth in 2011, a slower rate of growth than the 2.6% realized in 2010, due primarily to a more moderate rate of increase in recycled commodity prices compared to the unprecedented rate of increases in such commodity prices throughout 2010. Decreases in recycled commodity values experienced during the fourth quarter of 2011 are expected to result in negative internal growth from such revenue in 2012.

	<u>2011</u>	<u>2010</u>
Price	3.6%	2.9%
Volume	(0.3%)	0.0%
Intermodal, Recycling and Other	1.4%	2.6%
Internal Growth	<u>4.7%</u>	<u>5.5%</u>

In 2011, adjusted operating income before depreciation and amortization, a non-GAAP financial measure (refer to page 49 of this report for a definition and reconciliation to Operating income), increased 15.4% to \$489.5 million, from \$424.3 million in 2010. As a

percentage of revenue, adjusted operating income before depreciation and amortization increased from 32.1% in 2010, to 32.5% in 2011. This 0.4 percentage point increase was primarily attributable to growth in higher margin revenue components: price increases to our customers, higher recycling commodity values and increased disposal volumes, offset by a 0.8% increase in fuel expense as a percent of revenue due to increased market prices for diesel. Net income attributable to Waste Connections in 2011 increased 22.3% to \$165.2 million from \$135.1 million in 2010.

#### Free Cash Flow

Net cash provided by operating activities increased 16.9% to \$388.2 million in 2011, from \$332.2 million in 2010, and capital expenditures increased 5.3% to \$141.9 million over that period. Free cash flow, a non-GAAP financial measure (refer to page 49 of this report for a definition and reconciliation to Net cash provided by operating activities), increased 17.7% to \$254.5 million in 2011, from \$216.3 million in 2010. Free cash flow as a percentage of revenues was 16.9% in 2011, compared to 16.4% in 2010. This increase as a percentage of revenues was primarily due to increased deferred taxes associated with an Internal Revenue Service approved change in our tax method for deducting depreciation expense for certain landfills as well as other tax deductible timing differences associated with depreciation.

#### Return of Capital to Stockholders

In 2011, we returned \$152.4 million to stockholders through a combination of stock repurchases and cash dividends. We repurchased approximately 3.8 million shares of common stock at a cost of \$116.8 million during 2011. Our Board of Directors also declared dividends totaling \$35.6 million throughout 2011, and increased the quarterly cash dividend by 20% from \$0.075 to \$0.09 per share of common stock in October 2011. Our Board of Directors intends to review the quarterly dividend during the fourth quarter of each year, with a long-term objective of increasing the amount of the dividend. We expect the amount of capital we return to stockholders through stock repurchases to vary depending on our financial condition and results of operations, capital structure, the amount of cash we deploy on acquisitions, the market price of our common stock, and overall market conditions. We cannot assure you as to the amounts or timing of future stock repurchases or dividends. We have the ability under our senior revolving credit facility to repurchase our common stock and pay dividends provided we maintain specified financial ratios.

#### Capital Position

We target a leverage ratio, as defined in our credit facility, between 2.5x and 2.75x of total debt to earnings before interest, taxes, depreciation and amortization, or EBITDA. We deployed \$495.4 million during 2011 for acquisitions, repurchases of common stock, and dividends. These cash outlays were primarily funded by borrowings during the year and operating cash flow. As a result of our strong free cash flow and improved financial performance, our leverage ratio remained below our targeted range at year-end 2011 despite the large outlay of capital.

#### Critical Accounting Estimates and Assumptions

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in the consolidated financial statements. As described by the SEC, critical accounting estimates and assumptions are those that may be material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and that have a material impact on the financial condition or operating performance of a company. Such critical accounting estimates and assumptions are applicable to our reportable segments. Based on this definition, we believe the following are our critical accounting estimates.

**Insurance liabilities.** We maintain high deductible insurance policies for automobile, general, employer's, environmental and directors and officers' liability as well as for employee group health insurance, property insurance and workers' compensation. We carry umbrella policies for certain types of claims to provide excess coverage over the underlying policies and per incident deductibles. Our insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by our management with assistance from our third-party actuary and third-party claims administrator. The insurance accruals are influenced by our past claims experience factors, which have a limited history, and by published industry development factors. If we experience insurance claims or costs above or below our historically evaluated levels, our estimates could be materially affected. The frequency and amount of claims or incidents could vary significantly over time, which could materially affect our self-insurance liabilities. Additionally, the actual costs to settle the self-insurance liabilities could materially differ from the original estimates and cause us to incur additional costs in future periods associated with prior year claims.

Income taxes. We use the liability method to account for income taxes. Accordingly, deferred tax assets and liabilities are determined based on differences between financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. If our judgment and estimates concerning assumptions made in calculating our expected future income tax rates are incorrect, our deferred tax assets and liabilities would change. Based on our net deferred tax liability balance at December 31, 2011, each 0.1 percentage point change to our expected future income tax rate would change our net deferred tax liability balance and income tax expense by approximately \$1.0 million.

Accounting for landfills. We recognize landfill depletion expense as airspace of a landfill is consumed. Our landfill depletion rates are based on the remaining disposal capacity at our landfills, considering both permitted and probable expansion airspace. We calculate the net present value of our final capping, closure and post-closure commitments by estimating the total obligation in current dollars, inflating the obligation based upon the expected date of the expenditure and discounting the inflated total to its present value using a credit-adjusted risk-free rate. Any changes in expectations that result in an upward revision to the estimated undiscounted cash flows are treated as a new liability and are inflated and discounted at rates reflecting current market conditions. Any changes in expectations that result in a downward revision (or no revision) to the estimated undiscounted cash flows result in a liability that is inflated and discounted at rates reflecting the market conditions at the time the cash flows were originally estimated. This policy results in our final capping, closure and post-closure liabilities being recorded in “layers.” The resulting final capping, closure and post-closure obligation is recorded on the balance sheet along with an offsetting addition to site costs, which is amortized to depletion expense as the remaining landfill airspace is consumed. Interest is accreted on the recorded liability using the corresponding discount rate. The accounting methods discussed below require us to make certain estimates and assumptions. Changes to these estimates and assumptions could have a material effect on our financial condition and results of operations. Any changes to our estimates are applied prospectively.

Landfill development costs. Landfill development costs include the costs of acquisition, construction associated with excavation, liners, site berms, groundwater monitoring wells, gas recovery systems and leachate collection systems. We estimate the total costs associated with developing each landfill site to its final capacity. Total landfill costs include the development costs associated with expansion airspace. Expansion airspace is described below. Landfill development costs depend on future events and thus actual costs could vary significantly from our estimates. Material differences between estimated and actual development costs may affect our cash flows by increasing our capital expenditures and thus affect our results of operations by increasing our landfill depletion expense.

Final capping, closure and post-closure obligations. We accrue for estimated final capping, closure and post-closure maintenance obligations at the landfills we own, and four of the five landfills that we operate, but do not own, under life-of-site agreements. We could have additional material financial obligations relating to final capping, closure and post-closure costs at other disposal facilities that we currently own or operate or that we may own or operate in the future. At January 1, 2011, we decreased our discount rate assumption for purposes of computing 2011 “layers” for final capping, closure and post-closure obligations from 6.5% to 5.75%, in order to more accurately reflect our long-term cost of borrowing as of the end of 2010. Our inflation rate assumption was 2.5% for the years ending December 31, 2011 and 2010. Significant reductions in our estimates of the remaining lives of our landfills or significant increases in our estimates of the landfill final capping, closure and post-closure maintenance costs could have a material adverse effect on our financial condition and results of operations. Additionally, changes in regulatory or legislative requirements could increase our costs related to our landfills, resulting in a material adverse effect on our financial condition and results of operations.

We own two landfills for which the prior owners are obligated to reimburse us for certain costs we incur for final capping, closure and post-closure activities on the portion of the landfill utilized by the prior owners. We accrue the prior owner’s portion of the final capping, closure and post-closure obligation within the balance sheet classification of other long-term liabilities, and a corresponding receivable from the prior owner in long-term other assets.

Disposal capacity. Our internal and third-party engineers perform surveys at least annually to estimate the remaining disposal capacity at our landfills. Our landfill depletion rates are based on the remaining disposal capacity, considering both permitted and probable expansion airspace, at the landfills that we own and at the landfills that we operate, but do not own, under life-of-site agreements. Our landfill depletion rate is based on the term of the operating agreement at our operated landfill that has capitalized expenditures. Expansion airspace consists of additional disposal capacity being pursued through means of expansion that is not actually permitted. Expansion airspace that meets the following criteria is included in our estimate of total landfill airspace.

- 1) whether the land where the expansion is being sought is contiguous to the current disposal site, and we either own the expansion property or have rights to it under an option, purchase, operating or other similar agreement;
- 2) whether total development costs, final capping costs, and closure/post-closure costs have been determined;

- 3) whether internal personnel have performed a financial analysis of the proposed expansion site and have determined that it has a positive financial and operational impact;
- 4) whether internal personnel or external consultants are actively working to obtain the necessary approvals to obtain the landfill expansion permit; and
- 5) whether we consider it probable that we will achieve the expansion (for a pursued expansion to be considered probable, there must be no significant known technical, legal, community, business or political restrictions or similar issues existing that we believe are more likely than not to impair the success of the expansion).

We may be unsuccessful in obtaining permits for expansion disposal capacity at our landfills. In such cases, we will charge the previously capitalized development costs to expense. This will adversely affect our operating results and cash flows and could result in greater landfill depletion expense being recognized on a prospective basis.

We periodically evaluate our landfill sites for potential impairment indicators. Our judgments regarding the existence of impairment indicators are based on regulatory factors, market conditions and operational performance of our landfills. Future events could cause us to conclude that impairment indicators exist and that our landfill carrying costs are impaired. Any resulting impairment loss could have a material adverse effect on our financial condition and results of operations.

Goodwill and indefinite-lived intangible testing. Goodwill and indefinite-lived intangibles are tested for impairment on at least an annual basis in the fourth quarter of the year.

In the fourth quarter of 2011, we elected to early adopt the new guidance issued by the Financial Accounting Standards Board related to testing goodwill for impairment. This new guidance provides us the option to perform a “qualitative” assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. In performing the qualitative assessment, we assess relevant events and circumstances that may impact the fair value of our reporting units, including the following:

- macroeconomic conditions;
- industry and market considerations;
- cost factors;
- overall financial performance;
- Company-specific events;
- events affecting a reporting unit;
- sustained decreases in share price; and
- recent fair value calculation for our reporting units, if available.

If, after assessing the above described events and circumstances, we determine that it is more likely than not that the fair value of a reporting unit, which we have determined to be our geographic operating segments, is greater than its carrying value, then no further testing is required. If we determine that it is more likely than not that the fair value is less than the carrying value, then we would perform the first step of quantitative testing for goodwill impairment, as described below.

In the first step of quantitative testing for goodwill impairment, we estimate the fair value of each reporting unit and compare the fair value with the carrying value of the net assets assigned to each reporting unit. If the fair value of a reporting unit is greater than the carrying value of the net assets assigned to the reporting unit, then no impairment results. If the fair value is less than its carrying value, then we would perform a second step and determine the fair value of the goodwill. In this second step, the fair value of goodwill is determined by deducting the fair value of a reporting unit’s identifiable assets and liabilities from the fair value of the reporting unit as a whole, as if that reporting unit had just been acquired and the purchase price were being initially allocated. If the fair value of the goodwill is less than its carrying value for a reporting unit, an impairment charge would be recorded to earnings in our Consolidated Statements of Income. In testing indefinite-lived intangibles for impairment, we compare the estimated fair value of each indefinite-lived intangible to its carrying value. If the fair value of the indefinite-lived intangible is less than its carrying value, an impairment charge would be recorded to earnings in our Consolidated Statements of Income.

To determine the fair value of each of our reporting units as a whole and each indefinite-lived intangible asset, we use discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit and the future discrete cash flows related to each indefinite-lived intangible asset. Significant judgments inherent in these analyses include the determination of appropriate discount rates, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our 2011 discounted cash flow analyses were based on ten-year financial forecasts, which in turn were based on the 2012 annual budget developed internally by management. These forecasts reflect operating profit margins that were consistent with 2011 results and perpetual revenue growth rates of 3.5%. Our discount rate assumptions are based on an assessment of our weighted

average cost of capital. In assessing the reasonableness of our determined fair values of our reporting units, we evaluate our results against our current market capitalization.

In addition, we would evaluate a reporting unit for impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances are the same as those described above for the qualitative assessment of goodwill impairment.

We did not record an impairment charge as a result of our qualitative impairment test of goodwill or quantitative impairment test of indefinite-lived intangibles in 2011. Additionally, we do not expect any impairment on our goodwill or indefinite-lived intangibles in the foreseeable future. However, we cannot assure you that goodwill and indefinite-lived intangibles will not be impaired at any time in the future.

**Business Combination Accounting.** We recognize, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. We measure and recognize goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of our previously held equity interest in the acquiree (if any), over (b) the fair value of net assets acquired and liabilities assumed.

From time to time, we consummate acquisitions in which we exchange operations we own for operations owned by another solid waste company. These exchange transactions require us to estimate the fair market value of either the operations we receive or the operations we dispose of, whichever is more clearly evident. To the extent that the fair market value of the operations we dispose of differs from the fair market value of the operations we obtain, cash is either paid or received to offset the difference in fair market values. One method we use to estimate the fair value of solid waste companies is based on a multiple of EBITDA. We determine the appropriate EBITDA multiple to be used in the valuation of exchange transactions based on factors such as the size of the transaction, the type and location of markets serviced, the existence of long-term contracts and the EBITDA multiples we have paid in other similar cash-based transactions.

## **General**

Our solid waste revenues are derived from one industry segment, and consist mainly of fees we charge customers for collection, transfer, recycling and disposal of non-hazardous solid waste. Our collection business also generates revenues from the sale of recyclable commodities, which have significant variability. A large part of our collection revenues comes from providing residential, commercial and industrial services. We frequently perform these services under service agreements, municipal contracts or franchise agreements with governmental entities. Our existing franchise agreements and most of our existing municipal contracts give us the exclusive right to provide specified waste services in the specified territory during the contract term. These exclusive arrangements are awarded, at least initially, on a competitive bid basis and subsequently on a bid or negotiated basis. We also provide residential collection services on a subscription basis with individual households.

We charge transfer station and landfill customers a tipping fee on a per ton and/or per yard basis for disposing their solid waste at our transfer stations and landfill facilities. Many of our transfer station and landfill customers have entered into one to ten year disposal contracts with us, most of which provide for annual indexed price increases.

We typically determine the prices of our solid waste services by the collection frequency and level of service, route density, volume, weight and type of waste collected, type of equipment and containers furnished, the distance to the disposal or processing facility, the cost of disposal or processing, and prices charged by competitors for similar services. The terms of our contracts sometimes limit our ability to pass on price increases. Long-term solid waste collection contracts often contain a formula, generally based on a published price index, that automatically adjusts fees to cover increases in some, but not all, operating costs, or that limit increases to less than 100% of the increase in the applicable price index.

Our revenues from recycling services consist of selling recyclable materials (including cardboard, office paper, plastic containers, glass bottles and ferrous and aluminum metals) collected from our residential customers and at our recycling processing operations to third parties for processing before resale.

Our revenues from intermodal services consist mainly of fees we charge customers for the movement of cargo and solid waste containers between our intermodal facilities. We also generate revenue from the storage, maintenance and repair of cargo and solid waste containers and the sale or lease of containers and chassis.

No single contract or customer accounted for more than 10% of our total revenues at the consolidated or reportable segment level during the periods presented. The table below shows for the periods indicated our total reported revenues attributable to services provided (dollars in thousands).

	Years Ended December 31,					
	2011		2010		2009	
Collection	\$ 1,069,065	62.0%	\$ 951,327	62.8%	\$ 901,768	66.1%
Disposal and transfer	510,330	29.6	458,241	30.3	392,497	28.8
Intermodal, recycling and other	144,583	8.4	103,974	6.9	68,845	5.1
	<u>1,723,978</u>	<u>100.0%</u>	<u>1,513,542</u>	<u>100.0%</u>	<u>1,363,110</u>	<u>100.0%</u>
Less: intercompany elimination	(218,612)		(193,785)		(171,717)	
Total revenue	\$ <u>1,505,366</u>		\$ <u>1,319,757</u>		\$ <u>1,191,393</u>	

Cost of operations includes labor and benefits, tipping fees paid to third-party disposal facilities, vehicle and equipment maintenance, workers' compensation, vehicle and equipment insurance, insurance and employee group health claims expense, third-party transportation expense, fuel, the cost of materials we purchase for recycling, district and state taxes and host community fees and royalties. Our significant costs of operations in 2011 were labor, third-party disposal and transportation, vehicle and equipment maintenance, taxes and fees, insurance and fuel. We use a number of programs to reduce overall cost of operations, including increasing the use of automated routes to reduce labor and workers' compensation exposure, utilizing comprehensive maintenance and health and safety programs, and increasing the use of transfer stations to further enhance internalization rates. We carry high-deductible insurance for automobile liability, property, general liability, workers' compensation, employer's liability and employer group health claims. If we experience insurance claims or costs above or below our historically evaluated levels, our estimates could be materially affected.

Selling, general and administrative, or SG&A, expense includes management, sales force, clerical and administrative employee compensation and benefits, legal, accounting and other professional services, acquisition, bad debt expense and rent expense for our corporate headquarters.

Depreciation expense includes depreciation of equipment and fixed assets over their estimated useful lives using the straight-line method. Depletion expense includes depletion of landfill site costs and total future development costs as remaining airspace of the landfill is consumed. Remaining airspace at our landfills includes both permitted and probable expansion airspace. Amortization expense includes the amortization of finite-lived intangible assets, consisting primarily of long-term franchise agreements and contracts, customer lists and non-competition agreements, over their estimated useful lives using the straight-line method. Goodwill and indefinite-lived intangible assets, consisting primarily of certain perpetual rights to provide solid waste collection and transportation services in specified territories, are not amortized.

We capitalize some third-party expenditures related to development projects, such as legal, engineering and interest expenses. We expense all third-party and indirect acquisition costs, including third-party legal and engineering expenses, executive and corporate overhead, public relations and other corporate services, as we incur them. We charge against net income any unamortized capitalized expenditures and advances (net of any portion that we believe we may recover, through sale or otherwise) that may become impaired, such as those that relate to any operation that is permanently shut down and any landfill development project that we believe will not be completed. We routinely evaluate all capitalized costs, and expense those related to projects that we believe are not likely to succeed. For example, if we are unsuccessful in our attempts to obtain or defend permits that we are seeking or have been awarded to operate or expand a landfill, we will no longer generate anticipated income from the landfill and we will be required to expense in a future period the amount of capitalized expenditures related to the landfill or expansion project, less the recoverable value of the property and other amounts recovered. See discussions regarding the Chaparral, New Mexico Landfill Permit Litigation, the Harper County, Kansas Landfill Permit Litigation and the Solano County, California Measure E/Landfill Expansion Litigation under the "Legal Proceedings" section of Note 11 of our consolidated financial statements included in Item 8 of this report.

## Segment Reporting

Our Chief Operating Decision Maker evaluates performance and determines resource allocations based on several factors, of which the primary financial measure is operating income before depreciation, amortization and gain (loss) on disposal of assets. Operating income before depreciation, amortization and gain (loss) on disposal of assets is not a measure of operating income, operating performance or liquidity under GAAP and may not be comparable to similarly titled measures reported by other companies. Our management uses operating income before depreciation, amortization and gain (loss) on disposal of assets in the evaluation of segment operating performance as it is a profit measure that is generally within the control of the operating segments.

We manage our operations through three geographic operating segments, which are also our reportable segments. Each operating segment is responsible for managing several vertically integrated operations, which are comprised of districts. In April 2011, as a result of the County Waste acquisition described in Note 3 to the consolidated financial statements, we realigned our reporting structure and changed our three geographic operating segments from Western, Central and Southern to Western, Central and Eastern. As part of this realignment, the states of Arizona, Louisiana, New Mexico and Texas, which were previously part of the Southern region, are now included in the Central region. Also as part of this realignment, the state of Michigan, which was previously part of the Central region, is now included in the Eastern region (previously referred to as the Southern region). Additionally, the states of New York and Massachusetts, which we now operate in as a result of the County Waste acquisition, are included in the Eastern region. The segment information presented herein reflects the realignment of these districts. Under the current orientation, our Western Region is comprised of operating locations in California, Idaho, Montana, Nevada, Oregon, Washington and western Wyoming; our Central Region is comprised of operating locations in Arizona, Colorado, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah and eastern Wyoming; and our Eastern Region is comprised of operating locations in Alabama, Illinois, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, North Carolina, South Carolina and Tennessee.

Revenues, net of intercompany eliminations, for our reportable segments are shown in the following table for the periods indicated (in thousands):

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Western	\$ 742,588	\$ 709,821	\$ 634,368
Central	430,177	386,697	356,964
Eastern	332,601	223,239	200,061
	<u>\$ 1,505,366</u>	<u>\$ 1,319,757</u>	<u>\$ 1,191,393</u>

Operating income before depreciation, amortization and gain (loss) on disposal of assets for our reportable segments is shown in the following table for the periods indicated (in thousands):

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Western	\$ 232,940	\$ 218,254	\$ 184,421
Central	152,059	127,861	115,129
Eastern	95,301	69,013	57,701
Corporate <sup>(a)</sup>	5,519	5,282	3,701
	<u>\$ 485,819</u>	<u>\$ 420,410</u>	<u>\$ 360,952</u>

(a) Corporate functions include accounting, legal, tax, treasury, information technology, risk management, human resources, training and other administrative functions.

A reconciliation of Operating income before depreciation, amortization and gain (loss) on disposal of assets to Income before income tax provision is included in Note 15 to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

Significant changes in revenue and operating income before depreciation, amortization and gain (loss) on disposal of assets for our reportable segments for the year ended December 31, 2011, compared to the year ended December 31, 2010 and for the year ended December 31, 2010, compared to the year ended December 31, 2009, are discussed below:

#### Segment Revenue

Revenue in our Western segment increased \$32.8 million, or 4.6%, to \$742.6 million for the year ended December 31, 2011, from \$709.8 million for the year ended December 31, 2010. For the year ended December 31, 2011, the components of the increase consisted of revenue acquired from acquisitions closed during, or subsequent to, the year ended December 31, 2010, of \$0.7 million, net price increases of \$17.4 million, recyclable commodity sales increases of \$11.9 million, intermodal revenue increases of \$3.8 million and other revenue increases of \$0.4 million, partially offset by decreases of \$1.3 million from divested operations and volume decreases of \$0.1 million.

Revenue in our Western segment increased \$75.4 million, or 11.9%, to \$709.8 million for the year ended December 31, 2010, from \$634.4 million for the year ended December 31, 2009. For the year ended December 31, 2010, the components of the increase consisted of revenue acquired from acquisitions closed during, or subsequent to, the year ended December 31, 2009 of \$31.1 million,

net price increases of \$13.1 million, volume increases of \$5.6 million, recyclable commodity sales increases of \$20.4 million, intermodal increases of \$9.1 million, partially offset by decreases of \$1.1 million from divested operations and other revenue decreases of \$2.8 million.

Revenue in our Central segment increased \$43.5 million, or 11.2%, to \$430.2 million for the year ended December 31, 2011, from \$386.7 million for the year ended December 31, 2010. For the year ended December 31, 2011, the components of the increase consisted of revenue acquired from acquisitions closed during, or subsequent to, the year ended December 31, 2010, of \$29.4 million, net price increases of \$20.0 million and recyclable commodity sales increases of \$1.4 million, partially offset by decreases of \$1.5 million from divested operations and volume decreases of \$5.8 million.

Revenue in our Central segment increased \$29.7 million, or 8.3%, to \$386.7 million for the year ended December 31, 2010, from \$357.0 million for the year ended December 31, 2009. For the year ended December 31, 2010, the components of the increase consisted of revenue acquired from acquisitions closed during, or subsequent to, the year ended December 31, 2009 of \$17.4 million, net price increases of \$14.6 million, recyclable commodity sales increases of \$3.0 million and other revenue increases of \$0.2 million, partially offset by decreases of \$4.7 million from divested operations and volume decreases of \$0.8 million.

Revenue in our Eastern segment increased \$109.4 million, or 49.0%, to \$332.6 million for the year ended December 31, 2011, from \$223.2 million for the year ended December 31, 2010. For the year ended December 31, 2011, the components of the increase consisted of revenue acquired from acquisitions closed during, or subsequent to, the year ended December 31, 2010, of \$98.0 million, net price increases of \$9.6 million, volume increases of \$2.0 million and recyclable commodity sales increases of \$0.7 million, partially offset by decreases of \$0.6 million from divested operations and other revenue decreases of \$0.3 million.

Revenue in our Eastern segment increased \$23.1 million, or 11.6%, to \$223.2 million for the year ended December 31, 2010, from \$200.1 million for the year ended December 31, 2009. For the year ended December 31, 2010, the components of the increase consisted of revenue acquired from acquisitions closed during, or subsequent to, the year ended December 31, 2009 of \$20.2 million, net price increases of \$6.6 million and recyclable commodity sales increases of \$1.1 million, partially offset by volume decreases of \$4.3 million and other revenue decreases of \$0.5 million.

#### Segment Operating Income before Depreciation, Amortization and Gain (Loss) on Disposal of Assets

Operating income before depreciation, amortization and gain (loss) on disposal of assets in our Western segment increased \$14.6 million, or 6.7%, to \$232.9 million for the year ended December 31, 2011, from \$218.3 million for the year ended December 31, 2010. The increase was primarily due to increased revenues, decreased disposal expenses and decreased third party trucking and transportation expenses at our collection and disposal operations, partially offset by increased rail transportation expenses at our intermodal operations, increased franchise fees and taxes on revenues, increased expenses associated with the cost of purchasing recyclable commodities, increased direct and administrative labor expenses, increased diesel fuel expense and increased truck, equipment and container repair expenses.

Operating income before depreciation, amortization and gain (loss) on disposal of assets in our Western segment increased \$33.9 million, or 18.3%, to \$218.3 million for the year ended December 31, 2010, from \$184.4 million for the year ended December 31, 2009. The increase was primarily due to income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2009, and the following changes at operations owned in the comparable periods in 2009 and 2010: increased revenues, decreased legal expenses and decreased fuel expenses due to lower realized losses on diesel fuel hedges allocated to the Western segment, partially offset by increased disposal expenses, increased third party trucking and transportation expenses, increased expenses associated with the cost of purchasing recyclable commodities, increased taxes on revenues, increased direct and administrative labor expenses, and increased truck, equipment and container repair expenses.

Operating income before depreciation, amortization and gain (loss) on disposal of assets in our Central segment increased \$24.2 million, or 18.9%, to \$152.1 million for the year ended December 31, 2011, from \$127.9 million for the year ended December 31, 2010. The increase was primarily due to income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2011 and the following changes at operations owned in comparable periods in 2010 and 2011: increased revenues, decreased auto and workers' compensation insurance expenses and decreased advertising expenses, partially offset by increased disposal expenses, increased third party trucking and transportation expenses, increased taxes on revenues, increased diesel fuel expense and increased truck, equipment and container repair expenses.

Operating income before depreciation, amortization and gain (loss) on disposal of assets in our Central segment increased \$12.8 million, or 11.1%, to \$127.9 million for the year ended December 31, 2010, from \$115.1 million for the year ended December 31, 2009. The increase was primarily due to income generated from acquisitions closed during, or subsequent to, the year

ended December 31, 2009, and the following changes at operations owned in the comparable periods in 2009 and 2010: increased revenues, partially offset by increased disposal expenses, increased third party trucking and transportation expenses, increased taxes on revenues, increased direct and administrative labor expenses, increased container repair expenses and increased advertising expenses.

Operating income before depreciation, amortization and gain (loss) on disposal of assets in our Eastern segment increased \$26.3 million, or 38.1%, to \$95.3 million for the year ended December 31, 2011, from \$69.0 million for the year ended December 31, 2010. The increase was primarily due to income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2010 and the following changes at operations owned in comparable periods in 2010 and 2011: increased revenues, partially offset by increased third party trucking and transportation expenses, increased taxes on revenues, increased direct labor expenses, increased diesel fuel expense, increased truck, equipment and container repair expenses and increased expenses for uncollectible accounts receivable.

Operating income before depreciation, amortization and gain (loss) on disposal of assets in our Eastern segment increased \$11.3 million, or 19.6%, to \$69.0 million for the year ended December 31, 2010, from \$57.7 million for the year ended December 31, 2009. The increase was primarily due to income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2009, and the following changes at operations owned in the comparable periods in 2009 and 2010: increased revenues and decreased auto and workers' compensation insurance expenses, partially offset by increased disposal expenses, increased third party trucking and transportation expenses, increased taxes on revenues, and increased container repair expenses.

Operating income before depreciation, amortization and gain (loss) on disposal of assets at Corporate increased \$0.2 million, or 4.5%, to \$5.5 million for the year ended December 31, 2011, from \$5.3 million for the year ended December 31, 2010. Our estimated recurring corporate expenses, which can vary from the actual amount of incurred corporate expenses, are allocated to our three geographic operating segments.

Operating income before depreciation, amortization and gain (loss) on disposal of assets at Corporate increased \$1.6 million, or 42.7%, to \$5.3 million for the year ended December 31, 2010, from \$3.7 million for the year ended December 31, 2009. Our estimated recurring corporate expenses, which can vary from the actual amount of incurred corporate expenses, are allocated to our three geographic operating segments. The increase was primarily due to decreased legal expenses, decreased direct acquisition costs that were charged to expense and recording charges during the year ended December 31, 2009 to establish our liability for remaining rental expenses, net of estimated sublease rentals, at our prior corporate office facilities, partially offset by increased cash and stock-based incentive compensation expense.

## Results of Operations

The following table sets forth items in our consolidated statements of income in thousands and as a percentage of revenues for the periods indicated:

	Years Ended December 31,					
	2011	As a % of 2011 Revenues	2010	As a % of 2010 Revenues	2009	As a % of 2009 Revenues
Revenues	\$ 1,505,366	100.0%	\$ 1,319,757	100.0%	\$ 1,191,393	100.0%
Cost of operations	857,580	57.0	749,487	56.8	692,415	58.1
Selling, general and administrative	161,967	10.8	149,860	11.3	138,026	11.6
Depreciation	147,036	9.8	132,874	10.1	117,796	9.9
Amortization of intangibles	20,064	1.3	14,582	1.1	12,962	1.1
Loss (gain) on disposal of assets	1,657	0.0	571	0.1	(481)	(0.1)
Operating income	317,062	21.1	272,383	20.6	230,675	19.4
Interest expense	(44,520)	(3.0)	(40,134)	(3.0)	(49,161)	(4.1)
Interest income	530	0.0	590	0.1	1,413	0.1
Loss on extinguishment of debt	-	-	(10,193)	(0.8)	-	-
Other income (expense), net	57	0.0	2,830	0.2	(7,551)	(0.7)
Income tax provision	(106,958)	(7.1)	(89,334)	(6.8)	(64,565)	(5.4)
Net income attributable to noncontrolling interests	(932)	(0.0)	(1,038)	(0.1)	(986)	(0.1)
Net income attributable to Waste Connections	\$ 165,239	11.0%	\$ 135,104	10.2%	\$ 109,825	9.2%

### Years Ended December 31, 2011 and 2010

**Revenues.** Total revenues increased \$185.6 million, or 14.1%, to \$1.51 billion for the year ended December 31, 2011, from \$1.32 billion for the year ended December 31, 2010.

Acquisitions closed during, or subsequent to, the year ended December 31, 2010, increased revenues by approximately \$128.1 million. Operations divested during, or subsequent to, the year ended December 31, 2010, decreased revenues by approximately \$3.4 million.

During the year ended December 31, 2011, the net increase in prices charged to our customers was \$47.0 million, consisting of \$36.7 million of core price increases and \$10.3 million of fuel, materials and environmental surcharges.

Volume decreases in our existing business during the year ended December 31, 2011, decreased revenues by approximately \$3.9 million. The net decrease in volume was primarily attributable to decreases in commercial hauling activity, partially offset by increases in landfill special waste volumes and roll off hauling activity.

Recyclable commodity price increases, which occurred during the nine months ended September 30, 2011, and increased recyclable commodity volumes collected, increased revenues by \$14.0 million. The increase in recyclable commodity prices during the nine months ended September 30, 2011 was primarily due to increased overseas demand for recyclable commodities. Recyclable commodity prices during the three months ended December 31, 2011 and 2010 were consistent as the increased demand occurring during the nine months ended September 30, 2011 did not continue during the final three months of 2011. If average recyclable commodity prices during the year ended December 31, 2012 are consistent with the average recyclable commodity prices realized during the three months ended December 31, 2011, we expect recyclable commodity revenue to decline by approximately \$8 million to \$10 million during the year ended December 31, 2012, compared to the year ended December 31, 2011.

Other revenues increased by \$3.8 million during the year ended December 31, 2011, primarily due to an increase in cargo volume at our intermodal operations.

**Cost of Operations.** Total cost of operations increased \$108.1 million, or 14.4%, to \$857.6 million for the year ended December 31, 2011, from \$749.5 million for the year ended December 31, 2010. The increase was primarily attributable to operating costs associated with acquisitions closed during, or subsequent to, the year ended December 31, 2010, increased rail transportation expenses at our intermodal operations, increased third party trucking and transportation expenses due to increased waste disposal

internalization, increased franchise fees and taxes on revenues due to increased tax rates and increased landfill volumes, increased expenses associated with the cost of purchasing recyclable commodities due to recyclable commodity pricing increases, increased labor expenses, increased employee medical benefit expenses resulting from increased claims cost and severity, increased diesel fuel expense resulting from higher market prices for fuel and increased truck, equipment and container repair expenses.

Cost of operations as a percentage of revenues increased 0.2 percentage points to 57.0% for the year ended December 31, 2011, from 56.8% for the year ended December 31, 2010. The increase as a percentage of revenues was due primarily to increased diesel fuel expense and acquisitions closed during, or subsequent to, the year ended December 31, 2010 having higher disposal costs as a percentage of revenue relative to our company average, partially offset by higher gross margins on landfill special waste volumes and leveraging existing personnel to support increases in landfill volumes, recyclable commodity revenue and intermodal revenue.

SG&A. SG&A expenses increased \$12.1 million, or 8.1%, to \$162.0 million for the year ended December 31, 2011, from \$149.9 million for the year ended December 31, 2010. The increase was primarily the result of additional personnel expenses from acquisitions closed during, or subsequent to, the year ended December 31, 2010, increased payroll and payroll-related expenses, increased equity compensation expense, increased cash incentive compensation expense, increased contributions to community organizations and public programs in our operating markets, increased expenses for uncollectible accounts receivable and increased employee travel expenses, partially offset by decreased employee deferred compensation expense resulting from deferred compensation liabilities to employees being reduced as a result of declines in the market value of investments to which employee deferred compensation balances are tracked, decreased advertising expenses and a decrease in direct acquisition expenses.

SG&A expenses as a percentage of revenues decreased 0.5 percentage points to 10.8% for the year ended December 31, 2011, from 11.3% for the year ended December 31, 2010. The decrease as a percentage of revenues was primarily attributable to leveraging our administrative activities to support increases in landfill volumes, recyclable commodity revenue and intermodal revenue, decreased employee deferred compensation expense, decreased advertising expenses and acquisitions closed during, or subsequent to, the year ended December 31, 2010 having lower SG&A expenses as a percentage of revenue than our company average.

In December 2011, we commenced a relocation of our corporate headquarters from Folsom, California to The Woodlands, Texas. The relocation is expected to be completed in 2012. In connection with the relocation, we expect to incur an estimated \$15 million of increased SG&A costs during 2012 related to personnel and office relocation expenses. In addition, we may incur a loss on lease in 2012 on the cessation of use of our former corporate headquarters in Folsom, California, which we estimate could range between \$4 million and \$6 million.

Depreciation. Depreciation expense increased \$14.1 million, or 10.7%, to \$147.0 million for the year ended December 31, 2011, from \$132.9 million for the year ended December 31, 2010. The increase was primarily attributable to depreciation and depletion associated with acquisitions closed during, or subsequent to, the year ended December 31, 2010, increased depreciation expense associated with additions to our fleet and equipment purchased to support our existing operations, and increased depletion expense associated with increases in landfill volumes.

Depreciation expense as a percentage of revenues decreased 0.3 percentage points to 9.8% for the year ended December 31, 2011, from 10.1% for the year ended December 31, 2010, due primarily to acquisitions closed during, or subsequent to, the year ended December 31, 2010 having depreciation expense as a percentage of revenues below our company average and leveraging existing equipment to service increases in landfill volumes, recyclable commodity revenue and intermodal revenue.

Amortization of Intangibles. Amortization of intangibles expense increased \$5.5 million, or 37.6%, to \$20.1 million for the year ended December 31, 2011, from \$14.6 million for the year ended December 31, 2010, due primarily to the amortization of contracts and customer lists acquired during, or subsequent to, the year ended December 31, 2010.

Operating Income. Operating income increased \$44.7 million, or 16.4%, to \$317.1 million for the year ended December 31, 2011, from \$272.4 million for the year ended December 31, 2010. The increase was primarily attributable to increased revenues, partially offset by increased operating costs, increased SG&A expense, and increased depreciation expense and amortization of intangibles expense.

Operating income as a percentage of revenues increased 0.5 percentage points to 21.1% for the year ended December 31, 2011, from 20.6% for the year ended December 31, 2010. The increase as a percentage of revenues was primarily due to the previously described 0.5 percentage point decrease in SG&A expense and 0.3 percentage point decrease in depreciation expense, partially offset by the 0.2 percentage point increase in cost of operations and 0.2 percentage point increase in amortization expense.

**Interest Expense.** Interest expense increased \$4.4 million, or 10.9%, to \$44.5 million for the year ended December 31, 2011, from \$40.1 million for the year ended December 31, 2010. The increase was due to increased borrowings on our senior revolving credit facility, an increase in the applicable margin above the base rate or Eurodollar rate under our new senior revolving credit facility that we entered into in July 2011, interest expense associated with the April 2011 issuance of our 2016 Notes, 2018 Notes and 2021 Notes and interest accretion expense recorded on long-term liabilities recorded at fair value associated with acquisitions closed during the year ended December 31, 2011, partially offset by funding the redemption of our 2026 Notes with borrowings under our credit facility at lower interest rates, a reduction in the amortization of our debt discount and debt issuance costs on the redeemed 2026 Notes, the expiration of a \$50 million interest rate swap in June 2011 with a fixed rate of 4.29% and a reduction in the fixed interest rate paid on \$175 million of interest rate swaps. In February 2011, three interest rate swaps with a combined notional amount of \$175 million and fixed interest rate of 4.37% expired and we commenced a new \$175 million interest rate swap with a fixed interest rate of 2.85%.

**Loss on Extinguishment of Debt.** Loss on extinguishment of debt for the year ended December 31, 2010, consisted of an expense charge of \$9.7 million associated with the redemption of our 2026 Notes and an expense charge of \$0.5 million associated with the redemption of our Wasco Bonds.

**Income Tax Provision.** Income taxes increased \$17.7 million, or 19.7%, to \$107.0 million for the year ended December 31, 2011, from \$89.3 million for the year ended December 31, 2010.

Our effective tax rates for the years ended December 31, 2011 and 2010, were 39.2% and 39.6%, respectively.

During the year ended December 31, 2010, we recorded a \$1.5 million increase in the income tax provision associated with an adjustment in deferred tax liabilities resulting from a voter-approved increase in Oregon state income tax rates and changes to the geographic apportionment of our state income taxes.

Years Ended December 31, 2010 and 2009

**Revenues.** Total revenues increased \$128.4 million, or 10.8%, to \$1.32 billion for the year ended December 31, 2010, from \$1.19 billion for the year ended December 31, 2009.

Acquisitions closed during, or subsequent to, the year ended December 31, 2009, increased revenues by approximately \$68.8 million. Operations divested during, or subsequent to, the year ended December 31, 2009, decreased revenues by approximately \$5.9 million.

During the year ended December 31, 2010, the net increase in prices charged to our customers was \$34.4 million, consisting of \$31.8 million of core price increases and \$2.6 million of fuel, materials and environmental surcharges.

Volume increases in our existing business during the year ended December 31, 2010, increased revenues by approximately \$0.5 million. The net increase in volume was primarily attributable to increases in landfill volumes and roll off hauling activity for operations owned in the comparable periods, partially offset by declines in residential and commercial hauling activity. Our volume improved from a negative \$10.4 million and negative \$1.9 million during the three months ended March 31, 2010 and June 30, 2010, respectively, to a positive \$10.1 million and positive \$2.7 million during the three months ended September 30, 2010 and December 31, 2010, respectively, as a result of increased stability in our operating markets and revenues generated from landfill special waste projects.

Increased recyclable commodity volumes collected and increased recyclable commodity prices during the year ended December 31, 2010, increased revenues by \$24.6 million. The increase in recyclable commodity prices was primarily a result of the recovery of overseas demand for recyclable commodities, which had experienced significant year-over-year declines beginning near the end of 2008 and continuing through most of 2009.

Other revenues increased by \$6.0 million during the year ended December 31, 2010, primarily due to an increase in cargo volume at our intermodal operations.

**Cost of Operations.** Total cost of operations increased \$57.1 million, or 8.2%, to \$749.5 million for the year ended December 31, 2010, from \$692.4 million for the year ended December 31, 2009. The increase was primarily attributable to operating costs associated with acquisitions closed during, or subsequent to, the year ended December 31, 2009, and the following changes at operations owned in the comparable periods in 2009 and 2010: increased rail transportation expenses at our intermodal operations; increased third party trucking and transportation expenses due to increased waste disposal internalization and outsourcing these services; increased disposal expenses due to increased disposal rates and volumes; increased franchise fees and taxes on revenues due

to increased tax rates and increased landfill volumes; increased expenses associated with the cost of purchasing recyclable commodities due to recyclable commodity pricing increases; increased labor expenses; increased truck, equipment and container repair expenses; increased property taxes and increased facility repairs; partially offset by decreased diesel fuel expense due primarily to the expiration at the end of 2009 of diesel fuel purchase contracts in which the diesel fuel contract price per gallon exceeded the diesel fuel retail price; decreased auto and workers' compensation expense under our high deductible insurance program due to a reduction in projected losses on open claims and a decrease in general liability insurance expenses due to reduced claims severity.

Cost of operations as a percentage of revenues decreased 1.3 percentage points to 56.8% for the year ended December 31, 2010, from 58.1% for the year ended December 31, 2009. The decrease as a percentage of revenues was primarily attributable to decreased fuel expense, decreased auto and workers' compensation expense, decreased general liability insurance expenses and price increases charged to our customers being higher, on a percentage basis, than certain expense increases recognized during the year ended December 31, 2010, partially offset by increased third party trucking and transportation expenses and increased rail transportation expenses.

SG&A. SG&A expenses increased \$11.9 million, or 8.6%, to \$149.9 million for the year ended December 31, 2010, from \$138.0 million for the year ended December 31, 2009. The increase was primarily the result of additional personnel from acquisitions closed during, or subsequent to, the year ended December 31, 2009, increased payroll and payroll-related expenses, increased cash and stock-based incentive compensation expense and increased advertising expenses, partially offset by a decrease in legal expenses, decreased direct acquisition expenses and decreased expenses associated with our prior corporate office facilities. During the year ended December 31, 2009, we incurred higher direct acquisition expenses due primarily to our acquisition of certain operations from Republic Services, Inc.

SG&A expenses as a percentage of revenues decreased 0.3 percentage points to 11.3% for the year ended December 31, 2010, from 11.6% for the year ended December 31, 2009. The decrease as a percentage of revenues was primarily attributable to declines in the aforementioned charges for our prior corporate office facilities and direct acquisition expenses.

Depreciation. Depreciation expense increased \$15.1 million, or 12.8%, to \$132.9 million for the year ended December 31, 2010, from \$117.8 million for the year ended December 31, 2009. The increase was primarily attributable to depreciation and depletion associated with acquisitions closed during, or subsequent to, the year ended December 31, 2009, increased depletion expense at existing operations and increased depreciation expense associated with additions to our fleet and equipment purchased to support our existing operations.

Depreciation expense as a percentage of revenues increased 0.2 percentage points to 10.1% for the year ended December 31, 2010, from 9.9% for the year ended December 31, 2009, due primarily to increased depletion expense at acquired operations.

Amortization of Intangibles. Amortization of intangibles expense increased \$1.6 million, or 12.5%, to \$14.6 million for the year ended December 31, 2010, from \$13.0 million for the year ended December 31, 2009, due primarily to amortization on contracts, customer lists and other intangibles acquired during, or subsequent to, the year ended December 31, 2009.

Loss (Gain) on Disposal of Assets. Loss (gain) on disposal of assets increased \$1.1 million, to a loss of \$0.6 million for the year ended December 31, 2010, from a gain of \$0.5 million for the year ended December 31, 2009. On an aggregate basis, assets disposed in 2010 had a higher book carrying value relative to sales proceeds compared to assets disposed in 2009.

Operating Income. Operating income increased \$41.7 million, or 18.1%, to \$272.4 million for the year ended December 31, 2010, from \$230.7 million for the year ended December 31, 2009. The increase was primarily attributable to increased revenues, partially offset by increased operating costs, increased SG&A expense, and increased depreciation expense and amortization of intangibles expense.

Operating income as a percentage of revenues increased 1.2 percentage points to 20.6% for the year ended December 31, 2010, from 19.4% for the year ended December 31, 2009. The increase as a percentage of revenues was due to the previously described 1.3 percentage point decrease in cost of operations and 0.3 percentage point decrease in SG&A expense, partially offset by the 0.2 percentage point increase in depreciation expense and 0.2 percentage point increase in loss (gain) on disposal of assets.

Interest Expense. Interest expense decreased \$9.1 million, or 18.4%, to \$40.1 million for the year ended December 31, 2010, from \$49.2 million for the year ended December 31, 2009. The decrease was primarily attributable to funding the redemption of our 2026 Notes with borrowings under our credit facility at lower interest rates, a reduction in the amortization of our debt discount on the redeemed 2026 Notes and reduced average borrowing rates on the portion of our credit facility borrowings not fixed under interest rate swap agreements.

**Interest Income.** Interest income decreased \$0.8 million to \$0.6 million for the year ended December 31, 2010, from \$1.4 million for the year ended December 31, 2009, due to lower average cash balances. We maintained higher cash balances, primarily between January 2009 and April 2009, in order to fund acquisitions that closed during the second quarter of 2009.

**Loss on Extinguishment of Debt.** Loss on extinguishment of debt for the year ended December 31, 2010, consisted of an expense charge of \$9.7 million associated with the redemption of our 2026 Notes and an expense charge of \$0.5 million associated with the redemption of our Wasco Bonds.

**Other Income (Expense), Net.** Other income (expense), net increased \$10.4 million to an income balance of \$2.8 million for the year ended December 31, 2010, from an expense balance of \$7.6 million for the year ended December 31, 2009. During the year ended December 31, 2009, we recorded a \$9.2 million charge to other expense resulting from the termination of two interest rate swap agreements prior to their expiration.

**Income Tax Provision.** Income taxes increased \$24.7 million, or 38.4%, to \$89.3 million for the year ended December 31, 2010, from \$64.6 million for the year ended December 31, 2009.

Our effective tax rates for the year ended December 31, 2009 and 2010, were 36.8% and 39.6%, respectively.

During the year ended December 31, 2010, we recorded a \$1.2 million increase in the income tax provision associated with the reconciliation of the income tax provision to the 2009 federal and state tax returns, which were filed during 2010. We also recorded a reduction to the liability for uncertain tax positions of approximately \$0.6 million due to the expiration of certain statutes of limitations, which was recorded as a reduction to income tax expense. Additionally, during the year ended December 31, 2010, we recorded a \$1.5 million increase in the income tax provision associated with an adjustment in deferred tax liabilities resulting from a voter-approved increase in Oregon state income tax rates and changes to the geographic apportionment of our state income taxes and a \$0.4 million increase in the income tax provision associated with the disposal of certain assets that had no tax basis.

During the year ended December 31, 2009, we recorded a reduction to income tax expense of \$1.6 million, resulting from changes to the geographical apportionment of our state income taxes due to acquisitions closed in the current year and from current year changes to the state apportionment formulas used in certain states, and the reconciliation of the income tax provision to the 2008 federal and state tax returns, which were filed during 2009. Additionally, during the year ended December 31, 2009, we recorded a net reduction to the liability for uncertain tax positions of approximately \$0.8 million due to the expiration of certain statutes of limitations, which was recorded as a reduction to income tax expense.

## Liquidity and Capital Resources

The following table sets forth certain cash flow information for the years ended December 31, 2011, 2010 and 2009 (in thousands):

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net cash provided by operating activities	\$ 388,170	\$ 332,179	\$ 306,194
Net cash used in investing activities	(400,505)	(214,224)	(548,227)
Net cash provided by (used in) financing activities	<u>15,105</u>	<u>(117,721)</u>	<u>(13,592)</u>
Net increase (decrease) in cash and equivalents	2,770	234	(255,625)
Cash and equivalents at beginning of year	<u>9,873</u>	<u>9,639</u>	<u>265,264</u>
Cash and equivalents at end of year	<u>\$ 12,643</u>	<u>\$ 9,873</u>	<u>\$ 9,639</u>

## Operating Activities Cash Flows

For the year ended December 31, 2011, net cash provided by operating activities was \$388.2 million. For the year ended December 31, 2010, net cash provided by operating activities was \$332.2 million. The \$56.0 million net increase in cash provided by operating activities was due primarily to the following:

- 1) An increase in net income of \$30.0 million;
- 2) An increase in deferred taxes of \$24.6 million due primarily to the recognition during the year ended December 31, 2011, of tax benefits totaling \$16.4 million associated with an Internal Revenue Service approved change in our tax method for deducting depreciation expense for certain landfills as well as other tax deductible timing differences associated with depreciation;
- 3) An increase in depreciation and amortization expense of \$19.6 million;
- 4) An increase of \$7.2 million attributable to a decrease in the excess tax benefit associated with equity-based compensation, due to a decrease in stock option exercises resulting in decreased taxable income recognized by employees that is tax deductible to us; less
- 5) A decrease in cash flows from operating assets and liabilities, net of effects from acquisitions, of \$23.7 million to cash used by operating assets and liabilities of \$7.8 million for the year ended December 31, 2011, from cash provided by operating assets and liabilities of \$15.9 million for the year ended December 31, 2010. The significant components of the \$7.8 million in cash outflows from changes in operating assets and liabilities for the year ended December 31, 2011, include the following:
  - a) a decrease in cash resulting from a \$14.5 million increase in accounts receivable due to an increase in revenues;
  - b) a decrease in cash resulting from a \$4.2 million increase in prepaid expenses and other current assets due primarily to increases in prepaid insurance expenses, income taxes receivable, other prepaid expenses and parts inventory;
  - c) a decrease in cash resulting from a \$2.9 million decrease in accounts payable due primarily to the timing of payments; less
  - d) an increase in cash resulting from an increase in accrued liabilities of \$10.4 million due primarily to increased accrued interest expense due to increased debt balances and the timing of interest payments, increased liabilities for auto and workers' compensation claims, and increased liabilities for employee medical benefit expenses, increased liabilities for property taxes and increased liability for cash incentive compensation; less
  - e) an increase in cash resulting from an increase in deferred revenue of \$4.2 million due primarily to increased revenues and timing of billing for services.

For the year ended December 31, 2010, net cash provided by operating activities was \$332.2 million. For the year ended December 31, 2009, net cash provided by operating activities was \$306.2 million. The \$26.0 million net increase in cash provided by operating activities was due primarily to the following:

- 1) An increase in net income of \$25.3 million;
- 2) An increase in depreciation and amortization expense of \$16.7 million;
- 3) A decrease in deferred taxes of \$11.8 million due primarily to the recognition during the year ended December 31, 2009, of tax benefits associated with a change in our tax method for deducting depreciation expense for certain landfills;
- 4) An increase in equity-based compensation expense of \$2.0 million;
- 5) A decrease of \$7.9 million attributable to an increase in the excess tax benefit associated with equity-based compensation, due to an increase in stock option exercises resulting in increased taxable income recognized by employees that is tax deductible to us; and
- 6) An increase in cash flows from operating assets and liabilities, net of effects from acquisitions, of \$2.5 million to cash provided by operating assets and liabilities of \$15.9 million for the year ended December 31, 2010, from cash provided by operating assets and liabilities of \$13.4 million for the year ended December 31, 2009. The significant components of the \$15.9 million in cash inflows from changes in operating assets and liabilities for the year ended December 31, 2010, include the following:
  - a) an increase in cash resulting from a \$3.3 million decrease in prepaid expenses and other current assets due primarily to decreases in prepaid income taxes and prepaid insurance expenses;
  - b) an increase in cash due to a \$19.1 million increase in accrued liabilities due primarily to increased accruals for auto and workers' compensation insurance claims, cash-based employee incentive compensation expense, payroll and payroll-related liabilities, partially offset by a decrease in accrued interest due to the redemption of the 2026 Notes in April 2010; less
  - c) a decrease in cash resulting from a \$0.9 million decrease in accounts payable due primarily to the timing of payments for capital expenditures and operating expenses; less
  - d) a decrease in cash due to a \$9.3 million increase in accounts receivable due to increased revenues.

As of December 31, 2011, we had a working capital deficit of \$34.8 million, including cash and equivalents of \$12.6 million. Our working capital deficit decreased \$3.2 million from \$38.0 million at December 31, 2010. To date, we have experienced no loss or lack of access to our cash or cash equivalents; however, we can provide no assurances that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets. Our strategy in managing our working capital is generally to apply the cash generated from our operations that remains after satisfying our working capital and capital expenditure requirements, along with stock repurchase and dividend programs, to reduce our indebtedness under our credit facility and to minimize our cash balances.

#### Investing Activities Cash Flows

Net cash used in investing activities increased \$186.3 million to \$400.5 million for the year ended December 31, 2011, from \$214.2 million for the year ended December 31, 2010. The significant components of the increase include the following:

- 1) An increase in payments for acquisitions of \$177.3 million primarily due to the recent acquisition of County Waste and for the Colonie Landfill transaction;
- 2) An increase in capital expenditures for property and equipment of \$7.1 million due to increases in expenditures for site costs at various landfills, equipment, computers and buildings, partially offset by a decrease in expenditures for land and trucks, and
- 3) A decrease in proceeds from the sale of property, plant and equipment of \$2.2 million.

Net cash used in investing activities decreased \$334.0 million to \$214.2 million for the year ended December 31, 2010, from \$548.2 million for the year ended December 31, 2009. The significant components of the decrease include the following:

- 1) A decrease in payments for acquisitions of \$339.0 million; less
- 2) An increase in capital expenditures for property and equipment of \$6.6 million due to increases in site costs for various landfills, construction of buildings for operational facilities and purchase of containers, land and land improvements, partially offset by a decrease in truck and equipment purchases.

#### Financing Activities Cash Flows

Net cash flows from financing activities increased \$132.8 million to a net cash provided by financing activities total of \$15.1 million for the year ended December 31, 2011, from a net cash used in financing activities total of \$117.7 million for the year ended December 31, 2010. The significant components of the increase include the following:

- 1) An increase in net long-term borrowings of \$155.0 million due primarily to the issuance of new debt to fund the acquisition of County Waste and for the Colonie Landfill transaction;
- 2) A decrease in payments to repurchase our common stock of \$49.5 million; less
- 3) A decrease in proceeds from option and warrant exercises of \$27.9 million due to a decrease in the number of options and warrants exercised in the year ended December 31, 2011; less
- 4) An increase in cash dividends paid of \$27.0 million with the initiation of a quarterly cash dividend in November 2010; less
- 5) A decrease in the excess tax benefit associated with equity-based compensation of \$7.2 million; less
- 6) An increase in debt issuance costs of \$6.6 million in conjunction with our new senior revolving credit facility entered into during the year ended December 31, 2011.

Net cash used in financing activities increased \$104.1 million to \$117.7 million for the year ended December 31, 2010, from \$13.6 million for the year ended December 31, 2009. The significant components of the increase include the following:

- 1) An increase in payments to repurchase our common stock of \$103.7 million;
- 2) A decrease in net long-term borrowings of \$8.9 million due to increased availability of operating cash flow after funding operations, acquisitions, capital expenditures, stock repurchases and dividend payments;
- 3) An increase in stock dividends paid of \$8.6 million with the initiation of a quarterly stock dividend in 2010; less
- 4) A change in book overdraft of \$7.5 million resulting from fluctuations in our outstanding cash balances at banks for which outstanding check balances can be offset; less
- 5) An increase in proceeds from option and warrant exercises of \$17.7 million due to an increase in the number of options and warrants exercised in the year ended December 31, 2010; less,
- 6) An increase in the excess tax benefit associated with equity-based compensation of \$7.9 million, due to the aforementioned increase in options and warrants exercised in the year ended December 31, 2010, which resulted in increased taxable income, recognized by employees, that is tax deductible by us.

Our business is capital intensive. Our capital requirements include acquisitions and fixed asset purchases. We will also make capital expenditures for landfill cell construction, landfill development, landfill closure activities and intermodal facility construction in the future.

On December 5, 2011, we announced that our Board of Directors authorized a \$400 million increase to, and extended the term of, our previously announced common stock repurchase program. As amended, our common stock repurchase program authorizes the repurchase of up to \$1.2 billion of our common stock through December 31, 2014. Under the program, stock repurchases may be made in the open market or in privately negotiated transactions from time to time at management's discretion. The timing and amounts of any repurchases will depend on many factors, including our capital structure, the market price of the common stock and overall market conditions. As of December 31, 2011 and 2010, we had repurchased in aggregate 39.2 million and 35.4 million shares, respectively, of our common stock at an aggregate cost of \$765.4 million and \$648.6 million, respectively. As of December 31, 2011, the remaining maximum dollar value of shares available for purchase under the program was approximately \$434.6 million.

On October 19, 2010, our Board of Directors authorized a three-for-two split of our common stock, in the form of a 50% stock dividend, payable to stockholders of record as of October 29, 2010. Shares resulting from the split were issued on November 12, 2010. All share and per share amounts for all periods presented have been retroactively adjusted to reflect the stock split.

In addition, in October 2010, our Board of Directors authorized the initiation of a quarterly cash dividend of \$0.075 per share, as adjusted for the three-for-two stock split described above. In October 2011, our Board of Directors authorized an increase to our regular quarterly cash dividend by \$0.015, from \$0.075 to \$0.09 per share. Cash dividends of \$35.6 million and \$8.6 million were paid during the years ended December 31, 2011 and 2010, respectively. The Board will review the cash dividend periodically, with a long-term objective of increasing the amount of the dividend. We cannot assure you as to the amounts or timing of future dividends.

We made \$141.9 million in capital expenditures during the year ended December 31, 2011. We expect to make capital expenditures of approximately \$145 million in 2012 in connection with our existing business. We intend to fund our planned 2012 capital expenditures principally through internally generated funds and borrowings under our credit facility. In addition, we may make substantial additional capital expenditures in acquiring solid waste collection and disposal businesses. If we acquire additional landfill disposal facilities, we may also have to make significant expenditures to bring them into compliance with applicable regulatory requirements, obtain permits or expand our available disposal capacity. We cannot currently determine the amount of these expenditures because they will depend on the number, nature, condition and permitted status of any acquired landfill disposal facilities. We believe that our cash and equivalents, credit facility and the funds we expect to generate from operations will provide adequate cash to fund our working capital and other cash needs for the foreseeable future. However, disruptions in the capital and credit markets could adversely affect our ability to draw on our credit facility or raise other capital. Our access to funds under the credit facility is dependent on the ability of the banks that are parties to the facility to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time.

We have a \$1.2 billion senior revolving credit facility, or the credit facility, with a syndicate of banks for which Bank of America, N.A. acts as administrative agent and J.P. Morgan Chase Bank, N.A. and Wells Fargo Bank, National Association act as co-syndication agents. As of December 31, 2011, \$519.0 million was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$80.4 million. As of December 31, 2010, \$511.0 million was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$82.9 million. As of December 31, 2009, \$269.0 million was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$87.1 million.

Under the credit facility, there is no maximum amount of standby letters of credit that can be issued; however, the issuance of standby letters of credit reduces the amount of total borrowings available. The credit facility requires us to pay a commitment fee ranging from 0.200% per annum to 0.350% per annum of the unused portion of the facility. The borrowings under the credit facility bear interest, at our option, at either the base rate plus the applicable base rate margin on base rate loans, or the Eurodollar rate plus the applicable Eurodollar margin on Eurodollar loans. The base rate for any day is a fluctuating rate per annum equal to the highest of: (1) the federal funds rate plus one half of one percent (0.500%); (2) the LIBOR rate plus one percent (1.000%), and (3) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The LIBOR rate is determined by the administrative agent pursuant to a formula in the credit agreement. The applicable margins under the credit agreement vary depending on our leverage ratio, as defined in the credit agreement, and range from 1.150% per annum to 2.000% per annum for LIBOR loans and 0.150% per annum to 1.000% per annum for base rate loans. The credit facility matures in July 2016. The borrowings under the credit facility are not collateralized. The credit agreement contains representations and warranties and places certain business, financial and operating restrictions on us relating to, among other things, indebtedness, liens and other encumbrances, investments, mergers and acquisitions, asset sales, sale and leaseback transactions, and dividends, distributions and redemptions of capital stock. The credit agreement requires that we maintain specified financial ratios. As of December 31, 2011 and

2010, we were in compliance with all applicable covenants under the credit facility. We expect to be in compliance with all applicable covenants under the credit facility for the next 12 months. We use the credit facility for acquisitions, capital expenditures, working capital, standby letters of credit and general corporate purposes.

On March 20, 2006, we completed the offering of \$200 million aggregate principal amount of our 3.75% Convertible Senior Notes due 2026, or the 2026 Notes, pursuant to a private placement. The 2026 Notes were convertible into cash and, if applicable, shares of our common stock based on an initial conversion rate of 44.1177 shares of common stock per \$1,000 principal amount of 2026 Notes (which was equal to an initial conversion price of approximately \$22.67 per share), subject to adjustment, and only under certain circumstances. Upon a surrender of the 2026 Notes for conversion, we were required to deliver cash equal to the lesser of the aggregate principal amount of notes to be converted or our total conversion obligation.

On April 1, 2010, we redeemed the \$200 million aggregate principal amount of the 2026 Notes. Holders of the notes chose to convert a total of \$22.7 million principal amount of the notes. In addition to paying the principal amount of these notes with proceeds from our credit facility, we issued 32,859 shares of our common stock in connection with the conversion and redemption. We redeemed the balance of \$177.3 million principal amount of the notes with proceeds from our credit facility. All holders of the notes also received accrued interest and an interest make-whole payment. As a result of the redemption, we recognized \$9.7 million of pre-tax expense (\$6.0 million net of taxes) in April 2010.

On July 15, 2008, we entered into a Master Note Purchase Agreement with certain accredited institutional investors pursuant to which we issued and sold to the investors at a closing on October 1, 2008, \$175 million of senior uncollateralized notes due October 1, 2015, or the 2015 Notes, in a private placement. The 2015 Notes bear interest at the fixed rate of 6.22% per annum with interest payable in arrears semi-annually on April 1 and October 1 beginning on April 1, 2009, and with principal payable at the maturity of the 2015 Notes on October 1, 2015.

On October 26, 2009, we entered into a First Supplement to the Master Note Purchase Agreement with certain accredited institutional investors pursuant to which we issued and sold to the investors on that date \$175 million of senior uncollateralized notes due November 1, 2019, or the 2019 Notes, in a private placement. The 2019 Notes bear interest at the fixed rate of 5.25% per annum with interest payable in arrears semi-annually on May 1 and November 1 beginning on May 1, 2010, and with principal payable at the maturity of the 2019 Notes on November 1, 2019.

On April 1, 2011, we entered into a Second Supplement to Master Note Purchase Agreement with certain accredited institutional investors (the "Second Supplement"), pursuant to which we issued and sold to the investors on that date \$250 million of senior uncollateralized notes at fixed interest rates with interest payable in arrears semi-annually on October 1 and April 1 beginning on October 1, 2011 in a private placement. Of these notes, \$100 million will mature on April 1, 2016 with an annual interest rate of 3.30% (the "2016 Notes"), \$50 million will mature on April 1, 2018 with an annual interest rate of 4.00% (the "2018 Notes"), and \$100 million will mature on April 1, 2021 with an annual interest rate of 4.64% (the "2021 Notes").

The 2015 Notes, 2016 Notes, 2018 Notes, 2019 Notes, and 2021 Notes (collectively, the "Senior Notes") are uncollateralized obligations and rank equally in right of payment with each of the Senior Notes and obligations under our senior uncollateralized revolving credit facility. The Senior Notes are subject to representations, warranties, covenants and events of default. Upon the occurrence of an event of default, payment of the Senior Notes may be accelerated by the holders of the respective notes. The Senior Notes may also be prepaid at any time in whole or from time to time in any part (not less than 5% of the then-outstanding principal amount) by us at par plus a make-whole amount determined in respect of the remaining scheduled interest payments on the Senior Notes, using a discount rate of the then current market standard for United States treasury bills plus 0.50%. In addition, we will be required to offer to prepay the Senior Notes upon certain changes in control.

We may issue additional series of senior uncollateralized notes pursuant to the terms and conditions of the Master Note Agreement, provided that the purchasers of the Senior Notes shall not have any obligation to purchase any additional notes issued pursuant to the Master Note Agreement and the aggregate principal amount of the outstanding notes and any additional notes issued pursuant to the Master Note Agreement shall not exceed \$750 million. We currently have \$600 million of Notes outstanding under the Master Note Agreement.

As of December 31, 2011, we had the following contractual obligations (in thousands):

<b>Recorded Obligations</b>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>Less Than 1 Year</b>	<b>1 to 3 Years</b>	<b>3 to 5 Years</b>	<b>Over 5 years</b>
Long-term debt	\$ 1,178,657	\$ 5,899	\$ 9,348	\$ 801,911	\$ 361,499
Cash interest payments	265,826	48,022	93,693	69,940	54,171

Long-term debt payments include:

- 1) \$519.0 million in principal payments due July 2016 related to our credit facility. Our credit facility bears interest, at our option, at either the base rate plus the applicable base rate margin (approximately 3.65% at December 31, 2011) on base rate loans, or the Eurodollar rate plus the applicable Eurodollar margin (approximately 1.70% at December 31, 2011) on Eurodollar loans. As of December 31, 2011, our credit facility allowed us to borrow up to \$1.2 billion.
- 2) \$175.0 million in principal payments due 2015 related to our 2015 Notes. Holders of the 2015 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2015 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2015 Notes bear interest at a rate of 6.22%.
- 3) \$100.0 million in principal payments due 2016 related to our 2016 Notes. Holders of the 2016 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2016 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2016 Notes bear interest at a rate of 3.30%.
- 4) \$50.0 million in principal payments due 2018 related to our 2018 Notes. Holders of the 2018 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2018 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2018 Notes bear interest at a rate of 4.00%.
- 5) \$175.0 million in principal payments due 2019 related to our 2019 Notes. Holders of the 2019 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2019 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2019 Notes bear interest at a rate of 5.25%.
- 6) \$100.0 million in principal payments due 2021 related to our 2021 Notes. Holders of the 2021 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2021 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2021 Notes bear interest at a rate of 4.64%.
- 7) \$38.5 million in principal payments related to our tax-exempt bonds, which bear interest at variable rates (between 0.18% and 0.19%) at December 31, 2011. The tax-exempt bonds have maturity dates ranging from 2012 to 2033.
- 8) \$18.4 million in principal payments related to our notes payable to sellers. Our notes payable to sellers bear interest at rates between 2.50% and 10.35% at December 31, 2011, and have maturity dates ranging from 2012 to 2036.
- 9) \$2.8 million in principal payments related to our notes payable to third parties. Our notes payable to third parties bear interest at rates between 6.7% and 10.9% at December 31, 2011, and have maturity dates ranging from 2012 to 2019.

The following assumptions were made in calculating cash interest payments:

- 1) We calculated cash interest payments on the credit facility using the Eurodollar rate plus the applicable Eurodollar margin at December 31, 2011. We assumed the credit facility is paid off when it matures in July 2016.
- 2) We calculated cash interest payments on our interest rate swaps using the stated interest rate in the swap agreement less the Eurodollar rate through the earlier expiration of the term of the swaps or the term of the credit facility.

**Amount of Commitment Expiration Per Period**

(amounts in thousands)

<b>Unrecorded Obligations<sup>(1)</sup></b>	<b>Total</b>	<b>Less Than 1 Year</b>	<b>1 to 3 Years</b>	<b>3 to 5 Years</b>	<b>Over 5 Years</b>
Operating leases	\$ 72,104	\$ 12,049	\$ 18,251	\$ 12,842	\$ 28,962

(1) We are party to operating lease agreements as discussed in Note 11 to the consolidated financial statements. These lease agreements are established in the ordinary course of our business and are designed to provide us with access to facilities at competitive, market-driven prices. These arrangements have not materially affected our financial position, results of operations or liquidity during the year ended December 31, 2011, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

We have obtained standby letters of credit as discussed in Note 8 to the consolidated financial statements and financial surety bonds as discussed in Note 11 to the consolidated financial statements. These standby letters of credit and financial surety bonds are generally obtained to support our financial assurance needs and landfill operations. These arrangements have not materially affected our financial position, results of operations or liquidity during the year ended December 31, 2011, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

From time to time, we evaluate our existing operations and their strategic importance to us. If we determine that a given operating unit does not have future strategic importance, we may sell or otherwise dispose of those operations. Although we believe our reporting units would not be impaired by such dispositions, we could incur losses on them.

**New Accounting Pronouncements**

See Note 1 to the consolidated financial statements for a description of the new accounting standards that are applicable to us.

**Non-GAAP Financial Measures**

Free Cash Flow

We present free cash flow, a non-GAAP financial measure, supplementally because it is widely used by investors as a valuation and liquidity measure in the solid waste industry. We define free cash flow as net cash provided by operating activities, plus proceeds from disposal of assets, plus or minus change in book overdraft, plus excess tax benefit associated with equity-based compensation, less capital expenditures for property and equipment and distributions to noncontrolling interests. This measure is not a substitute for, and should be used in conjunction with, GAAP liquidity or financial measures. Management uses free cash flow as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. Other companies may calculate free cash flow differently. Our free cash flow for the years ended December 31, 2011 and 2010, is calculated as follows (amounts in thousands):

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Net cash provided by operating activities	\$ 388,170	\$ 332,179	\$ 306,194
Plus/less: Change in book overdraft	(227)	279	7,802
Plus: Proceeds from disposal of assets	4,434	6,659	5,061
Plus: Excess tax benefit associated with equity-based compensation	4,763	11,997	4,054
Less: Capital expenditures for property and equipment	(141,924)	(134,829)	(128,251)
Less: Distributions to noncontrolling interests	(675)	-	-
Free cash flow	<u>\$ 254,541</u>	<u>\$ 216,285</u>	<u>\$ 194,860</u>

Adjusted Operating Income Before Depreciation and Amortization

We present adjusted operating income before depreciation and amortization, a non-GAAP financial measure, supplementally because it is widely used by investors as a performance and valuation measure in the solid waste industry. We define adjusted operating income before depreciation and amortization as operating income, plus depreciation and amortization expense, plus closure and post-closure accretion expense, plus or minus any gain or loss on disposal of assets. We further adjust this calculation to exclude the effects of items management believes impact the ability to assess the operating performance of our business. This measure is not a substitute for, and should be used in conjunction with, GAAP financial measures. Management uses adjusted operating income before depreciation and amortization as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. Other companies may calculate adjusted operating income before depreciation and amortization differently. Our adjusted

operating income before depreciation and amortization for the years ended December 31, 2011, 2010 and 2009, is calculated as follows (amounts in thousands):

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Operating income	\$ 317,062	\$ 272,383	\$ 230,675
Plus: Depreciation and amortization	167,100	147,456	130,758
Plus: Closure and post-closure accretion	1,967	1,766	2,055
Plus/less: Loss (gain) on disposal of assets	1,657	571	(481)
Adjustments:			
Plus: Acquisition-related transaction costs <sup>(a)</sup>	1,744	2,081	3,987
Plus: Loss on prior corporate office lease <sup>(b)</sup>	-	-	1,839
Adjusted operating income before depreciation and amortization	<u>\$ 489,530</u>	<u>\$ 424,257</u>	<u>\$ 368,833</u>

(a) Reflects the addback of acquisition-related costs.

(b) Reflects the addback of a loss on our prior corporate office lease due to the relocation of our corporate offices.

#### Reconciliation of Net Income to Adjusted Net Income and Adjusted Net Income per diluted share

Adjusted net income and adjusted net income per diluted share, both non-GAAP financial measures, are provided supplementally because they are widely used by investors as a valuation measure in the solid waste industry. We provide adjusted net income to exclude the effects of items management believes impact the comparability of operating results between periods. Adjusted net income has limitations due to the fact that it may exclude items that have an impact on our financial condition and results of operations. Adjusted net income and adjusted net income per diluted share are not a substitute for, and should be used in conjunction with, GAAP financial measures. Management uses adjusted net income and adjusted net income per diluted share as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. Other companies may calculate adjusted net income and adjusted net income per diluted share differently.

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Reported net income attributable to Waste Connections	\$ 165,239	\$ 135,104	\$ 109,825
Adjustments:			
Swap termination costs, net of taxes <sup>(a)</sup>	-	-	5,753
Loss on extinguishment of debt, net of taxes <sup>(b)</sup>	-	6,320	-
Acquisition-related transaction costs, net of taxes <sup>(c)</sup>	1,327	1,290	2,630
Loss on prior corporate office lease, net of taxes <sup>(d)</sup>	-	-	1,144
Loss (gain) on disposal of assets, net of taxes <sup>(e)</sup>	1,027	776	(299)
Impact of deferred tax adjustment <sup>(f)</sup>	-	1,547	(1,142)
Adjusted net income attributable to Waste Connections	<u>\$ 167,593</u>	<u>\$ 145,037</u>	<u>\$ 117,911</u>
Diluted earnings per common share attributable to Waste Connections common stockholders:			
Reported net income	<u>\$ 1.45</u>	<u>\$ 1.16</u>	<u>\$ 0.91</u>
Adjusted net income	<u>\$ 1.48</u>	<u>\$ 1.24</u>	<u>\$ 0.98</u>

(a) Reflects the elimination of costs associated with the termination of a notional \$175 million of interest rate swaps.

(b) Reflects the elimination of costs associated with early redemption of outstanding debt.

(c) Reflects the elimination of acquisition-related costs.

(d) Reflects the elimination of a loss on our prior corporate office lease due to the relocation of our corporate offices.

(e) Reflects the elimination of a loss (gain) on disposal of assets.

(f) Reflects (1) the elimination in 2009 of a benefit to the income tax provision primarily from a reduction in our deferred tax liabilities and (2) the elimination in 2010 of an increase to the income tax provision associated with an adjustment in our deferred tax liabilities primarily resulting from a voter-approved increase in Oregon state income tax rates.

## Inflation

Other than volatility in fuel prices, inflation has not materially affected our operations in recent years. Consistent with industry practice, many of our contracts allow us to pass through certain costs to our customers, including increases in landfill tipping fees and, in some cases, fuel costs. Therefore, we believe that we should be able to increase prices to offset many cost increases that result from inflation in the ordinary course of business. However, competitive pressures or delays in the timing of rate increases under our contracts may require us to absorb at least part of these cost increases, especially if cost increases exceed the average rate of inflation. Management's estimates associated with inflation have an impact on our accounting for landfill liabilities.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we are exposed to market risk, including changes in interest rates and prices of certain commodities. We use hedge agreements to manage a portion of our risks related to interest rates and fuel prices. While we are exposed to credit risk in the event of non-performance by counterparties to our hedge agreements, in all cases such counterparties are highly rated financial institutions and we do not anticipate non-performance. We do not hold or issue derivative financial instruments for trading purposes. We monitor our hedge positions by regularly evaluating the positions at market and by performing sensitivity analyses over the unhedged fuel and variable rate debt positions.

At December 31, 2011, our derivative instruments included three interest rate swap agreements that effectively fix the interest rate on the applicable notional amounts of our variable rate debt as follows (dollars in thousands):

<u>Date Entered</u>	<u>Notional Amount</u>	<u>Fixed Interest Rate Paid*</u>	<u>Variable Interest Rate Received</u>	<u>Effective Date</u>	<u>Expiration Date</u>
March 2009	\$ 175,000	2.85%	1-month LIBOR	February 2011	February 2014
August 2011	\$ 150,000	0.80%	1-month LIBOR	April 2012	January 2015
December 2011	\$ 175,000	1.60%	1-month LIBOR	February 2014	February 2017

\* plus applicable margin.

Under derivatives and hedging guidance, all the interest rate swap agreements are considered cash flow hedges for a portion of our variable rate debt, and we apply hedge accounting to account for these instruments. The notional amounts and all other significant terms of the swap agreements are matched to the provisions and terms of the variable rate debt being hedged.

On October 26, 2009, we terminated two of our interest rate swap agreements in conjunction with issuing our 2019 Notes. We terminated an interest rate swap in the amount of \$75 million that would have expired in March 2011 and an interest rate swap in the amount of \$100 million that would have expired in June 2011. As a result of terminating these interest rate swaps, we made a cash payment of \$9.2 million to the counterparty of the swap agreements. Further, because we used the proceeds of the 2019 Notes to reduce the borrowings under our senior uncollateralized revolving credit facility, it is no longer probable that the forecasted transactions that were being hedged by these interest rate swap agreements will occur. Therefore, we recorded a charge of \$9.2 million to other expense in the fourth quarter of 2009.

We have performed sensitivity analyses to determine how market rate changes will affect the fair value of our unhedged floating rate debt. Such an analysis is inherently limited in that it reflects a singular, hypothetical set of assumptions. Actual market movements may vary significantly from our assumptions. Fair value sensitivity is not necessarily indicative of the ultimate cash flow or earnings effect we would recognize from the assumed market rate movements. We are exposed to cash flow risk due to changes in interest rates with respect to the unhedged floating rate balances owed at December 31, 2011 and 2010, of \$382.5 million and \$325.4 million, respectively, including floating rate debt under our credit facility and floating rate municipal bond obligations. A one percentage point increase in interest rates on our variable-rate debt as of December 31, 2011 and 2010, would decrease our annual pre-tax income by approximately \$3.8 million and \$3.3 million, respectively. All of our remaining debt instruments are at fixed rates, or effectively fixed under the interest rate swap agreements described above; therefore, changes in market interest rates under these instruments would not significantly impact our cash flows or results of operations, subject to counterparty default risk.

The market price of diesel fuel is unpredictable and can fluctuate significantly. We purchase approximately 28 million gallons of diesel fuel per year; therefore, a significant increase in the price of fuel could adversely affect our business and reduce our operating margins. To manage a portion of this risk, in 2008, we entered into fuel hedge agreements related to forecasted diesel fuel purchases.

At December 31, 2011, our derivative instruments included one fuel hedge agreement as follows:

<b>Date Entered</b>	<b>Notional Amount (in gallons per month)</b>	<b>Diesel Rate Paid Fixed (per gallon)</b>	<b>Diesel Rate Received Variable</b>	<b>Effective Date</b>	<b>Expiration Date</b>
December 2008	400,000	\$ 3.03	DOE Diesel Fuel Index*	January 2012	December 2012

\*If the national U.S. on-highway average price for a gallon of diesel fuel ("average price"), as published by the Department of Energy, exceeds the contract price per gallon, we receive the difference between the average price and the contract price (multiplied by the notional number of gallons) from the counterparty. If the average price is less than the contract price per gallon, we pay the difference to the counterparty.

Under derivatives and hedging guidance, the fuel hedge is considered a cash flow hedge for a portion of our forecasted diesel fuel purchases, and we apply hedge accounting to account for this instrument.

We have performed sensitivity analyses to determine how market rate changes will affect the fair value of our unhedged diesel fuel purchases. Such an analysis is inherently limited in that it reflects a singular, hypothetical set of assumptions. Actual market movements may vary significantly from our assumptions. Fair value sensitivity is not necessarily indicative of the ultimate cash flow or earnings effect we would recognize from the assumed market rate movements. For the year ending December 31, 2012, we expect to purchase approximately 28 million gallons of diesel fuel, of which 23.2 million gallons will be purchased at market prices and 4.8 million gallons will be purchased at prices that are fixed under our fuel hedges. With respect to the approximately 23.2 million gallons of unhedged diesel fuel we expect to purchase in 2012 at market prices, a \$0.10 per gallon increase in the price of fuel over the year would decrease our pre-tax income during this period by approximately \$2.3 million.

We market a variety of recyclable materials, including cardboard, office paper, plastic containers, glass bottles and ferrous and aluminum metals. We own and operate 39 recycling processing operations and sell other collected recyclable materials to third parties for processing before resale. Certain of our municipal recycling contracts in the state of Washington specify benchmark resale prices for recycled commodities. If the prices we actually receive for the processed recycled commodities collected under the contract exceed the prices specified in the contract, we share the excess with the municipality, after recovering any previous shortfalls resulting from actual market prices falling below the prices specified in the contract. To reduce our exposure to commodity price risk with respect to recycled materials, we have adopted a pricing strategy of charging collection and processing fees for recycling volume collected from third parties. In the event of a decline in recycled commodity prices, a 10% decrease in average recycled commodity prices from the average prices that were in effect during the year ended December 31, 2011 and 2010, would have had a \$7.8 million and \$4.6 million impact on revenues for the year ended December 31, 2011 and 2010, respectively.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

WASTE CONNECTIONS, INC.

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Waste Connections, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Waste Connections, Inc. and its subsidiaries at December 31, 2011 and December 31, 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP  
Sacramento, CA  
February 7, 2012

WASTE CONNECTIONS, INC.  
CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	December 31,	
	2011	2010
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 12,643	\$ 9,873
Accounts receivable, net of allowance for doubtful accounts of \$6,617 and \$5,084 at December 31, 2011 and 2010, respectively	176,277	152,156
Deferred income taxes	20,630	20,130
Prepaid expenses and other current assets	39,708	33,402
Total current assets	249,258	215,561
Property and equipment, net	1,450,469	1,337,476
Goodwill	1,116,888	927,852
Intangible assets, net	449,581	381,475
Restricted assets	30,544	30,441
Other assets, net	31,265	23,179
	\$ 3,328,005	\$ 2,915,984
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 95,097	\$ 85,252
Book overdraft	12,169	12,396
Accrued liabilities	106,243	99,075
Deferred revenue	64,694	54,157
Current portion of long-term debt and notes payable	5,899	2,657
Total current liabilities	284,102	253,537
Long-term debt and notes payable	1,172,758	909,978
Other long-term liabilities	74,324	47,637
Deferred income taxes	397,134	334,414
Total liabilities	1,928,318	1,545,566
Commitments and contingencies (Note 11)		
Equity:		
Preferred stock: \$0.01 par value per share; 7,500,000 shares authorized; none issued and outstanding	-	-
Common stock: \$0.01 par value per share; 250,000,000 and 150,000,000 shares authorized; 110,907,782 and 113,950,081 shares issued and outstanding at December 31, 2011 and 2010, respectively	1,109	1,139
Additional paid-in capital	408,721	509,218
Accumulated other comprehensive loss	(3,480)	(3,095)
Retained earnings	988,560	858,887
Total Waste Connections' equity	1,394,910	1,366,149
Noncontrolling interest in subsidiaries	4,777	4,269
Total equity	1,399,687	1,370,418
	\$ 3,328,005	\$ 2,915,984

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Years Ended December 31,		
	2011	2010	2009
Revenues	\$ 1,505,366	\$ 1,319,757	\$ 1,191,393
Operating expenses:			
Cost of operations	857,580	749,487	692,415
Selling, general and administrative	161,967	149,860	138,026
Depreciation	147,036	132,874	117,796
Amortization of intangibles	20,064	14,582	12,962
Loss (gain) on disposal of assets	1,657	571	(481)
Operating income	317,062	272,383	230,675
Interest expense	(44,520)	(40,134)	(49,161)
Interest income	530	590	1,413
Loss on extinguishment of debt	-	(10,193)	-
Other income (expense), net	57	2,830	(7,551)
Income before income tax provision	273,129	225,476	175,376
Income tax provision	(106,958)	(89,334)	(64,565)
Net income	166,171	136,142	110,811
Less: Net income attributable to noncontrolling interests	(932)	(1,038)	(986)
Net income attributable to Waste Connections	\$ 165,239	\$ 135,104	\$ 109,825
Earnings per common share attributable to Waste Connections' common stockholders:			
Basic	\$ 1.47	\$ 1.17	\$ 0.92
Diluted	\$ 1.45	\$ 1.16	\$ 0.91
Shares used in the per share calculations:			
Basic	112,720,444	115,646,173	119,119,601
Diluted	113,583,486	116,894,204	120,506,162
Cash dividends per common share	\$ 0.315	\$ 0.075	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.  
CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2009, 2010 AND 2011  
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	WASTE CONNECTIONS' EQUITY									
	COMPREHENSIVE INCOME	SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	NONCONTROLLING INTERESTS	TOTAL		
<b>Balances at December 31, 2008</b>										
Vesting of restricted stock units		119,763,358	\$ 798	\$ 661,555	\$ (23,937)	\$ 622,913	\$ 668	\$ 1,261,997		
Tax withholdings related to net share settlements of restricted stock units		410,461	3	(3)	-	-	-	(2,557)		
Equity-based compensation		(138,733)	(1)	(2,556)	-	-	-	9,336		
Exercise of stock options and warrants		-	-	9,336	-	-	-	15,397		
Excess tax benefit associated with equity-based compensation		1,236,780	8	15,389	-	-	-	4,054		
Repurchase of common stock		-	-	4,054	-	-	-	(62,624)		
Amounts reclassified into earnings, net of taxes		(3,373,242)	(22)	(62,602)	-	-	-	14,416		
Changes in fair value of swaps, net of taxes		-	-	-	-	4,629	-	4,629		
Fair value of noncontrolling interest associated with business acquired		-	-	-	-	-	1,577	1,577		
Net income		-	-	-	-	-	986	110,811		
Other comprehensive income		-	-	-	-	-	-	-		
Income tax effect of other comprehensive income		-	-	-	-	-	-	-		
Comprehensive income		-	-	-	-	-	-	-		
Comprehensive income attributable to noncontrolling interests		-	-	-	-	-	-	-		
Comprehensive income attributable to Waste Connections		-	-	-	-	-	-	-		
<b>Balances at December 31, 2009</b>										
Stock split		117,898,624	\$ 786	\$ 625,173	\$ (4,892)	\$ 732,738	\$ 3,231	\$ 1,357,036		
Vesting of restricted stock units		-	394	-	-	(394)	-	-		
Tax withholdings related to net share settlements of restricted stock units		511,196	5	(5)	-	-	-	(3,783)		
Equity-based compensation		(175,776)	(2)	(3,781)	-	-	-	11,331		
Exercise of stock options and warrants		-	-	11,331	-	-	-	33,074		
Excess tax benefit associated with equity-based compensation		2,572,195	25	33,049	-	-	-	11,997		
Repurchase of common stock		-	-	11,997	-	-	-	(166,320)		
Cash dividends on common stock		(6,889,017)	(69)	(166,251)	-	(8,561)	-	(8,561)		
Reacquisition of equity component resulting from conversion of 2026 Convertible Senior Notes		-	-	(2,295)	-	-	-	(2,295)		
Issuance of shares in connection with conversion of 2026 Convertible Senior Notes		-	32,859	-	-	-	-	8,050		
Amounts reclassified into earnings, net of taxes		-	-	-	-	8,050	-	(6,253)		
Changes in fair value of swaps, net of taxes		-	-	-	-	(6,253)	-	136,142		
Net income		-	-	-	-	-	-	-		
Other comprehensive income		-	-	-	-	-	-	-		
Income tax effect of other comprehensive income		-	-	-	-	-	-	-		
Comprehensive income		-	-	-	-	-	-	-		
Comprehensive income attributable to noncontrolling interests		-	-	-	-	-	-	-		
Comprehensive income attributable to Waste Connections		-	-	-	-	-	-	-		
<b>Balances at December 31, 2010</b>										
Vesting of restricted stock units		113,950,081	\$ 1,139	\$ 509,218	\$ (3,095)	\$ 858,887	\$ 4,269	\$ 1,370,418		
Tax withholdings related to net share settlements of restricted stock units		545,223	6	(6)	-	-	-	(5,511)		
Equity-based compensation		(186,811)	(2)	(5,509)	-	-	-	11,879		
Exercise of stock options and warrants		-	-	11,879	-	-	-	5,159		
Excess tax benefit associated with equity-based compensation		407,012	4	5,155	-	-	-	4,763		
Repurchase of common stock		(3,807,723)	(38)	(4,763)	-	-	-	(116,817)		
Cash dividends on common stock		-	-	(38)	-	(35,566)	-	(35,566)		
Amounts reclassified into earnings, net of taxes		-	-	-	-	934	-	934		
Changes in fair value of swaps, net of taxes		-	-	-	-	(1,319)	-	(675)		
Distributions to noncontrolling interests		-	-	-	-	-	-	(675)		
Fair value of noncontrolling interest associated with business acquired		-	-	-	-	-	251	251		
Net income		-	-	-	-	-	932	166,171		
Other comprehensive loss		-	-	-	-	-	-	-		
Income tax effect of other comprehensive loss		-	-	-	-	-	-	-		
Comprehensive income		-	-	-	-	-	-	-		
Comprehensive income attributable to noncontrolling interests		-	-	-	-	-	-	-		
Comprehensive income attributable to Waste Connections		-	-	-	-	-	-	-		
<b>Balances at December 31, 2011</b>										
		110,907,782	\$ 1,109	\$ 408,721	\$ (3,480)	\$ 988,560	\$ 4,777	\$ 1,399,687		

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 166,171	\$ 136,142	\$ 110,811
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (gain) on disposal of assets	1,657	571	(481)
Depreciation	147,036	132,874	117,796
Amortization of intangibles	20,064	14,582	12,962
Deferred income taxes, net of acquisitions	50,989	26,431	38,224
Loss on redemption of 2026 Convertible Senior Notes, net of make-whole payment	-	2,255	-
Amortization of debt issuance costs	1,420	1,574	1,942
Amortization of debt discount	-	1,245	4,684
Equity-based compensation	11,879	11,331	9,336
Interest income on restricted assets	(454)	(511)	(488)
Closure and post-closure accretion	1,967	1,766	2,055
Excess tax benefit associated with equity-based compensation	(4,763)	(11,997)	(4,054)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, net	(14,507)	(9,321)	(4,328)
Prepaid expenses and other current assets	(4,236)	3,304	(8,032)
Accounts payable	(2,912)	(853)	13,218
Deferred revenue	4,161	3,244	(309)
Accrued liabilities	10,355	19,086	9,070
Other long-term liabilities	(657)	456	3,788
Net cash provided by operating activities	<u>388,170</u>	<u>332,179</u>	<u>306,194</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payments for acquisitions, net of cash acquired	(258,352)	(81,010)	(420,011)
Capital expenditures for property and equipment	(141,924)	(134,829)	(128,251)
Proceeds from disposal of assets	4,434	6,659	5,061
Decrease (increase) in restricted assets, net of interest income	351	(2,552)	(3,880)
Increase in other assets	(5,014)	(2,492)	(1,146)
Net cash used in investing activities	<u>(400,505)</u>	<u>(214,224)</u>	<u>(548,227)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from long-term debt	592,500	483,253	426,500
Principal payments on notes payable and long-term debt	(421,872)	(467,660)	(401,970)
Change in book overdraft	(227)	279	7,802
Proceeds from option and warrant exercises	5,159	33,074	15,397
Excess tax benefit associated with equity-based compensation	4,763	11,997	4,054
Payments for repurchase of common stock	(116,817)	(166,320)	(62,624)
Payments for cash dividends	(35,566)	(8,561)	-
Tax withholdings related to net share settlements of restricted stock units	(5,511)	(3,783)	(2,557)
Distributions to noncontrolling interests	(675)	-	-
Debt issuance costs	(6,649)	-	(194)
Net cash provided by (used in) financing activities	<u>15,105</u>	<u>(117,721)</u>	<u>(13,592)</u>
Net increase (decrease) in cash and equivalents	2,770	234	(255,625)
Cash and equivalents at beginning of year	9,873	9,639	265,264
Cash and equivalents at end of year	<u>\$ 12,643</u>	<u>\$ 9,873</u>	<u>\$ 9,639</u>

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

**SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION AND NON-CASH TRANSACTIONS:**

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Cash paid for income taxes	\$ 52,729	\$ 50,111	\$ 26,848
Cash paid for interest	\$ 39,499	\$ 39,913	\$ 41,662
In connection with its acquisitions, the Company assumed liabilities as follows:			
Fair value of assets acquired	\$ 404,550	\$ 107,144	\$ 461,120
Cash paid for current year acquisitions	(257,852)	(81,010)	(416,853)
Liabilities assumed and notes payable issued to sellers of businesses acquired	\$ 146,698	\$ 26,134	\$ 44,267

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

**1. ORGANIZATION, BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Business**

Waste Connections, Inc. (“WCI” or the “Company”) was incorporated in Delaware on September 9, 1997, and commenced its operations on October 1, 1997, through the purchase of certain solid waste operations in the state of Washington. The Company is an integrated, non-hazardous solid waste services company that provides collection, transfer, disposal and recycling services to commercial, industrial and residential customers. The Company also provides intermodal services for the movement of containers in the Pacific Northwest.

**Basis of Presentation**

These consolidated financial statements include the accounts of WCI and its wholly-owned and majority-owned subsidiaries. The consolidated entity is referred to herein as the Company. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less at purchase to be cash equivalents. The Company did not have any cash equivalents at December 31, 2011 or 2010.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, restricted assets and accounts receivable. The Company maintains cash and cash equivalents with banks that at times exceed applicable insurance limits. The Company reduces its exposure to credit risk by maintaining such deposits with high quality financial institutions. The Company’s restricted assets are invested primarily in U.S. government and agency securities. The Company has not experienced any losses related to its cash and cash equivalent or restricted asset accounts. The Company generally does not require collateral on its trade receivables. Credit risk on accounts receivable is minimized as a result of the large and diverse nature of the Company’s customer base. The Company maintains allowances for losses based on the expected collectability of accounts receivable.

**Revenue Recognition and Accounts Receivable**

Revenues are recognized when persuasive evidence of an arrangement exists, the service has been provided, the price is fixed or determinable and collection is reasonably assured. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred until the services are provided. In accordance with revenue recognition guidance, any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer is presented in the statements of income on a net basis (excluded from revenues).

The Company’s receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of the Company’s receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The Company estimates its allowance for doubtful accounts based on historical collection trends, type of customer such as municipal or non-municipal, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company’s internal collection efforts have been unsuccessful in collecting the amount due.

**Property and Equipment**

Property and equipment are stated at cost. Improvements or betterments, not considered to be maintenance and repair, which add new functionality or significantly extend the life of an asset are capitalized. Third-party expenditures related to pending development projects, such as legal and engineering expenses, are capitalized. Expenditures for maintenance and repair costs, including planned major maintenance activities, are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related

WASTE CONNECTIONS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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accumulated depreciation are eliminated from the accounts in the year of disposal. Gains and losses resulting from disposals of property and equipment are recognized in the period in which the property and equipment is disposed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the lease term, whichever is shorter.

The estimated useful lives are as follows:

Buildings	10 – 20 years
Land and leasehold improvements	3 – 20 years
Machinery and equipment	3 – 12 years
Rolling stock	3 – 10 years
Containers	5 – 12 years
Rail cars	20 years

### Landfill Accounting

The Company utilizes the life cycle method of accounting for landfill costs. This method applies the costs to be capitalized associated with acquiring, developing, closing and monitoring the landfills over the associated consumption of landfill capacity. The Company utilizes the units of consumption method to amortize landfill development costs over the estimated remaining capacity of a landfill. Under this method, the Company includes future estimated construction costs using current dollars, as well as costs incurred to date, in the amortization base. When certain criteria are met, the Company includes expansion airspace, which has not been permitted, in the calculation of the total remaining capacity of the landfill.

- Landfill development costs. Landfill development costs include the costs of acquisition, construction associated with excavation, liners, site berms, groundwater monitoring wells, gas recovery systems and leachate collection systems. The Company estimates the total costs associated with developing each landfill site to its final capacity. This includes certain projected landfill site costs that are uncertain because they are dependent on future events and thus actual costs could vary significantly from estimates. The total cost to develop a site to its final capacity includes amounts previously expended and capitalized, net of accumulated depletion, and projections of future purchase and development costs, liner construction costs, and operating construction costs. Total landfill costs include the development costs associated with expansion airspace. Expansion airspace is addressed below.
- Final capping, closure and post-closure obligations. The Company accrues for estimated final capping, closure and post-closure maintenance obligations at the landfills it owns and four of the five landfills that it operates, but does not own under life-of-site agreements. Accrued final capping, closure and post-closure costs represent an estimate of the current value of the future obligation associated with final capping, closure and post-closure monitoring of non-hazardous solid waste landfills currently owned or operated under life-of-site agreements by the Company. Final capping costs represent the costs related to installation of clay liners, drainage and compacted soil layers and topsoil constructed over areas of the landfill where total airspace capacity has been consumed. Closure and post-closure monitoring and maintenance costs represent the costs related to cash expenditures yet to be incurred when a landfill facility ceases to accept waste and closes. Accruals for final capping, closure and post-closure monitoring and maintenance requirements in the U.S. consider site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operating and maintenance costs to be incurred during the period after the facility closes. Certain of these environmental costs, principally capping and methane gas control costs, are also incurred during the operating life of the site in accordance with the landfill operation requirements of Subtitle D and the air emissions standards. Daily maintenance activities, which include many of these costs, are expensed as incurred during the operating life of the landfill. Daily maintenance activities include leachate disposal; surface water, groundwater, and methane gas monitoring and maintenance; other pollution control activities; mowing and fertilizing the landfill final cap; fence and road maintenance; and third party inspection and reporting costs. Site specific final capping, closure and post-closure engineering cost estimates are prepared annually for landfills owned or operated under life-of-site agreements by the Company for which it is responsible for final capping, closure and post-closure.

The net present value of landfill final capping, closure and post-closure liabilities are calculated by estimating the total obligation in current dollars, inflating the obligation based upon the expected date of the expenditure and discounting the inflated total to its present value using a credit-adjusted risk-free rate. Any changes in expectations that result in an upward revision to the estimated undiscounted cash flows are treated as a new liability and are inflated and discounted at rates reflecting current market conditions.

WASTE CONNECTIONS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

Any changes in expectations that result in a downward revision (or no revision) to the estimated undiscounted cash flows result in a liability that is inflated and discounted at rates reflecting the market conditions at the time the cash flows were originally estimated. This policy results in the Company's capping, closure and post-closure liabilities being recorded in "layers." At January 1, 2011, the Company decreased its discount rate assumption for purposes of computing 2011 "layers" for final capping, closure and post-closure obligations from 6.5% to 5.75%, in order to more accurately reflect the Company's long-term cost of borrowing as of the end of 2010. The Company's inflation rate assumption was 2.5% for the years ending December 31, 2011 and 2010.

In accordance with the accounting guidance on asset retirement obligations, the final capping, closure and post-closure liability is recorded on the balance sheet along with an offsetting addition to site costs which is amortized to depletion expense on a units-of-consumption basis as remaining landfill airspace is consumed. The impact of changes determined to be changes in estimates, based on an annual update, is accounted for on a prospective basis. Depletion expense resulting from final capping, closure and post-closure obligations recorded as a component of landfill site costs will generally be less during the early portion of a landfill's operating life and increase thereafter. Owned landfills and landfills operated under life-of-site agreements have estimated remaining lives, based on remaining permitted capacity, probable expansion capacity and projected annual disposal volumes, that range from approximately 1 to 188 years, with an average remaining life of approximately 48 years. The costs for final capping, closure and post-closure obligations at landfills the Company owns or operates under life-of-site agreements are generally estimated based on interpretations of current requirements and proposed or anticipated regulatory changes.

The estimates for landfill final capping, closure and post-closure costs consider when the costs would actually be paid and factor in inflation and discount rates. Interest is accreted on the recorded liability using the corresponding discount rate. When using discounted cash flow techniques, reliable estimates of market premiums may not be obtainable. In the waste industry, there is no market for selling the responsibility for final capping, closure and post-closure obligations independent of selling the landfill in its entirety. Accordingly, the Company does not believe that it is possible to develop a methodology to reliably estimate a market risk premium and has therefore excluded any such market risk premium from its determination of expected cash flows for landfill asset retirement obligations. The possibility of changing legal and regulatory requirements and the forward-looking nature of these types of costs make any estimation or assumption less certain.

The following is a reconciliation of the Company's final capping, closure and post-closure liability balance from December 31, 2009 to December 31, 2011:

Final capping, closure and post-closure liability at December 31, 2009	\$ 32,235
Adjustments to final capping, closure and post-closure liabilities	(6,990)
Liabilities incurred	2,513
Accretion expense	1,766
Closure payments	(1,133)
Assumption of closure liabilities from acquisitions	<u>146</u>
Final capping, closure and post-closure liability at December 31, 2010	28,537
Adjustments to final capping, closure and post-closure liabilities	(1,038)
Liabilities incurred	2,088
Accretion expense	1,967
Closure payments	(2,100)
Assumption of closure liabilities from acquisitions	<u>1,429</u>
Final capping, closure and post-closure liability at December 31, 2011	<u>\$ 30,883</u>

The adjustments to final capping, closure and post-closure liabilities for the year ended December 31, 2011, primarily consisted of an increase in estimated airspace at one of the Company's landfills at which an expansion is being pursued. The adjustments to final capping, closure and post-closure liabilities for the year ended December 31, 2010, primarily consisted of revisions in capping, closure and post-closure cost estimates related to a landfill acquired from Republic Services, Inc., as well as decreases in estimates of annual tonnage consumption. The final capping, closure and post-closure liability is included in Other long-term liabilities in the Consolidated Balance Sheets. The Company performs its annual review of its cost and capacity estimates in the first quarter of each year.

At December 31, 2011, \$28,190 of the Company's restricted assets balance was for purposes of securing its performance of future final capping, closure and post-closure obligations.

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- Disposal capacity. The Company's internal and third-party engineers perform surveys at least annually to estimate the remaining disposal capacity at its landfills. This is done by using surveys and other methods to calculate, based on the terms of the permit, height restrictions and other factors, how much airspace is left to fill and how much waste can be disposed of at a landfill before it has reached its final capacity. The Company's landfill depletion rates are based on the remaining disposal capacity, considering both permitted and probable expansion airspace, at the landfills it owns, and landfills it operates, but does not own, under life-of-site agreements. The Company's landfill depletion rate is based on the term of the operating agreement at its operated landfill that has capitalized expenditures. Expansion airspace consists of additional disposal capacity being pursued through means of an expansion that has not yet been permitted. Expansion airspace that meets the following criteria is included in the estimate of total landfill airspace:
  - 1) whether the land where the expansion is being sought is contiguous to the current disposal site, and the Company either owns the expansion property or has rights to it under an option, purchase, operating or other similar agreement;
  - 2) whether total development costs, final capping costs, and closure/post-closure costs have been determined;
  - 3) whether internal personnel have performed a financial analysis of the proposed expansion site and have determined that it has a positive financial and operational impact;
  - 4) whether internal personnel or external consultants are actively working to obtain the necessary approvals to obtain the landfill expansion permit; and
  - 5) whether the Company considers it probable that the Company will achieve the expansion (for a pursued expansion to be considered probable, there must be no significant known technical, legal, community, business, or political restrictions or similar issues existing that the Company believes are more likely than not to impair the success of the expansion).

It is possible that the Company's estimates or assumptions could ultimately be significantly different from actual results. In some cases the Company may be unsuccessful in obtaining an expansion permit or the Company may determine that an expansion permit that the Company previously thought was probable has become unlikely. To the extent that such estimates, or the assumptions used to make those estimates, prove to be significantly different than actual results, or the belief that the Company will receive an expansion permit changes adversely in a significant manner, the costs of the landfill, including the costs incurred in the pursuit of the expansion, may be subject to impairment testing, as described below, and lower profitability may be experienced due to higher amortization rates, higher capping, closure and post-closure rates, and higher expenses or asset impairments related to the removal of previously included expansion airspace.

The Company periodically evaluates its landfill sites for potential impairment indicators. The Company's judgments regarding the existence of impairment indicators are based on regulatory factors, market conditions and operational performance of its landfills. Future events could cause the Company to conclude that impairment indicators exist and that its landfill carrying costs are impaired.

### **Business Combination Accounting**

The Company accounts for business combinations as follows:

- The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. The Company measures and recognizes goodwill as of the acquisition date as the excess of:
  - (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over
  - (b) the fair value of net assets acquired and liabilities assumed.
- At the acquisition date, the Company measures the fair values of all assets acquired and liabilities assumed that arise from contractual contingencies. The Company measures the fair values of all noncontractual contingencies if, as of the acquisition date, it is more likely than not that the contingency will give rise to an asset or liability.

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**Finite-Lived Intangible Assets**

The amounts assigned to the franchise agreements, contracts, customer lists and non-competition agreements are being amortized on a straight-line basis over the expected term of the related agreements (ranging from 1 to 56 years).

**Goodwill and Indefinite-Lived Intangible Assets**

The Company acquired indefinite-lived intangible assets in connection with certain of its acquisitions. The amounts assigned to indefinite-lived intangible assets consist of the value of certain perpetual rights to provide solid waste collection and transportation services in specified territories. The Company measures and recognizes acquired indefinite-lived intangible assets at their estimated acquisition date fair values. Indefinite-lived intangible assets are not amortized. Goodwill represents the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of assets acquired and liabilities assumed. Goodwill and intangible assets, deemed to have indefinite lives, are subject to annual impairment tests as described below. Goodwill and indefinite-lived intangibles are tested for impairment on at least an annual basis in the fourth quarter of the year.

In the fourth quarter of 2011, the Company elected to early adopt the new guidance issued by the Financial Accounting Standards Board ("FASB") related to testing goodwill for impairment. This new guidance provides the Company the option to perform a "qualitative" assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. In performing the qualitative assessment, the Company assesses relevant events and circumstances that may impact the fair value of its reporting units, including the following:

- macroeconomic conditions;
- industry and market considerations;
- cost factors;
- overall financial performance;
- Company-specific events;
- events affecting a reporting unit;
- sustained decreases in share price; and
- recent fair value calculation for the Company's reporting units, if available.

If, after assessing the above described events and circumstances, the Company determines that it is more likely than not that the fair value of a reporting unit, which it has determined to be its geographic operating segments, is greater than its carrying value, then no further testing is required. If the Company determines that it is more likely than not that the fair value is less than the carrying value, then the Company would perform the first step of quantitative testing for goodwill impairment, as described below.

In the first step of quantitative testing for goodwill impairment, the Company estimates the fair value of each reporting unit and compares the fair value with the carrying value of the net assets assigned to each unit. If the fair value of a reporting unit is greater than the carrying value of the net assets assigned to the reporting unit, then no impairment results. If the fair value is less than the carrying value, then the Company would perform a second step and determine the fair value of the goodwill. In this second step, the fair value of goodwill is determined by deducting the fair value of a reporting unit's identifiable assets and liabilities from the fair value of the reporting unit as a whole, as if that reporting unit had just been acquired and the purchase price were being initially allocated. If the fair value of the goodwill is less than its carrying value for a reporting unit, an impairment charge would be recorded to earnings in the Company's Consolidated Statements of Income. In testing indefinite-lived intangibles for impairment, the Company compares the estimated fair value of each indefinite-lived intangible to its carrying value. If the fair value of the indefinite-lived intangible is less than its carrying value, an impairment charge would be recorded to earnings in the Company's Consolidated Statements of Income.

To determine the fair value of each of the Company's reporting units as a whole and each indefinite-lived intangible asset, the Company uses discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit and the future discrete cash flows related to each indefinite-lived intangible asset. Significant judgments inherent in these analyses include the determination of appropriate discount rates, the amount and timing of expected future cash flows and growth rates. The cash flows employed in the Company's 2011 discounted cash flow analyses were based on ten-year financial

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forecasts, which in turn were based on the 2012 annual budget developed internally by management. These forecasts reflect operating profit margins that were consistent with 2011 results and perpetual revenue growth rates of 3.5%. The Company's discount rate assumptions are based on an assessment of the Company's weighted average cost of capital. In assessing the reasonableness of the Company's determined fair values of its reporting units, the Company evaluates its results against its current market capitalization.

In addition, the Company would evaluate a reporting unit for impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances are the same as those described above for the qualitative assessment of goodwill impairment.

As a result of performing the tests for potential impairment of goodwill and indefinite-lived intangible assets, the Company determined that no impairment existed as of December 31, 2011 or 2010, and, therefore, there were no write-downs to any of its goodwill or indefinite-lived intangible assets.

### **Impairments of Property, Plant and Equipment and Other Intangible Assets**

Property, plant, equipment and other intangible assets are carried on the Company's consolidated financial statements based on their cost less accumulated depreciation or amortization. Other intangible assets consist of long-term franchise agreements, contracts, customer lists and non-competition agreements. The recoverability of these assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Typical indicators that an asset may be impaired include:

- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator;
- a more likely than not expectation that a segment or a significant portion thereof will be sold; or
- the testing for recoverability of a significant asset group within a segment.

If any of these or other indicators occur, a test of recoverability is performed by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. If the carrying value is in excess of the undiscounted expected future cash flows, impairment is measured by comparing the fair value of the asset to its carrying value. Fair value is determined by an internally developed discounted projected cash flow analysis of the asset. Cash flow projections are sometimes based on a group of assets, rather than a single asset. If cash flows cannot be separately and independently identified for a single asset, the Company will determine whether an impairment has occurred for the group of assets for which the projected cash flows can be identified. If the fair value of an asset is determined to be less than the carrying amount of the asset or asset group, an impairment in the amount of the difference is recorded in the period that the impairment indicator occurs. Several impairment indicators are beyond the Company's control, and whether or not they will occur cannot be predicted with any certainty. Estimating future cash flows requires significant judgment and projections may vary from cash flows eventually realized. There are other considerations for impairments of landfills, as described below.

Landfills – There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion projects.

A regulator or court may deny or overturn a landfill development or landfill expansion permit application before the development or expansion permit is ultimately granted. See Note 11 for discussion of the Chaparral, New Mexico Landfill Permit Litigation, the Harper County, Kansas Landfill Permit Litigation and the Solano County, California Measure E/Landfill Expansion Litigation.

Management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace.

Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

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**Restricted Assets**

Restricted assets held by trustees consist principally of funds deposited in connection with landfill final capping, closure and post-closure obligations and other financial assurance requirements. Proceeds from these financing arrangements are directly deposited into trust funds, and the Company does not have the ability to utilize the funds in regular operating activities. See Note 9 for further information on restricted assets.

**Fair Value of Financial Instruments**

The Company's financial instruments consist primarily of cash and equivalents, trade receivables, restricted assets, trade payables, debt instruments, interest rate swaps and fuel hedges. As of December 31, 2011 and 2010, the carrying values of cash and equivalents, trade receivables, restricted assets, and trade payables are considered to be representative of their respective fair values. The carrying values of the Company's debt instruments, excluding certain notes as listed in the table below, approximate their fair values as of December 31, 2011 and 2010, based on current borrowing rates for similar types of borrowing arrangements. The carrying values and fair values of the Company's debt instruments where the carrying values do not approximate their fair values as of December 31, 2011 and 2010, are as follows:

	Carrying Value at December 31,		Fair Value* at December 31,	
	2011	2010	2011	2010
6.22% Senior Notes due 2015	\$ 175,000	\$ 175,000	\$ 186,305	\$ 198,300
3.30% Senior Notes due 2016	\$ 100,000	\$ -	\$ 98,980	\$ -
4.00% Senior Notes due 2018	\$ 50,000	\$ -	\$ 51,220	\$ -
5.25% Senior Notes due 2019	\$ 175,000	\$ 175,000	\$ 174,125	\$ 191,316
4.64% Senior Notes due 2021	\$ 100,000	\$ -	\$ 104,250	\$ -

\*Fair value based on quotes of bonds with similar ratings in similar industries

For details on the fair value of the Company's interest rate swaps and fuel hedges, refer to Note 9.

**Derivative Financial Instruments**

The Company recognizes all derivatives on the balance sheet at fair value. All of the Company's derivatives have been designated as cash flow hedges; therefore, the effective portion of the changes in the fair value of derivatives will be recognized in accumulated other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of the changes in the fair value of derivatives will be immediately recognized in earnings. The Company classifies cash inflows and outflows from derivatives within operating activities on the statement of cash flows.

One of the Company's objectives for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the variable interest rates of certain borrowings issued under its credit facility. The Company's strategy to achieve that objective involves entering into interest rate swaps that are specifically designated to the Company's credit facility and accounted for as cash flow hedges.

At December 31, 2011, the Company's derivative instruments included three interest rate swap agreements as follows:

Date Entered	Notional Amount	Fixed Interest Rate Paid*	Variable Interest Rate Received	Effective Date	Expiration Date
March 2009	\$ 175,000	2.85%	1-month LIBOR	February 2011	February 2014
August 2011	\$ 150,000	0.80%	1-month LIBOR	April 2012	January 2015
December 2011	\$ 175,000	1.60%	1-month LIBOR	February 2014	February 2017

\* plus applicable margin.

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On October 26, 2009, the Company terminated two of its interest rate swap agreements in conjunction with issuing the 2019 Notes. The Company terminated an interest rate swap in the amount of \$75,000 that would have expired in March 2011 and an interest rate swap in the amount of \$100,000 that would have expired in June 2011. As a result of terminating these interest rate swaps, the Company made a cash payment of \$9,250 to the counterparty of the swap agreements. Further, because the Company used the proceeds of the 2019 Notes to reduce the borrowings under its senior uncollateralized revolving credit facility, it is no longer probable that the forecasted transactions that were being hedged by these interest rate swap agreements will occur. Therefore, the Company recorded a charge of \$9,250 to other expense in 2009.

Another of the Company's objectives for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the price of diesel fuel. The Company's strategy to achieve that objective involves entering into fuel hedges that are specifically designated to certain forecasted diesel fuel purchases and accounted for as cash flow hedges.

At December 31, 2011, the Company's derivative instruments included one fuel hedge agreement as follows:

<u>Date Entered</u>	<u>Notional Amount (in gallons per month)</u>	<u>Diesel Rate Paid Fixed (per gallon)</u>	<u>Diesel Rate Received Variable</u>	<u>Effective Date</u>	<u>Expiration Date</u>
December 2008	400,000	\$ 3.03	DOE Diesel Fuel Index*	January 2012	December 2012

\* If the national U.S. on-highway average price for a gallon of diesel fuel ("average price"), as published by the Department of Energy, exceeds the contract price per gallon, the Company receives the difference between the average price and the contract price (multiplied by the notional number of gallons) from the counterparty. If the average price is less than the contract price per gallon, the Company pays the difference to the counterparty.

The fair values of derivative instruments designated as cash flow hedges as of December 31, 2011, are as follows:

<u>Derivatives Designated as Cash Flow Hedges</u>	<u>Asset Derivatives</u>		<u>Liability Derivatives</u>	
	<u>Balance Sheet Location</u>	<u>Fair Value</u>	<u>Balance Sheet Location</u>	<u>Fair Value</u>
Interest rate swaps			Accrued liabilities <sup>(a)</sup>	\$ (4,476)
			Other long-term liabilities	(4,642)
Fuel hedges	Prepaid expenses and other current assets <sup>(b)</sup>	\$ 3,506		
Total derivatives designated as cash flow hedges		<u>\$ 3,506</u>		<u>\$ (9,118)</u>

(a) Represents the estimated amount of the existing unrealized losses on interest rate swaps as of December 31, 2011 (based on the interest rate yield curve at that date), included in accumulated other comprehensive loss expected to be reclassified into pre-tax earnings within the next 12 months. The actual amounts reclassified into earnings are dependent on future movements in interest rates.

(b) Represents the estimated amount of the existing unrealized gains on fuel hedges as of December 31, 2011 (based on the forward DOE diesel fuel index curve at that date), included in accumulated other comprehensive loss expected to be reclassified into pre-tax earnings within the next 12 months. The actual amounts reclassified into earnings are dependent on future movements in diesel fuel prices.

The fair values of derivative instruments designated as cash flow hedges as of December 31, 2010, are as follows:

<u>Derivatives Designated as Cash Flow Hedges</u>	<u>Asset Derivatives</u>		<u>Liability Derivatives</u>	
	<u>Balance Sheet Location</u>	<u>Fair Value</u>	<u>Balance Sheet Location</u>	<u>Fair Value</u>
Interest rate swaps			Accrued liabilities	\$ (4,988)
			Other long-term liabilities	(4,734)
Fuel hedges	Prepaid expenses and other current assets	\$ 2,469		
	Other assets, net	2,261		
Total derivatives designated as cash flow hedges		<u>\$ 4,730</u>		<u>\$ (9,722)</u>

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The following table summarizes the impact of the Company's cash flow hedges on the results of operations, comprehensive income and accumulated other comprehensive loss ("AOCL") as of and for the years ended December 31, 2011, 2010 and 2009:

Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized as AOCL on Derivatives, Net of Tax (Effective Portion) <sup>(a)</sup>			Statement of Income Classification	Amount of (Gain) or Loss Reclassified from AOCL into Earnings, Net of Tax (Effective Portion) <sup>(b), (c)</sup>		
	Years Ended December 31,				Years Ended December 31,		
	2011	2010	2009		2011	2010	2009
Interest rate swaps	\$ (3,224)	\$ (6,812)	\$ 3,283	Interest expense	\$ 3,598	\$ 5,612	\$ 9,124
Fuel hedges	1,905	559	1,346	Cost of operations	(2,664)	2,438	5,292
Total	\$ (1,319)	\$ (6,253)	\$ 4,629		\$ 934	\$ 8,050	\$ 14,416

(a) In accordance with the derivatives and hedging guidance, the effective portions of the changes in fair values of interest rate swaps and fuel hedges have been recorded in equity as a component of AOCL. As the critical terms of the interest rate swaps match the underlying debt being hedged, no ineffectiveness is recognized on these swaps and, therefore, all unrealized changes in fair value are recorded in AOCL. Because changes in the actual price of diesel fuel and changes in the DOE index price do not offset exactly each reporting period, the Company assesses whether the fuel hedges are highly effective using the cumulative dollar offset approach.

(b) Amounts reclassified from AOCL into earnings related to realized gains and losses on interest rate swaps are recognized when interest payments or receipts occur related to the swap contracts, which correspond to when interest payments are made on the Company's hedged debt. Amounts exclude the charge of \$9,250 related to the termination of two interest rate swap agreements in October 2009.

(c) Amounts reclassified from AOCL into earnings related to realized gains and losses on fuel hedges are recognized when settlement payments or receipts occur related to the hedge contracts, which correspond to when the underlying fuel is consumed.

The Company measures and records ineffectiveness on the fuel hedges in Cost of operations in the Consolidated Statements of Income on a monthly basis based on the difference between the DOE index price and the actual price of diesel fuel purchased, multiplied by the notional number of gallons on the contracts. There was no significant ineffectiveness recognized on the fuel hedges during the years ended December 31, 2011, 2010 and 2009.

See Note 13 for further discussion on the impact of the Company's hedge accounting to its consolidated Comprehensive income and AOCL.

### Income Taxes

The Company uses the liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company assumes the deductibility of certain costs in its income tax filings and estimates the future recovery of deferred tax assets.

The Company is required to evaluate whether the tax positions taken on its federal and state income tax returns will more likely than not be sustained upon examination by the appropriate taxing authority. If the Company determines that such tax positions will not be sustained, it records a liability for the related unrecognized tax benefits. The Company classifies its liability for unrecognized tax benefits as a current liability to the extent it anticipates making a payment within one year.

### Stock-Based Compensation

The fair value of restricted stock and restricted stock units is determined based on the number of shares granted and the closing price of the Company's common stock.

All share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized on a straight-line basis as expense over the employee's requisite service period. The Company calculates potential income tax windfalls and shortfalls under the treasury stock method by including the impact of pro forma deferred tax assets in the calculation of diluted earnings per common share. Under the stock-based compensation guidance, the Company elected to use the short-cut method to calculate the historical pool of windfall tax benefits. The Company elected to use the tax law ordering approach for purposes of determining whether an excess of tax benefit has been realized.

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Stock-based compensation expense recognized during the years ended December 31, 2011, 2010 and 2009, was approximately \$11,800 (\$7,316 net of taxes), \$10,980 (\$6,816 net of taxes) and \$9,314 (\$5,860 net of taxes), respectively, and consisted of stock option and restricted stock unit expense. The Company records stock-based compensation expense in Selling, general and administrative expenses in the Consolidated Statements of Income. The total unrecognized compensation cost at December 31, 2011, related to unvested restricted stock unit awards was \$20,560 and that future expense will be recognized over the remaining vesting period of the restricted stock unit awards, which extends to 2015. The weighted average remaining vesting period of those awards is 1.1 years.

### **Per Share Information**

Basic net income per share attributable to Waste Connections' common stockholders is computed using the weighted average number of common shares outstanding and vested and unissued restricted stock units deferred for issuance into the deferred compensation plan. Diluted net income per share attributable to Waste Connections' common stockholders is computed using the weighted average number of common and potential common shares outstanding. Potential common shares are excluded from the computation if their effect is anti-dilutive.

### **Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2011, 2010 and 2009, was \$3,679, \$4,171 and \$3,408, respectively, which is included in Selling, general and administrative expense in the Consolidated Statements of Income.

### **Insurance Liabilities**

As a result of its high deductible insurance policies, the Company is effectively self-insured for automobile liability, property, general liability, workers' compensation, employer's liability and employee group health claims. The Company's insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by the Company's management with assistance from its third-party actuary and its third-party claims administrator. The insurance accruals are influenced by the Company's past claims experience factors, which have a limited history, and by published industry development factors. At December 31, 2011 and 2010, the Company's total accrual for self-insured liabilities was \$40,137 and \$37,623, respectively, which is included in Accrued liabilities in the Consolidated Balance Sheets.

### **Reclassification**

Certain amounts reported in the Company's prior year's financial statements have been reclassified to conform with the 2011 presentation.

### **New Accounting Pronouncements**

**Fair Value Measurement.** In May 2011, the FASB issued additional guidance on fair value disclosures. This guidance contains certain updates to the measurement guidance as well as enhanced disclosure requirements. The most significant change in disclosures is an expansion of the information required for "Level 3" measurements including enhanced disclosure for: (1) the valuation processes used by the reporting entity; and (2) the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs, if any. This guidance is effective for interim and annual periods beginning on or after December 15, 2011, with early adoption prohibited. As of December 31, 2011, the only asset or liability which requires Level 3 measurements is the Company's diesel fuel hedge.

**Presentation of Comprehensive Income.** In September 2011, the FASB issued guidance on the presentation of comprehensive income. This guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. The guidance allows two presentation alternatives: (1) present items of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income; or (2) in two separate, but consecutive, statements of net income and other comprehensive income. This guidance is effective as of the beginning of a fiscal year that begins after December 15, 2011. Early adoption is permitted, but full retrospective application is required under both sets of accounting standards. The guidance also previously required the presentation of adjustments for items that are reclassified from other

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comprehensive income to net income in the statement where the components of net income and the components of other comprehensive income are presented; however, this portion of the guidance has been deferred. Upon adoption, the Company will elect to present items of net income and other comprehensive income in one continuous statement, the statement of comprehensive income.

**Multiemployer Pension Plans.** In September 2011, the FASB issued guidance requiring companies to provide additional disclosures related to multiemployer pension plans. The disclosures are required to be made on an annual basis for all individually material plans. Retrospective application of the disclosures is required. This guidance is effective for fiscal years ending after December 15, 2011, with early adoption permitted. The Company adopted this guidance as of December 31, 2011. See Note 17 for further details.

**Goodwill Impairment.** In September 2011, the FASB issued guidance on testing goodwill for impairment. The guidance provides entities an option to perform a “qualitative” assessment to determine whether further impairment testing is necessary. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. However, an entity can choose to early adopt, provided that the entity has not yet performed its 2011 annual impairment test or issued its financial statements. The Company has elected to early adopt the guidance and performed a “qualitative” assessment of goodwill impairment in the fourth quarter of 2011. See “Goodwill and Indefinite-Lived Intangible Assets” within this Note 1 for further details.

## 2. USE OF ESTIMATES AND ASSUMPTIONS

In preparing the Company’s consolidated financial statements, several estimates and assumptions are made that affect the accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and assumptions must be made because certain of the information that is used in the preparation of the Company’s consolidated financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available or is simply not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Company must exercise significant judgment. The most difficult, subjective and complex estimates and the assumptions that deal with the greatest amount of uncertainty are related to the Company’s accounting for landfills, self-insurance accruals, income taxes, allocation of acquisition purchase price and asset impairments, which are discussed in Note 1. An additional area that involves estimation is when the Company estimates the amount of potential exposure it may have with respect to litigation, claims and assessments in accordance with the accounting guidance on contingencies. Actual results for all estimates could differ materially from the estimates and assumptions that the Company uses in the preparation of its consolidated financial statements.

## 3. ACQUISITIONS

The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. The Company measures and recognizes goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of assets acquired and liabilities assumed. If information about facts and circumstances existing as of the acquisition date is incomplete by the end of the reporting period in which a business combination occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once the Company receives the information it was seeking; however, this period will not exceed one year from the acquisition date. Any material adjustments recognized during the measurement period will be reflected retrospectively in the consolidated financial statements of the subsequent period. The Company recognizes acquisition-related costs as expense.

On April 1, 2011, the Company completed the acquisition of a 100% interest in Hudson Valley Waste Holding, Inc., and its wholly-owned subsidiary, County Waste and Recycling Service, Inc. (collectively, “County Waste”). As part of this acquisition, the Company acquired a 50% interest in Russell Sweepers, LLC, a provider of sweeper services, resulting in a 50% noncontrolling interest that was recognized at fair value on the purchase date. The operations include six collection operations, three transfer stations and one recycling facility across six markets in New York and Massachusetts. The Company paid \$299,000 for the purchased operations plus amounts paid for the purchase of accounts receivable and other prepaid assets and estimated working capital, which amounts were subject to post-closing adjustments. No other consideration, including contingent consideration, was transferred by the Company to acquire these operations. Total revenues during the year ended December 31, 2011, generated from the County Waste

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operations and included within consolidated revenues were \$93,713. Total pre-tax earnings during the year ended December 31, 2011, generated from the County Waste operations and included within consolidated income before income taxes were \$7,276.

In August 2011, the Company's subsidiary, Capital Region Landfills, Inc. ("CRL"), entered into an agreement with the Town of Colonie, a municipal corporation of the state of New York, to operate a municipal solid waste disposal facility (the "Colonie Landfill") for an initial term of 25 years. The agreement became effective on September 19, 2011. As consideration for operating equipment and the right to operate the Colonie Landfill, CRL remitted an initial payment of \$23,860. CRL is also required to remit up to \$55,470 of additional consideration over the term of the agreement, comprised of \$11,500 payable over a five-year period ending September 2016 and up to \$43,970 payable over the term of the agreement if certain expansion criteria are met and certain annual tonnage targets are exceeded as specified in the operating agreement. CRL computed the present value of the additional consideration using a probability-weighted discounted cash flow methodology, resulting in a total obligation recognized at the effective date of \$32,928, which consisted of \$10,656 recorded as Notes issued to sellers and \$22,272 recorded as contingent consideration in Other long-term liabilities. CRL is also responsible for all final capping, closure and post-closure liabilities and estimates the total obligation in current dollars to be \$21,287, the net present value of which is \$1,429. This obligation was recorded in Other long-term liabilities. Any changes in the fair value of the contingent consideration subsequent to the acquisition date will be charged or credited to income until the contingency is settled.

In addition to the County Waste acquisition and Colonie Landfill transaction, the Company acquired 11 individually immaterial non-hazardous solid waste collection and transfer businesses during the year ended December 31, 2011.

In August 2011, the Company announced that it has entered into agreements to acquire the operations of Alaska Pacific Environmental Services Anchorage, LLC and Alaska Green Waste Solutions, LLC (together, "Alaska Waste"). Alaska Waste provides solid waste collection, recycling and composting services in Anchorage, the Mat-Su Valley, Fairbanks, the Kenai Peninsula and Kodiak Island. The Company expects the total purchase price to be between \$115,000 and \$125,000. The transaction remains subject to closing conditions, including receipt of certain consents. The acquisition is expected to close in the first quarter of 2012.

During the year ended December 31, 2010, the Company acquired 18 non-hazardous solid waste collection, disposal and recycling businesses and one exploration and production waste treatment and disposal business.

During the second quarter of 2009, the Company completed the acquisition of 100% interests in certain operations from Republic Services, Inc. and some of its subsidiaries and affiliates ("Republic"). The operations were divested as a result of Republic's merger with Allied Waste Industries, Inc. The operations acquired include seven municipal solid waste landfills, six collection operations and three transfer stations across eight markets: Southern California; Northern California; Denver, CO; Houston, TX; Greenville/Spartanburg, SC; Charlotte, NC; Lubbock, TX; and Flint, MI. The Company paid \$377,129 in existing cash for the purchased operations plus amounts paid for the purchase of accounts receivable and other prepaid assets. Total revenues during the year ended December 31, 2009, generated from the Republic operations and included within consolidated revenues were \$102,925. Total pre-tax earnings during the year ended December 31, 2009, generated from the Republic operations and included within consolidated income before income tax provision were \$4,822. Pursuant to the asset purchase agreement, the Company was required to remit additional consideration to Republic if certain acquired operations exceeded earnings targets specified in the agreement; alternatively, if these earnings targets were not met, Republic was required to refund consideration to the Company. The earnings targets were not met and the contingency was settled by Republic in 2010 for an immaterial amount.

During the year ended December 31, 2009, the Company also completed the acquisition of a 100% interest in Sanipac, Inc. ("Sanipac"), a provider of collection services in Oregon, in exchange for total consideration of \$45,082. As part of this acquisition, the Company acquired a 75% interest in EcoSort, LLC, a provider of recycling services, resulting in a 25% noncontrolling interest that was recognized at fair value on the purchase date. Pursuant to the stock purchase agreement, the Company is required to remit up to \$4,500 of additional consideration to the former shareholders of Sanipac if the acquired operations exceed earnings targets specified in the stock purchase agreement over a three-year period ending July 31, 2012. The Company computed the fair value of the contingent consideration using a probability-weighted discounted cash flow methodology, which resulted in an obligation recognized at the purchase date totaling \$4,274. As of December 31, 2011, the obligation recognized at the purchase date has not materially changed. Any changes in the fair value of the contingent consideration subsequent to the acquisition date will be charged or credited to expense until the contingency is settled.

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In addition to the acquisitions from Republic and the acquisition of Sanipac, the Company acquired five non-hazardous solid waste collection and recycling businesses during the year ended December 31, 2009.

The results of operations of the acquired businesses have been included in the Company's consolidated financial statements from their respective acquisition dates. The acquisitions completed during the years ended December 31, 2011, 2010 and 2009, were not material to the Company's results of operations, either individually or in the aggregate. As a result, pro forma financial information has not been provided. The Company expects these acquired businesses to contribute towards the achievement of the Company's strategy to expand through acquisitions.

The following table summarizes the consideration transferred to acquire these businesses and the amounts of identifiable assets acquired, liabilities assumed and noncontrolling interests associated with businesses acquired at the acquisition date for acquisitions consummated in the years ended December 31, 2011, 2010 and 2009:

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>Acquisitions</b>	<b>Acquisitions</b>	<b>Acquisitions</b>
Fair value of consideration transferred:			
Cash	\$ 257,852	\$ 81,010	\$ 416,853
Debt assumed*	84,737	20,633	16,423
Notes issued to sellers	10,656	-	-
Contingent consideration	22,486	3,928	4,274
	<u>375,731</u>	<u>105,571</u>	<u>437,550</u>
Recognized amounts of identifiable assets acquired, liabilities assumed and noncontrolling interests associated with businesses acquired:			
Accounts receivable	9,613	3,864	16,187
Other current assets	1,056	742	2,319
Property and equipment	114,463	37,881	308,454
Long-term franchise agreements and contracts	3,269	4,208	9,325
Indefinite-lived intangibles	42,283	32,759	-
Customer lists	34,463	5,373	33,730
Other intangibles	10,367	-	19,132
Other long-term assets	-	-	667
Deferred revenue	(6,376)	(775)	(4,754)
Accounts payable	(6,183)	(248)	(1,264)
Accrued liabilities	(2,398)	(404)	(2,436)
Noncontrolling interests	(251)	-	(1,577)
Other long-term liabilities	(2,145)	(146)	(8,489)
Deferred income taxes	(11,466)	-	(5,050)
Total identifiable net assets	<u>186,695</u>	<u>83,254</u>	<u>366,244</u>
Goodwill	<u>\$ 189,036</u>	<u>\$ 22,317</u>	<u>\$ 71,306</u>

\*Debt assumed as part of 2011 acquisition was paid at close of acquisition.

Goodwill acquired in 2011 totaling \$24,242 and long-term franchise agreements, contracts, indefinite-lived intangibles, customer lists and other intangibles acquired in 2011 totaling \$54,392 are expected to be deductible for tax purposes. Goodwill acquired in 2010 totaling \$21,948 and long-term franchise agreements, contracts, indefinite-lived intangibles and customer lists acquired in 2010 totaling \$42,340 are expected to be deductible for tax purposes. Goodwill acquired in 2009 totaling \$40,535 and long-term franchise agreements, contracts, customer lists and other intangibles acquired in 2009 totaling \$54,923 are expected to be deductible for tax purposes. The goodwill is attributable to the synergies and ancillary growth opportunities expected to arise after the Company's acquisition of these businesses.

The fair value of acquired working capital related to five acquisitions completed during the year ended December 31, 2011, is provisional pending receipt of information from the acquiree to support the fair value of the assets acquired and liabilities assumed.

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Any adjustments recorded relating to finalizing the working capital for these five acquisitions are not expected to be material to the Company's financial position.

The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2011, is \$10,232, of which \$619 is expected to be uncollectible. The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2010, is \$4,317, of which \$453 is expected to be uncollectible. The Company did not acquire any other class of receivable as a result of the acquisition of these businesses.

A reconciliation of the Fair value of cash consideration transferred to Payments for acquisitions, net of cash acquired, as reported in the Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009, is as follows:

	<u>2011</u> <u>Acquisitions</u>	<u>2010</u> <u>Acquisitions</u>	<u>2009</u> <u>Acquisitions</u>
Cash consideration transferred	\$ 257,852	\$ 81,010	\$ 416,853
Payment of contingent consideration	500	-	2,000
Payment of acquisition-related liabilities	-	-	1,158
Payments for acquisitions, net of cash acquired	<u>\$ 258,352</u>	<u>\$ 81,010</u>	<u>\$ 420,011</u>

The \$500 of contingent consideration paid during the year ended December 31, 2011 primarily represented the completion of earnings targets for an acquisition closed in 2010. The \$2,000 of contingent consideration paid during the year ended December 31, 2009 represented additional purchase price for an acquisition closed in 2007. Acquisition-related liabilities are liabilities paid in the year shown above that were accrued for in a previous year. In January 2012, the Company paid \$3,600 of contingent consideration which represented the remaining payout related to the completion of earnings targets for an acquisition closed in 2010.

During the years ended December 31, 2011, 2010 and 2009, the Company incurred \$1,744, \$2,081 and \$3,987, respectively, of acquisition-related costs. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Income.

#### 4. INTANGIBLE ASSETS

Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2011:

	<u>Gross Carrying</u> <u>Amount</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Carrying</u> <u>Amount</u>
Amortizable intangible assets:			
Long-term franchise agreements and contracts	\$ 190,532	\$ (31,592)	\$ 158,940
Customer lists	96,501	(28,475)	68,026
Non-competition agreements	9,374	(6,389)	2,985
Other	31,603	(3,175)	28,428
	<u>328,010</u>	<u>(69,631)</u>	<u>258,379</u>
Nonamortized intangible assets:			
Indefinite-lived intangible assets	191,202	-	191,202
Intangible assets, exclusive of goodwill	<u>\$ 519,212</u>	<u>\$ (69,631)</u>	<u>\$ 449,581</u>

The weighted-average amortization period of long-term franchise agreements and contracts acquired during the year ended December 31, 2011 was 22.3 years. The weighted-average amortization period of customer lists acquired during the year ended December 31, 2011 was 6.8 years. The weighted-average amortization period of other intangibles acquired during the year ended December 31, 2011 was 40.0 years.

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Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2010:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Amortizable intangible assets:			
Long-term franchise agreements and contracts	\$ 190,489	\$ (25,255)	\$ 165,234
Customer lists	62,885	(17,867)	45,018
Non-competition agreements	9,414	(5,982)	3,432
Other	21,236	(2,364)	18,872
	<u>284,024</u>	<u>(51,468)</u>	<u>232,556</u>
Nonamortized intangible assets:			
Indefinite-lived intangible assets	148,919	-	148,919
Intangible assets, exclusive of goodwill	<u>\$ 432,943</u>	<u>\$ (51,468)</u>	<u>\$ 381,475</u>

The weighted-average amortization period of long-term franchise agreements and contracts acquired during the year ended December 31, 2010 was 9.1 years. The weighted-average amortization period of customer lists acquired during the year ended December 31, 2010 was 6.4 years.

The amounts assigned to indefinite-lived intangible assets consist of the value of certain perpetual rights to provide solid waste collection and transportation services in specified territories and to operate an exploration and production waste treatment and disposal facility.

Estimated future amortization expense for the next five years relating to amortizable intangible assets is as follows:

For the year ending December 31, 2012	\$ 20,986
For the year ending December 31, 2013	\$ 20,012
For the year ending December 31, 2014	\$ 18,917
For the year ending December 31, 2015	\$ 18,234
For the year ending December 31, 2016	\$ 14,295

## 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>Year Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Landfill site costs	\$ 1,066,282	\$ 967,950
Rolling stock	497,984	441,476
Land, buildings and improvements	247,907	219,453
Containers	217,401	189,802
Machinery and equipment	216,749	192,565
Construction in progress	19,617	16,245
	<u>2,265,940</u>	<u>2,027,491</u>
Less accumulated depreciation and depletion	<u>(815,471)</u>	<u>(690,015)</u>
	<u>\$ 1,450,469</u>	<u>\$ 1,337,476</u>

The Company's landfill depletion expense, recorded in Depreciation in the Consolidated Statements of Income, for the years ended December 31, 2011, 2010 and 2009, was \$43,217, \$40,884 and \$33,627, respectively.

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**6. OTHER ASSETS, NET**

Other assets, net, consist of the following:

	<b>Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
Deferred financing costs	\$ 7,795	\$ 2,566
Investment in unconsolidated entity	5,300	5,300
Landfill closure receivable	4,852	4,749
Deposits	1,635	1,659
Unrealized fuel hedge gains	-	2,261
Other	11,683	6,644
	<u>\$ 31,265</u>	<u>\$ 23,179</u>

**7. ACCRUED LIABILITIES**

Accrued liabilities consist of the following:

	<b>Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
Insurance claims	\$ 40,137	\$ 37,623
Payroll and payroll-related	30,180	28,910
Interest payable	9,211	5,569
Acquisition-related	8,917	8,558
Unrealized interest rate losses	4,476	4,988
Other	13,322	13,427
	<u>\$ 106,243</u>	<u>\$ 99,075</u>

**8. LONG-TERM DEBT**

Long-term debt consists of the following:

	<b>Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
Revolver under Credit Facility	\$ 519,000	\$ 511,000
2015 Notes	175,000	175,000
2016 Notes	100,000	-
2018 Notes	50,000	-
2019 Notes	175,000	175,000
2021 Notes	100,000	-
Tax-exempt bonds	38,460	39,420
Notes payable to sellers in connection with acquisitions, uncollateralized, bearing interest at 2.50% to 10.35%, principal and interest payments due periodically with due dates ranging from 2012 to 2036	18,356	9,159
Notes payable to third parties, collateralized by substantially all assets of certain subsidiaries of the Company, bearing interest at 6.7% to 10.9%, principal and interest payments due periodically with due dates ranging from 2012 to 2019	2,841	3,056
	<u>1,178,657</u>	<u>912,635</u>
Less – current portion	(5,899)	(2,657)
	<u>\$ 1,172,758</u>	<u>\$ 909,978</u>

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### **Credit Facility**

The Company has a senior revolving credit facility with a syndicate of banks for which Bank of America, N.A. acts as administrative agent and J.P. Morgan Chase Bank, N.A. and Wells Fargo Bank, National Association act as co-syndication agents. The maximum borrowings available under the Company's credit facility were \$1,200,000 and \$845,000 as of December 31, 2011 and 2010. The Company has the ability to increase commitments under the revolving credit facility from \$1,200,000 to \$1,500,000, subject to conditions including that no default, as defined in the credit agreement, has occurred, although no existing lender has any obligation to increase its commitment. There is no maximum amount of standby letters of credit that can be issued under the credit facility; however, the issuance of standby letters of credit reduces the amount of total borrowings available. As of December 31, 2011, \$519,000 was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$80,395. As of December 31, 2010, \$511,000 was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$82,939. The credit facility matures in July 2016. The Company is amortizing the \$5,160 debt issuance costs through the maturity date, or July 2016.

The borrowings under the credit facility bear interest, at the Company's option, at either the base rate plus the applicable base rate margin (approximately 3.65% and 3.25% at December 31, 2011 and 2010, respectively) on base rate loans, or the Eurodollar rate plus the applicable Eurodollar margin (approximately 1.70% and 0.89% at December 31, 2011 and 2010, respectively) on Eurodollar loans. The applicable margins under the credit facility vary depending on the Company's leverage ratio, as defined in the credit agreement. As of December 31, 2011 and 2010, the margins were 1.400% and 0.625%, respectively, for Eurodollar loans and 0.40% and 0.00%, respectively, for base rate loans.

The credit facility requires the Company to pay an annual commitment fee on the unused portion of the facility. The commitment fee was 0.25% and 0.15% as of December 31, 2011 and 2010, respectively.

The borrowings under the credit facility are not collateralized. The credit facility contains representations and warranties and places certain business, financial and operating restrictions on the Company relating to, among other things, indebtedness, liens and other encumbrances, investments, mergers and acquisitions, asset sales, sale and leaseback transactions, and dividends, distributions and redemptions of capital stock. The credit facility requires that the Company maintain specified financial ratios. As of December 31, 2011 and 2010, the Company was in compliance with all applicable covenants in the credit facility.

### **Master Note Purchase Agreement**

#### **Senior Notes due 2015**

On July 15, 2008, the Company entered into a Master Note Purchase Agreement with certain accredited institutional investors pursuant to which the Company issued and sold to the investors at a closing on October 1, 2008, \$175,000 of senior uncollateralized notes due October 1, 2015 in a private placement. The 2015 Notes bear interest at the fixed rate of 6.22% per annum with interest payable in arrears semi-annually on April 1 and October 1 beginning on April 1, 2009, and with principal payable at the maturity of the 2015 Notes on October 1, 2015. The Company is amortizing the \$1,026 debt issuance costs over a seven-year term through the maturity date, or October 1, 2015.

#### **Senior Notes due 2019**

On October 26, 2009, the Company entered into a First Supplement to the Master Note Purchase Agreement with certain accredited institutional investors pursuant to which the Company issued and sold to the investors on that date \$175,000 of senior uncollateralized notes due November 1, 2019 in a private placement. The 2019 Notes bear interest at the fixed rate of 5.25% per annum with interest payable in arrears semi-annually on May 1 and November 1 beginning on May 1, 2010, and with principal payable at the maturity of the 2019 Notes on November 1, 2019. The Company is amortizing the \$152 debt issuance costs over a 10-year term through the maturity date, or November 1, 2019.

#### **Senior Notes due 2016, 2018 and 2021**

On April 1, 2011, the Company entered into a Second Supplement to the Master Note Purchase Agreement with certain accredited institutional investors, pursuant to which the Company issued and sold to the investors on that date \$250,000 of senior

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uncollateralized notes at fixed interest rates with interest payable in arrears semi-annually on October 1 and April 1 beginning on October 1, 2011 in a private placement. Of these notes, \$100,000 will mature on April 1, 2016 with an annual interest rate of 3.30% (the “2016 Notes”), \$50,000 will mature on April 1, 2018 with an annual interest rate of 4.00% (the “2018 Notes”), and \$100,000 will mature on April 1, 2021 with an annual interest rate of 4.64% (the “2021 Notes”). The Company is amortizing the \$1,489 debt issuance costs through the maturity dates of the respective notes.

The 2015 Notes, 2016 Notes, 2018 Notes, 2019 Notes, and 2021 Notes (collectively, the “Senior Notes”) are uncollateralized obligations and rank equally in right of payment with each of the Senior Notes and obligations under the Company’s senior uncollateralized revolving credit facility. The Senior Notes are subject to representations, warranties, covenants and events of default. Upon the occurrence of an event of default, payment of the Senior Notes may be accelerated by the holders of the respective notes. The Senior Notes may also be prepaid at any time in whole or from time to time in any part (not less than 5% of the then-outstanding principal amount) by the Company at par plus a make-whole amount determined in respect of the remaining scheduled interest payments on the Senior Notes, using a discount rate of the then current market standard for United States treasury bills plus 0.50%. In addition, the Company will be required to offer to prepay the Senior Notes upon certain changes in control.

The Company may issue additional series of senior uncollateralized notes pursuant to the terms and conditions of the Master Note Purchase Agreement, as amended, provided that the purchasers of the Senior Notes shall not have any obligation to purchase any additional notes issued pursuant to the Master Note Purchase Agreement and the aggregate principal amount of the outstanding notes and any additional notes issued pursuant to the Master Note Purchase Agreement shall not exceed \$750,000.

**Tax-Exempt Bonds**

The Company’s tax-exempt bond financings are as follows:

Name of Bond	Type of Interest Rate	Interest Rate on Bond at December 31,	Maturity Date of Bond	Outstanding Balance at December 31,		Backed by Letter of Credit (Amount)
		2011		2011	2010	
Madera Bond	Variable	0.18%	May 1, 2016	\$ 1,800	\$ 1,800	\$ 1,829
Tehama Bond	Variable	0.18	June 1, 2014	370	445	375
San Jose Bond – Series 1997A	Variable	0.18	August 1, 2012	160	320	188
San Jose Bond – Series 2001A	Variable	0.18	September 1, 2016	2,580	3,305	2,827
West Valley Bond	Variable	0.18	August 1, 2018	15,500	15,500	15,678
LeMay Washington Bond	Variable	0.19	April 1, 2033	15,930	15,930	16,126
LeMay Olympia Bond	Variable	0.19	April 1, 2019	2,120	2,120	2,151
				<u>\$ 38,460</u>	<u>\$ 39,420</u>	<u>\$ 39,174</u>

In January 2010, the Company gave notice to redeem two of its tax-exempt bonds (the Wasco Bond 2012 and the Wasco Bond 2021) with a remaining principal balance of \$10,275. The Company paid the principal, accrued interest and call premium on these bonds on March 1, 2010, recording \$459 to Loss on extinguishment of debt in the Consolidated Statements of Income.

The variable-rate bonds are all remarketed weekly by a remarketing agent to effectively maintain a variable yield. If the remarketing agent is unable to remarket the bonds, then the remarketing agent can put the bonds to the Company. The Company has obtained standby letters of credit, issued under its senior revolving credit facility, to guarantee repayment of the bonds in this event. The Company classified these borrowings as long-term at December 31, 2011, because the borrowings are supported by standby letters of credit issued under the Company’s senior revolving credit facility which matures in July 2016.

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As of December 31, 2011, aggregate contractual future principal payments by calendar year on long-term debt are due as follows:

2012	\$	5,899
2013		3,990
2014		5,358
2015		179,084
2016		622,827
Thereafter		361,499
	\$	<u>1,178,657</u>

**Convertible Senior Notes due 2026**

On March 20, 2006, the Company completed its offering of \$200,000 aggregate principal amount of its 3.75% Convertible Senior Notes due 2026 in an offering pursuant to Rule 144A of the Securities Act of 1933, as amended. The terms and conditions of the 2026 Notes are set forth in the Indenture, dated as of March 20, 2006, between the Company and U.S. Bank National Association, as trustee. The 2026 Notes were convertible into cash and, if applicable, shares of common stock based on an initial conversion rate of 44.1177 shares of common stock per \$1 principal amount of 2026 Notes (which was equal to an initial conversion price of approximately \$22.67 per share), subject to adjustment, and only under certain circumstances. Upon surrender of the 2026 Notes for conversion, the Company was required to deliver cash equal to the lesser of the aggregate principal amount of notes to be converted and its total conversion obligation.

On April 1, 2010, the Company redeemed the \$200,000 aggregate principal amount of its 2026 Notes. Holders of the notes chose to convert a total of \$22,700 principal amount of the notes. In addition to paying the principal amount of these notes with proceeds from its credit facility, the Company issued 32,859 shares of its common stock in connection with the conversion and redemption. The Company redeemed the balance of \$177,300 principal amount of the notes with proceeds from its credit facility. All holders of the notes that were redeemed also received accrued interest of \$0.01875 per \$1 principal amount of the notes and an interest make-whole payment of \$0.037396 per \$1 principal amount of the notes. As a result of the redemption, the Company recognized \$9,734 of pre-tax expense (\$6,035 net of taxes) in April 2010, which was included in Loss on extinguishment of debt in the Consolidated Statements of Income.

For the years ended December 31, 2010 and 2009, the total interest expense recognized by the Company relating to both the contractual interest coupon and amortization of the non-cash debt discount on the 2026 Notes was \$3,120 (\$1,935, net of taxes) and \$12,184 (\$7,554, net of taxes), respectively. The portion of total interest expense related to the contractual interest coupon on the 2026 Notes during each of the years ended December 31, 2010 and 2009 was \$1,875 (\$1,163, net of taxes) and \$7,500 (\$4,650, net of taxes), respectively. The portion of total interest expense related to amortizing the non-cash debt discount during the years ended December 31, 2010 and 2009 was \$1,245 (\$772, net of taxes) and \$4,684 (\$2,904, net of taxes), respectively. The effective interest rate on the liability component for the years ended December 31, 2010 and 2009 was 6.4%.

Under the convertible debt pronouncement, upon conversion of the 2026 Notes, the Company was required to allocate the fair value of the consideration transferred and any transaction costs incurred between the equity and liability components. This was done by first allocating to the liability component an amount equal to the fair value of the liability component immediately prior to its conversion, with the residual consideration allocated to the equity component. A loss equal to the difference between the consideration allocated to the liability component and the carrying value of the liability component, including any unamortized debt discount or issuance costs, was recorded in Loss on extinguishment of debt in the Consolidated Statements of Income.

**9. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are

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observable in the market, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

The Company's financial assets and liabilities recorded at fair value on a recurring basis include derivative instruments and restricted assets. The Company's derivative instruments are pay-fixed, receive-variable interest rate swaps and pay-fixed, receive-variable diesel fuel hedges. The Company's interest rate swaps are recorded at their estimated fair values based on quotes received from financial institutions that trade these contracts. The Company verifies the reasonableness of these quotes using similar quotes from another financial institution as of each date for which financial statements are prepared. The Company uses a discounted cash flow ("DCF") model to determine the estimated fair values of the diesel fuel hedges. The assumptions used in preparing the DCF model include: (i) estimates for the forward DOE index curve; and (ii) the discount rate based on risk-free interest rates over the term of the agreements. The DOE index curve used in the DCF model was obtained from financial institutions that trade these contracts. For the Company's interest rate and fuel hedges, the Company also considers its creditworthiness in its determination of the fair value measurement of these instruments in a net liability position and the banks' creditworthiness in its determination of the fair value measurements of these instruments in a net asset position. The Company's restricted assets are valued at quoted market prices in active markets for identical assets, which the Company receives from the financial institutions that hold such investments on its behalf. The Company's restricted assets measured at fair value are invested primarily in U.S. government and agency securities.

The Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2011 and 2010, were as follows:

	<b>Fair Value Measurement at December 31, 2011 Using</b>			
	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Interest rate swap derivative instruments – net liability position	\$ (9,118)	\$ -	\$ (9,118)	\$ -
Fuel hedge derivative instruments – net asset position	\$ 3,506	\$ -	\$ -	\$ 3,506
Restricted assets	\$ 30,728	\$ 30,728	\$ -	\$ -

	<b>Fair Value Measurement at December 31, 2010 Using</b>			
	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Interest rate swap derivative instruments – net liability position	\$ (9,722)	\$ -	\$ (9,722)	\$ -
Fuel hedge derivative instruments – net asset position	\$ 4,730	\$ -	\$ -	\$ 4,730
Restricted assets	\$ 30,791	\$ 30,791	\$ -	\$ -

During the years ended December 31, 2011 and 2010, there were no fair value measurements of assets or liabilities measured at fair value on a nonrecurring basis subsequent to their initial recognition.

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The following table summarizes the change in the fair value for Level 3 derivatives for the years ended December 31, 2011 and 2010:

	<b>Level 3 Derivatives</b>
Balance as of December 31, 2009	\$ (104)
Realized losses included in earnings	3,932
Unrealized gains included in AOCL	902
Balance as of December 31, 2010	4,730
Realized gains included in earnings	(4,297)
Unrealized gains included in AOCL	3,073
Balance as of December 31, 2011	\$ 3,506

#### 10. CORPORATE OFFICE RELOCATION

In December 2011, the Company commenced a relocation of its corporate headquarters from Folsom, California to The Woodlands, Texas. The relocation is expected to be completed in 2012. In connection with the relocation, the Company has incurred \$83 related to personnel and office relocation expenses as of December 31, 2011, and expects to incur an estimated \$15,000 of related costs during 2012. These costs are recorded in Selling, general and administrative expenses in the Consolidated Statements of Income. In addition, the Company may incur a loss on lease in 2012 on the cessation of use of its former corporate headquarters in Folsom, California, which the Company estimates could range between \$4,000 and \$6,000.

#### 11. COMMITMENTS AND CONTINGENCIES

##### COMMITMENTS

###### Leases

The Company leases its facilities and certain equipment under non-cancelable operating leases for periods ranging from one to 30 years, with renewal options for certain leases. The Company's total rent expense under operating leases during the years ended December 31, 2011, 2010 and 2009, was \$13,519, \$12,222 and \$11,017, respectively.

As of December 31, 2011, future minimum lease payments, by calendar year, are as follows:

2012	\$	12,049
2013		10,378
2014		7,873
2015		6,780
2016		6,062
Thereafter		28,962
	\$	72,104

###### Financial Surety Bonds

The Company uses financial surety bonds for a variety of corporate guarantees. The two largest uses of financial surety bonds are for municipal contract performance guarantees and landfill final capping, closure and post-closure financial assurance required under certain environmental regulations. Environmental regulations require demonstrated financial assurance to meet final capping, closure and post-closure requirements for landfills. In addition to surety bonds, these requirements may also be met through alternative financial assurance instruments, including insurance, letters of credit and restricted asset deposits.

At December 31, 2011 and 2010, the Company had provided customers and various regulatory authorities with surety bonds in the aggregate amount of approximately \$243,323 and \$221,738, respectively, to secure its landfill final capping, closure and post-

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closure requirements and \$68,698 and \$63,931, respectively, to secure performance under collection contracts and landfill operating agreements.

The Company owns a 9.9% interest in a company that, among other activities, issues financial surety bonds to secure final capping, landfill closure and post-closure obligations for companies operating in the solid waste industry. The Company accounts for this investment under the cost method of accounting. There have been no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. This investee company and the parent company of the investee has written financial surety bonds for the Company, of which \$141,272 and \$130,287 were outstanding as of December 31, 2011 and 2010, respectively. The Company's reimbursement obligations under these bonds are secured by a pledge of its stock in the investee company.

## CONTINGENCIES

### Environmental Risks

The Company may be subject to liability for any environmental damage that its solid waste facilities cause to neighboring landowners or residents, particularly as a result of the contamination of soil, groundwater or surface water, and especially drinking water, including damage resulting from conditions existing prior to the acquisition of such facilities by the Company. The Company may also be subject to liability for any off-site environmental contamination caused by pollutants or hazardous substances whose transportation, treatment or disposal was arranged by the Company or its predecessors. Any substantial liability for environmental damage incurred by the Company could have a material adverse effect on the Company's financial condition, results of operations or cash flows. As of December 31, 2011, the Company is not aware of any material environmental liabilities.

### Legal Proceedings

In the normal course of its business and as a result of the extensive governmental regulation of the solid waste industry, the Company is subject to various judicial and administrative proceedings involving federal, state or local agencies. In these proceedings, an agency may seek to impose fines on the Company or to revoke or deny renewal of an operating permit held by the Company. From time to time, the Company may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills and transfer stations, or alleging environmental damage or violations of the permits and licenses pursuant to which the Company operates.

In addition, the Company is a party to various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the normal operation of the waste management business. Except as noted in the legal cases described below, as of December 31, 2011, there is no current proceeding or litigation involving the Company or its property that the Company believes could have a material adverse impact on its business, financial condition, results of operations or cash flows.

#### Chaparral, New Mexico Landfill Permit Litigation

The Company's subsidiary, High Desert Solid Waste Facility, Inc. (formerly known as Rhino Solid Waste, Inc.) ("HDSWF"), owns undeveloped property in Chaparral, New Mexico, for which it sought a permit to operate a municipal solid waste landfill. After a public hearing, the New Mexico Environment Department (the "Department") approved the permit for the facility on January 30, 2002. Colonias Development Council ("CDC"), a nonprofit organization, opposed the permit at the public hearing and appealed the Department's decision to the courts of New Mexico, primarily on the grounds that the Department failed to consider the social impact of the landfill on the community of Chaparral, and failed to consider regional planning issues. On July 18, 2005, in *Colonias Dev. Council v. Rhino Env'tl. Servs., Inc. (In re Rhino Env'tl. Servs.)*, 2005 NMSC 24, 117 P.3d 939, the New Mexico Supreme Court remanded the matter back to the Department to conduct a limited public hearing on certain evidence that CDC claimed was wrongfully excluded from consideration by the hearing officer, and to allow the Department to reconsider the evidence already proffered concerning the impact of the landfill on the surrounding community's quality of life. In July 2007, the Department, CDC, the Company and Otero County signed a stipulation requesting a postponement of the limited public hearing to allow the Company time to explore a possible relocation of the landfill to a new site. Since 2007, the Department has issued several orders postponing the limited public hearing, currently scheduled for November 2012, as HDSWF has continued to evaluate the suitability of a new site.

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In July 2009, HDSWF purchased approximately 325 acres of undeveloped land comprising a proposed new site from the State of New Mexico. HDSWF filed a formal landfill permit application for the new site with the Department on September 17, 2010. On September 12, 2011, the Department deemed the permit application complete and a public hearing on the matter had been tentatively scheduled for April 9, 2012 in Chaparral, New Mexico. On November 9, 2011, HDSWF filed a motion with the Department to hold in abeyance indefinitely the notice for public hearing and the permit hearing. As part of its motion, HDSWF agreed to provide the Department with at least 120 days' prior notice of any desired, future permit hearing. The Department issued a response in which it did not oppose the motion and agreed to the 120-day notice provision. HDSWF requested the abeyance to defer capital expenditures related to permitting the new site until mid to late 2014, when HDSWF expects to have a better understanding of several current market conditions and regulatory factors that affect the timing and feasibility of the project. These conditions and factors include: the status of the Company's Solid Waste Disposal and Operating Agreement for the collection and disposal of solid waste generated within the City of El Paso, effective April 28, 2004, which has a 10-year term; the status of El Paso Disposal, LP's Solid Waste Franchise Agreement for the collection of solid waste generated within the City of El Paso, effective September 1, 2011, which has a 40-month term; whether the City of El Paso implements flow control in September 2014 directing waste collected within its boundaries to City-owned disposal facilities; and whether certain closed or non-operating disposal facilities in the El Paso market area are reopened and whether those facilities are operated by private or public entities.

At December 31, 2011, the Company had \$11,772 of capitalized expenditures related to this landfill development project. Depending on the outcome of the market conditions and regulatory factors described above, the Company may decide in mid to late 2014 to abandon the project and expense in a future period the \$11,772 of capitalized expenditures, less the recoverable value of the undeveloped properties and other amounts recovered, which would likely have a material adverse effect on the Company's results of operations for that period. Alternatively, if the outcome of the market conditions and regulatory factors described above is such that the Company believes the market for disposal of solid waste generated in the City of El Paso will remain competitive, HDSWF may decide in mid to late 2014 to resume its permitting process for the new site. Under those circumstances, if the Department ultimately denies the landfill permit application for the new site, HDSWF intends to actively resume its efforts to enforce the previously issued landfill permit for the original site in Chaparral. If the Company is ultimately issued a permit to operate the landfill at the new site purchased in July 2009, the Company will be required to expense in a future period \$10,318 of capitalized expenditures related to the original Chaparral property, less the recoverable value of that undeveloped property and other amounts recovered, which would likely have a material adverse effect on the Company's results of operations for that period. If the Company instead is ultimately issued a permit to operate the landfill at the original Chaparral property, the Company will be required to expense in a future period \$1,454 of capitalized expenditures related to the new site purchased in July 2009, less the recoverable value of that undeveloped property and other amounts recovered. If the Company is not ultimately issued a permit to operate the landfill at either one of the two sites, the Company will be required to expense in a future period the \$11,772 of capitalized expenditures, less the recoverable value of the undeveloped properties and other amounts recovered, which would likely have a material adverse effect on the Company's results of operations for that period.

Harper County, Kansas Landfill Permit Litigation

The Company opened a municipal solid waste landfill in Harper County, Kansas in January 2006, following the issuance by the Kansas Department of Health and Environment ("KDHE") of a final permit to operate the landfill. The landfill has operated continuously since that time. On October 3, 2005, landfill opponents filed a suit (Board of Comm'rs of Sumner County, Kansas, Tri-County Concerned Citizens and Dalton Holland v. Roderick Bremby, Sec'y of the Kansas Dep't of Health and Env't, et al.) in the District Court of Shawnee County, Kansas, seeking a judicial review of KDHE's decision to issue the permit, alleging that a site analysis prepared for the Company and submitted to KDHE as part of the process leading to the issuance of the permit was deficient in several respects. The action sought to stay the effectiveness of the permit and to nullify it. The Company intervened in this lawsuit shortly after it was filed. On April 7, 2006, the District Court issued an order denying the plaintiffs' request for judicial review on the grounds that they lacked standing to bring the action. The plaintiffs appealed that decision to the Kansas Court of Appeals, and on October 12, 2007, the Court of Appeals issued an opinion reversing and remanding the District Court's decision. The Company appealed the decision to the Kansas Supreme Court, and on July 25, 2008, the Supreme Court affirmed the decision of the Court of Appeals and remanded the case to the District Court for further proceedings on the merits. Plaintiffs filed a second amended petition on October 22, 2008, and the Company filed a motion to strike various allegations contained within the second amended petition. On July 2, 2009, the District Court granted in part and denied in part the Company's motion to strike. The District Court also set a new briefing schedule, and the parties completed the briefing during the first half of 2010. Oral argument in the case occurred on September 27, 2010. There is no scheduled time limit within which the District Court has to decide this administrative appeal. While the Company believes that it will prevail in this case, the District Court could remand the matter back to KDHE for additional review of its decision or could revoke the permit. An order of remand to KDHE would not necessarily affect the Company's continued

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operation of the landfill. Only in the event that a final, materially adverse determination with respect to the permit is received would there likely be a material adverse effect on the Company's reported results of operations in the future. If as a result of this litigation, after exhausting all appeals, the Company was unable to continue to operate the landfill, the Company estimates that it would be required to record a pre-tax impairment charge of approximately \$17,700 to reduce the carrying value of the landfill to its estimated fair value. In addition, the Company estimates the current annual impact to its pre-tax earnings that would result if it was unable to continue to operate the landfill would be approximately \$4,600 per year.

Solano County, California Measure E/Landfill Expansion Litigation

The Company and one of its subsidiaries, Potrero Hills Landfill, Inc. ("PHLF"), were named as real parties in interest in an amended complaint captioned Sustainability, Parks, Recycling and Wildlife Legal Defense Fund v. County of Solano, which was filed in the Superior Court of California, County of Solano, on July 9, 2009 (the original complaint was filed on June 12, 2009). This lawsuit seeks to compel Solano County to comply with Measure E, a ballot initiative and County ordinance passed in 1984 that the County has not enforced against PHLF since at least 1992. Measure E directs in part that Solano County shall not allow the importation into the County of any solid waste which originated or was collected outside the County in excess of 95,000 tons per year. PHLF disposes of and accepts for beneficial reuse and recycling approximately 840,000 tons of solid waste annually, approximately 650,000 tons of which originate from sources outside of Solano County. The Sustainability, Parks, Recycling and Wildlife Legal Defense Fund ("SPRAWLDEF") lawsuit also seeks to overturn Solano County's approval of the use permit for the expansion of the Potrero Hills Landfill and the related Environmental Impact Report ("EIR"), arguing that both violate Measure E and that the EIR violates the California Environmental Quality Act ("CEQA"). Two similar actions seeking to enforce Measure E, captioned Northern California Recycling Association v. County of Solano and Sierra Club v. County of Solano, were filed in the same court on June 10, 2009, and August 10, 2009, respectively. The Northern California Recycling Association ("NCRA") case does not name the Company or any of its subsidiaries as parties and does not contain any CEQA claims. The Sierra Club case names PHLF as a real party in interest, and seeks to overturn the conditional use permit for the expansion of the landfill on Measure E grounds (but does not raise CEQA claims). These lawsuits follow a previous lawsuit concerning Measure E that NCRA filed against PHLF in the same court on July 22, 2008, prior to the Company's acquisition of PHLF in April 2009, but which NCRA later dismissed.

In December 2009, the Company and PHLF filed briefs vigorously opposing enforcement of Measure E on Constitutional and other grounds. The Company's position is supported by Solano County, a co-defendant in the Measure E litigation. It is also supported by the Attorney General of the State of California, the National Solid Wastes Management Association ("NSWMA") and the California Refuse Recycling Council ("CRRC"), each of which filed supporting friend of court briefs or letters. In addition, numerous waste hauling companies in California, Oregon and Nevada have intervened on the Company's side in the state cases, subsequent to their participation in the federal action challenging Measure E discussed below. A hearing on the merits for all three Measure E state cases was held on February 18, 2010.

On May 12, 2010, the Solano County Superior Court issued a written opinion addressing all three cases. The Court upheld Measure E in part by judicially rewriting the law, and then issued a writ of mandamus directing Solano County to enforce Measure E as rewritten. The Court decided that it could cure the law's discrimination against out-of-county waste by revising Measure E to only limit the importation of waste into Solano County from other counties in California, but not from other states. In the same opinion, the Court rejected the requests from petitioners in the cases for a writ of administrative mandamus to overturn the permit approved by Solano County in June 2009 for the expansion of PHLF's landfill, thereby leaving the expansion permit in place. Petitioners Sierra Club and SPRAWLDEF filed motions to reconsider in which they asked the Court to issue a writ of administrative mandamus and void PHLF's expansion permit. The County, the Company and PHLF opposed the motions to reconsider and a hearing was held on June 25, 2010. On August 30, 2010, the Court denied the motions to reconsider and reaffirmed its ruling denying the petitions for writs to overturn PHLF's expansion permit.

In December 2010, the Court entered final judgments and writs of mandamus in the three cases, and Solano County, the Company, PHLF and the waste hauling company intervenors filed notices of appeal, which stayed the judgments and writs pending the outcome of the appeal. Petitioners Sierra Club and SPRAWLDEF cross-appealed the Court's ruling denying their petitions for writs to overturn PHLF's expansion permit. The appeals and cross-appeals were consolidated and the parties entered into a stipulated briefing schedule that was completed in August 2011. In addition, seventeen separate entities filed friend of court briefs on behalf of the Company and Solano County in September 2011, including the California Attorney General on behalf of the California Department of Resources Recycling and Recovery; the City and County of San Francisco; solid waste joint powers authorities serving the areas of Napa County, the City of Vallejo, the South Lake Tahoe Basin, Central Contra Costa County and the Salinas Valley; the

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California Association of Sanitation Agencies; sanitation districts serving Los Angeles County and Orange County; the NSWMA; the National Association of Manufacturers; the CRRC; the Los Angeles County Waste Management Association; the Solid Waste Association of Orange County; the Inland Empire Disposal Association; and the California Manufacturers and Technology Association. Sierra Club and SPRAWLDEF filed responses to these briefs in October 2011. No friend of court briefs were filed on behalf of the petitioners. The case is now fully briefed and all parties have requested oral argument.

As part of the final judgments, the Solano County Superior Court retained jurisdiction over any motions for attorneys' fees under California's Private Attorney General statute. Petitioners NCRA, SPRAWLDEF and Sierra Club each filed a bill of costs and a motion for attorney fees totaling \$771. The Company vigorously opposed the award of attorney fees. The motions were heard in March 2011. On May 31, 2011, the court issued a final order awarding petitioners \$452 in attorneys' fees, \$411 of which relates to the SPRAWLDEF and Sierra Club cases in which the Company or PHLF is a named party. The court allocated 50% of the fee amount to PHLF, none of which the Company recorded as a liability at December 31, 2011. The Company and Solano County appealed this attorneys' fees order in July 2011. Once procedural steps are completed, the Company will request a stay of this appeal until the merits of the underlying Measure E cases have been finally determined. If the Company prevails on the appeals of the three underlying cases, then none of the Petitioners would be entitled to attorneys' fees and costs. If the Company is unsuccessful on these appeals and its future appeals of the attorneys' fees judgment, PHLF and the County would each ultimately be severally liable for \$206 in attorneys' fees for the SPRAWLDEF and Sierra Club cases. However, in all three cases, the Company may reimburse the County for any such attorneys' fees under the indemnification provision in PHLF's land use permit.

At this point, the Company is not able to determine the likelihood of any outcome in this matter. However, in the event that after all appeals are exhausted the Superior Court's writ of mandamus enforcing Measure E as rewritten is upheld, the Company estimates that the current annual impact to its pre-tax earnings resulting from the restriction on imports into Solano County would be approximately \$5,000 per year. The Company's estimate could be impacted by various factors, including the County's allocation of the 95,000 tons per year import restriction among PHLF and the other disposal and composting facilities in Solano County. In addition, if the final rulings on Measure E do not limit the importation of waste into Solano County from other states, the Company could potentially offset a portion of the estimated reduction to its pre-tax earnings by internalizing waste for disposal at PHLF from other states in which the Company operates, or by accepting waste volumes from third party haulers operating outside of California.

In response to the pending three state court actions to enforce Measure E described above, the Company, PHLF and other waste hauling companies in California, Oregon and Nevada that are damaged by Measure E and would be further damaged if Measure E was enforced, filed a federal lawsuit to enjoin Measure E and have it declared unconstitutional. On September 8, 2009, the coalition brought suit in the United States District Court for the Eastern District of California in Sacramento challenging Measure E under the Commerce Clause of the United States Constitution, captioned *Potrero Hills Landfill, Inc. et al. v. County of Solano*. In response, SPRAWLDEF, Sierra Club and NCRA intervened in the federal case to defend Measure E and filed motions to dismiss the federal suit, or in the alternative, for the court to abstain from hearing the case in light of the pending state court Measure E actions. On December 23, 2009, the federal court abstained and declined to accept jurisdiction over the Company's case, holding that Measure E raised unique state issues that should be resolved by the pending state court litigation, and granted the motions to dismiss. The Company appealed this ruling and on September 23, 2011, the Ninth Circuit Court of Appeals reversed the district court's decision. On remand, the district court held a hearing on January 11, 2012 regarding the intervenors' alternative grounds for abstention or dismissal. The court requested supplemental briefing on one issue to be completed by early February 2012 and indicated it would rule promptly thereafter.

Individual members of SPRAWLDEF were also plaintiffs in a lawsuit filed in the Solano County Superior Court on October 13, 2005, captioned *Protect the Marsh, et al. v. County of Solano, et al.*, challenging the EIR that Solano County certified in connection with its approval of the expansion of the Potrero Hills Landfill on September 13, 2005. A motion to discharge the Superior Court's writ of mandate directing the County to vacate and set aside its certification of the EIR was heard in August 2009. On November 3, 2009, the Superior Court upheld the County's certification of the EIR and the related permit approval actions. In response, the plaintiffs in *Protect the Marsh* filed a notice of appeal to the court's order on December 31, 2009. On October 8, 2010, the California Court of Appeal dismissed Plaintiffs' appeal for lack of standing. SPRAWLDEF subsequently filed a petition for review of this decision with the California Supreme Court. On December 21, 2010, the Supreme Court denied the petition, concluding this litigation in favor of the County and the Company.

SPRAWLDEF additionally filed a lawsuit seeking a writ of mandate in Sacramento County Superior Court on August 20, 2009, captioned *SPRAWLDEF v. California Integrated Waste Management Board ("CIWMB"), County of Solano, et al.*, challenging a

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CIWMB decision to dismiss SPRAWLDEF's administrative appeal to the CIWMB seeking to set aside a 2006 solid waste facilities permit issued to Potrero Hills Landfill by the Solano County Local Enforcement Agency. The case names the Company and PHLF as real parties in interest. The appeal was dismissed by the CIWMB for failure to raise a substantial issue. The 2006 facilities permit authorizes operational modifications and enhanced environmental control measures. The case was tried in Sacramento County Superior Court in October 2010, and the Superior Court rejected all of SPRAWLDEF's claims and ordered the writ petition dismissed. SPRAWLDEF appealed the dismissal to the Third District Court of Appeal. The case has been fully briefed and a notification of oral argument and decision from the Court of Appeal are pending. While the Company believes that the respondent agencies will prevail in this case, in the unlikely event that the 2006 permit was set aside, PHLF would revert to operating the Potrero Hills Landfill under the site's 1996 solid waste facilities permit.

On December 17, 2010, SPRAWLDEF and one its members filed a petition for writ of mandate in San Francisco Superior Court seeking to overturn the October 2010 approval of the marsh development permit issued by the San Francisco Bay Conservation and Development Commission ("BCDC") for PHLF's landfill expansion, alleging that the approval is contrary to the Marsh Act and Measure E. The petition, captioned SPRAWLDEF v. San Francisco Bay Conservation and Development Commission, names BCDC as a respondent and the Company as the real party in interest. Petitioners seek a declaration that the law does not allow BCDC to approve a marsh development permit beyond the footprint and operational levels originally approved for PHLF in 1984, and that the approval violates Measure E. BCDC has prepared the administrative record for its permit decision and the parties have stipulated to a briefing schedule that will be completed by February 7, 2012. A hearing date has been set for February 23, 2012. At this point the Company is not able to determine the likelihood of any outcome in this matter.

On June 10, 2011, June Guidotti, a property owner adjacent to PHLF, and SPRAWLDEF and one of its members, each filed administrative petitions for review with the State Water Resources Control Board ("State Board") seeking to overturn a May 11, 2011 Order No. 2166-(a) approving waste discharge requirements issued by the San Francisco Bay Regional Water Quality Control Board ("Regional Board") for PHLF's landfill expansion, alleging that the order is contrary to the State Board's Title 27 regulations authorizing waste discharge requirements for landfills, and in the case of the SPRAWLDEF petition, further alleging that the Regional Board's issuance of a Clean Water Act section 401 certification is not supported by an adequate alternatives analysis as required by the federal Clean Water Act. The Regional Board is preparing the administrative record of its decision to issue Order 2166-(a) to be filed with the State Board as well as its response to the petitions for review. It is anticipated that the Regional Board will vigorously defend its actions and seek dismissal of the petitions for review. A hearing date has not yet been set on either petition, and the State Board has held both the Guidotti and SPRAWLDEF petitions in abeyance at the petitioners' requests. At this point the Company is not able to determine the likelihood of any outcome in this matter.

If as a result of any of the matters described above, after exhausting all appeals, PHLF is unable to secure an expansion permit, and the Superior Court's writ of mandamus enforcing Measure E as rewritten is ultimately upheld, the Company estimates that it would be required to recognize a pre-tax impairment charge of approximately \$42,000 to reduce the carrying value of PHLF to its estimated fair value, in addition to the approximately \$5,000 annual impact to its pre-tax earnings described above. If PHLF is unable to secure an expansion permit but Measure E is ultimately ruled to be unenforceable, the Company estimates that it would be required to recognize a pre-tax impairment charge of approximately \$30,000 to reduce the carrying value of PHLF to its estimated fair value.

#### Colonie, New York Landfill Privatization Litigation

One of the Company's wholly-owned subsidiaries, Capital Region Landfills, Inc. ("CRL") and the Town of Colonie, New York ("Colonie"), entered into a Solid Waste Facility Operating Agreement, dated August 4, 2011 ("Agreement"). CRL was selected to operate the Town's solid waste management operations, which include a landfill, pursuant to a request for proposals initiated by Colonie pursuant to New York State General Municipal Law ("GML") section 120-w. CRL commenced operating the Town's solid waste management operations pursuant to the Agreement on September 19, 2011. By notice of petition and petition, dated September 29, 2011, filed in New York State Supreme Court for the County of Albany, seven individuals commenced a proceeding pursuant to Article 78 of the New York State Civil Practice Law and Rules ("CPLR") against Colonie, its Town Board and its Supervisor, Paula A. Mahan ("Town Respondents"). The case is captioned, *Connors, et al. v. Town of Colonie, et al.*, Index No. 006312/2011 (Sup. Ct., Albany Co.). The Petitioners are: Michael Connors, II, Anna M. Denney, Derrick D. Denney, Kirk E. Denney, Amy Steenburgh, Brian D. Steenburgh and Mary Lou Swatling. On October 17, 2011, an amended petition, dated October 11, 2011, was served on the Town, naming CRL and the Company as additional Respondents. The petition alleges that the Petitioners are residents of Colonie, and own or reside on property abutting or in close proximity to the landfill, or which is affected by the Agreement. Petitioners claim that the Agreement is the functional equivalent of a lease and therefore should be subject to the permissive referendum requirements

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of New York State Town Law (“Town Law”) sections 64(2) and 90. The petition, as amended, asserts that Respondents failed, within ten days of the Town Board’s adoption of a July 28, 2011 resolution authorizing Colonie to enter into the Agreement with CRL, to post and publish notice setting forth the date of adoption of the resolution, an abstract of the Town Board’s action and a statement that the resolution was adopted subject to a permissive referendum. Petitioners seek judgment (i) annulling and setting aside the resolution, (ii) declaring the Agreement invalid, unlawful and unenforceable, (iii) restraining and enjoining Respondents from attempting to enforce the resolution or the Agreement, and (iv) awarding Petitioners costs, disbursements and attorneys’ fees incurred in connection with this proceeding; and such other and further relief as the Court deems just and proper.

On October 31, 2011 and November 2, 2011, the Town Respondents, CRL and the Company filed motions to dismiss on various procedural and substantive grounds. On November 3, 2011, Petitioners filed an opposition to the motions to dismiss and cross-moved to file a second amended petition seeking to add the Town Clerk and the unions as Respondents. No more filings are expected prior to a ruling on the motions to dismiss and cross-motion.

At this stage, the Company is not able to determine the likelihood of any outcome in this matter. If, however, as a result of this litigation, after the parties have exhausted all appeals, the Agreement is nullified and CRL is unable to continue to operate Colonie’s solid waste management operations, the Agreement requires Colonie to repay to CRL an amount equal to a prorated amount of \$23,000 of the initial payment made by CRL to Colonie plus the amount of any capital that CRL has invested in the Colonie Landfill. The prorated amount owed to CRL by Colonie would be calculated by dividing the \$23,000 plus the amount of invested capital by the number of years of remaining airspace at the Colonie Landfill, as measured from the effective date of the Agreement, and then multiplying the result by the number of years of remaining airspace at the Colonie Landfill, as measured from the date the Agreement is nullified. Furthermore, if the Agreement is nullified as a result of the litigation, Colonie would resume responsibility for all final capping, closure and post-closure liabilities for the Colonie Landfill.

### **Collective Bargaining Agreements**

Seven of the Company’s collective bargaining agreements are set to expire in 2012. The Company does not expect any significant disruption in its overall business in 2012 as a result of labor negotiations, employee strikes or organizational efforts.

## **12. STOCKHOLDERS' EQUITY**

### **Stock Split**

On October 19, 2010, the Company’s Board of Directors authorized a three-for-two split of its common stock, in the form of a 50% stock dividend, payable to stockholders of record as of October 29, 2010. Shares resulting from the split were issued on November 12, 2010. In connection therewith, the Company transferred \$394 from retained earnings to common stock, representing the par value of additional shares issued. As a result of the stock split, fractional shares equal to 2,479 whole shares were repurchased for \$101. All share and per share amounts for all periods presented have been retroactively adjusted to reflect the stock split.

### **Cash Dividend**

In October 2010, the Company’s Board of Directors declared the initiation of a quarterly cash dividend of \$0.075 per share, as adjusted for the three-for-two stock split described above. In October 2011, the Company announced that its Board of Directors increased its regular quarterly cash dividend by \$0.015, from \$0.075 to \$0.09 per share. Cash dividends of \$35,566 and \$8,561 were paid during the years ended December 31, 2011 and 2010, respectively.

### **Share Repurchase Program**

On December 5, 2011, the Company announced that its Board of Directors authorized a \$400,000 increase to, and extended the term of, its previously announced common stock repurchase program. The Company’s Board of Directors has authorized a common stock repurchase program for the repurchase of up to \$1,200,000 of common stock through December 31, 2014. Under the program, stock repurchases may be made in the open market or in privately negotiated transactions from time to time at management’s discretion. The timing and amounts of any repurchases will depend on many factors, including the Company’s capital structure, the market price of the common stock and overall market conditions. As of December 31, 2011 and 2010, the Company had repurchased in aggregate 39,245,819 and 35,438,096 shares, respectively, of its common stock at an aggregate cost of \$765,443 and \$648,626,

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respectively. As of December 31, 2011, the remaining maximum dollar value of shares available for purchase under the program was approximately \$434,557. The Company's policy related to repurchases of its common stock is to charge any excess of cost over par value entirely to additional paid-in capital.

**Common Stock**

Of the 139,092,218 shares of common stock authorized but unissued as of December 31, 2011, the following shares were reserved for issuance:

Stock option and restricted stock unit plans	5,896,829
Consultant Incentive Plan	330,072
2002 Restricted Stock Plan	15,752
	<u>6,242,653</u>

**Restricted Stock, Stock Options and Restricted Stock Units**

During 2002, the Company's Board of Directors adopted the 2002 Restricted Stock Plan in which selected employees, other than officers and directors, may participate. Restricted stock awards under the 2002 Restricted Stock Plan may or may not require a cash payment from a participant to whom an award is made. The awards become free of the stated restrictions over periods determined at the date of the grant, subject to continuing employment, the achievement of particular performance goals and/or the satisfaction of certain vesting provisions applicable to each award of shares. The Board of Directors authorizes the grant of any stock awards and determines the employees to whom shares are awarded, number of shares to be awarded, award period and other terms and conditions of the awards. Unvested shares of restricted stock may be forfeited and revert to the Company if a plan participant resigns from the Company and its subsidiaries, is terminated for cause or violates the terms of any noncompetition or nonsolicitation agreements to which that plan participant is bound (if such plan participant has been terminated without cause). A total of 320,625 shares of the Company's common stock were reserved for issuance under the 2002 Restricted Stock Plan. As of December 31, 2011, 15,752 shares of common stock were available for future grants of restricted stock under the 2002 Restricted Stock Plan. There were no restricted shares granted or outstanding under the 2002 Restricted Stock Plan during the years ended December 31, 2011, 2010 and 2009.

In 1997, the Company's Board of Directors adopted the 1997 Stock Option Plan in which all officers, employees, directors and consultants may participate. Options granted under the 1997 Stock Option Plan may either be incentive stock options or nonqualified stock options, generally have a term of 10 years from the date of grant, and will vest over periods determined at the date of grant. The exercise prices of the options are determined by the Company's Board of Directors and, in the case of incentive stock options, will be at least 100% or 110% of the fair market value of the Company's common stock on the date of grant as provided for in the 1997 Stock Option Plan. The 1997 Stock Option Plan provides for the reservation of common stock for issuance thereunder equal to 11,691,600 shares. As of December 31, 2011, no options for shares of common stock were available for future grants under the 1997 Stock Option Plan.

In 2002, the Company's Board of Directors authorized two additional equity-based compensation plans: the 2002 Stock Option Plan and 2002 Senior Management Equity Incentive Plan. A total of 8,244,546 shares of the Company's common stock were reserved for future issuance under the 2002 Stock Option Plan. Participation in the 2002 Stock Option Plan is limited to consultants and employees, other than officers and directors. Options granted under the 2002 Stock Option Plan are nonqualified stock options and have a term of no longer than 10 years from the date they are granted. Options generally become exercisable in installments pursuant to a vesting schedule set forth in each option agreement. The Board of Directors authorizes the granting of options and determines the employees and consultants to whom options are to be granted, the number of shares subject to each option, the exercise price, option term, vesting schedule and other terms and conditions of the options. A total of 9,216,710 shares of the Company's common stock were reserved for future issuance under the 2002 Senior Management Equity Incentive Plan. The Company's stockholders approved the 2002 Senior Management Equity Incentive Plan on May 16, 2002. Participation in the 2002 Senior Management Equity Incentive Plan is limited to officers and directors of the Company and its subsidiaries. Options granted under the 2002 Senior Management Equity Incentive Plan may be either incentive stock options or nonqualified stock options and have a term of no longer than 10 years from the date they are granted. Options generally become exercisable in installments pursuant to a vesting schedule set forth in each option agreement. The Board of Directors authorizes the granting of options and determines the officers and directors to whom options are to be granted, the number of shares subject to each option, the exercise price, option term, vesting schedule and other terms and conditions of the options. In the case of incentive stock options, the exercise price will be at least 100% or 110% of the fair

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market value of the Company's common stock on the date of grant as provided for in the 2002 Senior Management Equity Incentive Plan. As of December 31, 2011, no options were available for future grants under the 2002 Stock Option Plan and 1,500,000 shares of common stock were available for future grants under the 2002 Senior Management Equity Incentive Plan.

In 2004, the Company's Board of Directors authorized the 2004 Equity Incentive Plan. On May 7, 2010, the Company's stockholders approved the latest amendment to the plan, now the Third Amended and Restated 2004 Equity Incentive Plan (the "2004 Equity Incentive Plan"). A total of 7,162,500 shares of the Company's common stock were reserved for future issuance under the 2004 Equity Incentive Plan, all of which may be used for grants of stock options, restricted stock, and/or restricted stock units. Participation in the 2004 Equity Incentive Plan is limited to consultants and employees, including officers and directors. Options granted under the 2004 Equity Incentive Plan are nonqualified stock options and have a term of no longer than five years from the date they are granted. Restricted stock, restricted stock units, and options generally vest in installments pursuant to a vesting schedule set forth in each option or restricted stock or unit agreement. The Board of Directors authorizes the granting of options, restricted stock and restricted stock units, and determines the employees and consultants to whom options, restricted stock, and restricted stock units are to be granted, the number of shares subject to each option, restricted stock, or restricted stock unit, the exercise price, term, vesting schedule and other terms and conditions of the options, restricted stock, or restricted stock units. The exercise prices of the options shall not be less than the fair market value of the Company's common stock on the date of grant. Restricted stock awards under the plan may or may not require a cash payment from a participant to whom an award is made; restricted stock unit awards under the plan do not require any cash payment from the participant to whom an award is made. The fair value of restricted stock units granted during the years ended December 31, 2011, 2010 and 2009, was determined based on the number of restricted stock units granted and the quoted price of the Company's common stock on the date of grant. As of December 31, 2011, 2,159,879 shares of common stock were available to be issued pursuant to future awards granted under the 2004 Equity Incentive Plan.

The following table summarizes restricted stock units activity for the 2004 Equity Incentive Plan:

	<b>Year Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Restricted stock units granted	500,048	596,463	587,526
Weighted average grant-date fair value of restricted stock units granted	\$ 29.28	\$ 21.32	\$ 17.51
Total fair value of restricted stock units granted	\$ 14,643	\$ 12,750	\$ 10,265
Restricted stock units becoming free of restrictions	576,522	511,196	409,136
Weighted average restriction period (in years)	3.9	3.8	4.4

A summary of activity related to restricted stock units under the 2004 Equity Incentive Plan as of December 31, 2010, and changes during the year ended December 31, 2011, is presented below:

	<b>Unvested Shares</b>	<b>Weighted-Average</b>
		<b>Grant Date Fair Value Per Share</b>
Outstanding at December 31, 2010	1,514,459	\$ 19.36
Granted	500,048	29.28
Forfeited	(44,976)	23.48
Vested and Issued	(545,223)	18.99
Vested and Unissued	(31,299)	21.22
Outstanding at December 31, 2011	<u>1,393,009</u>	22.79

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A summary of the Company's stock option activity and related information as of December 31, 2010, and changes during the year ended December 31, 2011, is presented below:

	<u>Number of Shares (Options)</u>	<u>Weighted Average Exercise Price</u>
Outstanding as of December 31, 2010	1,217,146	\$ 12.90
Granted	-	-
Forfeited	(5,064)	10.61
Exercised	<u>(398,315)</u>	12.95
Outstanding as of December 31, 2011	<u>813,767</u>	12.89

The following table summarizes information about stock options outstanding as of December 31, 2011:

<u>Options Outstanding</u>				<u>Options Vested and Exercisable</u>		
<u>Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>
\$ 7.00 to \$10.00	112,949	\$ 9.10	0.9	112,949	\$ 9.10	0.9
\$10.01 to \$12.00	264,543	11.07	2.1	264,543	11.07	2.1
\$12.01 to \$15.00	262,312	14.65	3.1	262,312	14.65	3.1
\$15.01 to \$17.00	173,963	15.45	4.1	173,963	15.45	4.1
	<u>813,767</u>	12.89	2.7	<u>813,767</u>	12.89	2.7

The aggregate intrinsic value for both options outstanding and options exercisable at December 31, 2011, was \$16,481. During the year ended December 31, 2010, the final 164,314 of unvested options to purchase common stock became vested.

The total intrinsic value of stock options exercised during the years ended December 31, 2011, 2010 and 2009, was \$7,597, \$30,059 and \$10,427, respectively. The total fair value of stock options vested during the years ended December 31, 2010 and 2009, was \$726 and \$575, respectively. As of December 31, 2011, 2010 and 2009, a total of 813,767, 1,217,146 and 3,628,542 options to purchase common stock were exercisable under all stock option plans, respectively.

### Stock Purchase Warrants

In 2002, the Company's Board of Directors authorized the 2002 Consultant Incentive Plan, under which warrants to purchase the Company's common stock may be issued to certain consultants to the Company. Warrants awarded under the Consultant Incentive Plan are subject to a vesting schedule set forth in each warrant agreement. Historically, warrants issued have been fully vested and exercisable at the date of grant. The Board of Directors authorizes the issuance of warrants and determines the consultants to whom warrants are to be issued, the number of shares subject to each warrant, the purchase price, exercise date and period, warrant term and other terms and conditions of the warrants. The Board reserved 675,000 shares of the Company's common stock for future issuance under the Consultant Incentive Plan. As of December 31, 2011, 279,872 shares of common stock were available for future grants of warrants under the 2002 Consultant Incentive Plan.

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A summary of warrant activity as of December 31, 2010, and changes during the year ended December 31, 2011, is presented below:

	<u>Warrants</u>	<u>Weighted-Average Exercise Price</u>
Outstanding at December 31, 2010	69,804	\$ 23.27
Granted	9,324	31.21
Forfeited	(20,231)	21.37
Exercised	(8,697)	21.38
Outstanding at December 31, 2011	<u>50,200</u>	25.83

The following table summarizes information about warrants outstanding as of December 31, 2011 and 2010:

<u>Grant Date</u>	<u>Warrants Issued</u>	<u>Exercise Price</u>	<u>Fair Value of Warrants Issued</u>	<u>Outstanding at December 31,</u>	
				<u>2011</u>	<u>2010</u>
Throughout 2006	23,093	\$15.15 to \$18.31	\$ 115	-	3,915
Throughout 2007	21,206	\$19.80 to \$22.68	123	1,391	14,291
Throughout 2008	13,901	\$18.97 to \$22.70	79	-	-
Throughout 2009	5,589	\$14.67 to \$19.61	22	1,735	1,735
Throughout 2010	51,627	\$20.64 to \$27.41	351	37,750	49,863
Throughout 2011	9,324	\$27.53 to \$33.14	79	9,324	-
				<u>50,200</u>	<u>69,804</u>

The warrants are exercisable when granted and expire between 2012 and 2016.

Warrants issued to consultants are valued using the Black-Scholes pricing model with a contractual life of five years, a risk free interest rate based on the 5-year U.S. treasury yield curve and expected volatility. The Company uses the historical volatility of its common stock over a period equivalent to the contractual life of the warrants to estimate the expected volatility. Warrants issued to consultants are recorded as an element of the related cost of landfill development projects or to expense for warrants issued in connection with acquisitions.

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**13. COMPREHENSIVE INCOME**

Comprehensive income includes changes in the fair value of interest rate swaps and fuel hedges that qualify for hedge accounting. The components of other comprehensive income (loss) and related tax effects for the years ended December 31, 2011, 2010 and 2009, are as follows:

	<b>Year Ended December 31, 2011</b>		
	<b>Gross</b>	<b>Tax effect</b>	<b>Net of tax</b>
Interest rate swap amounts reclassified into interest expense	\$ 5,803	\$ (2,205)	\$ 3,598
Fuel hedge amounts reclassified into cost of operations	(4,297)	1,633	(2,664)
Changes in fair value of interest rate swaps	(5,200)	1,976	(3,224)
Changes in fair value of fuel hedges	3,073	(1,168)	1,905
	\$ (621)	\$ 236	\$ (385)

	<b>Year Ended December 31, 2010</b>		
	<b>Gross</b>	<b>Tax effect</b>	<b>Net of tax</b>
Interest rate swap amounts reclassified into interest expense	\$ 9,052	\$ (3,440)	\$ 5,612
Fuel hedge amounts reclassified into cost of operations	3,932	(1,494)	2,438
Changes in fair value of interest rate swaps	(11,013)	4,201	(6,812)
Changes in fair value of fuel hedges	902	(343)	559
	\$ 2,873	\$ (1,076)	\$ 1,797

	<b>Year Ended December 31, 2009</b>		
	<b>Gross</b>	<b>Tax effect</b>	<b>Net of tax</b>
Interest rate swap amounts reclassified into interest expense	\$ 14,669	\$ (5,545)	\$ 9,124
Fuel hedge amounts reclassified into cost of operations	8,508	(3,216)	5,292
Changes in fair value of interest rate swaps	5,367	(2,084)	3,283
Changes in fair value of fuel hedges	2,199	(853)	1,346
	\$ 30,743	\$ (11,698)	\$ 19,045

A rollforward of the amounts included in AOCL, net of taxes, is as follows:

	<b>Fuel Hedges</b>	<b>Interest Rate Swaps</b>	<b>Accumulated Other Comprehensive Loss</b>
Balance at December 31, 2009	\$ (66)	\$ (4,826)	\$ (4,892)
Amounts reclassified into earnings	2,438	5,612	8,050
Changes in fair value	559	(6,812)	(6,253)
Balance at December 31, 2010	2,931	(6,026)	(3,095)
Amounts reclassified into earnings	(2,664)	3,598	934
Changes in fair value	1,905	(3,224)	(1,319)
Balance at December 31, 2011	\$ 2,172	\$ (5,652)	\$ (3,480)

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**14. INCOME TAXES**

The provision for income taxes for the years ended December 31, 2011, 2010 and 2009, consists of the following:

	Years Ended December 31,		
	2011	2010	2009
Current:			
Federal	\$ 45,922	\$ 54,652	\$ 22,544
State	10,047	8,251	3,797
Deferred:			
Federal	48,011	24,315	35,388
State	2,978	2,116	2,836
Provision for income taxes	\$ 106,958	\$ 89,334	\$ 64,565

Significant components of deferred income tax assets and liabilities as of December 31, 2011 and 2010 are as follows:

	2011	2010
Deferred income tax assets:		
Accounts receivable reserves	\$ 2,514	\$ 1,932
Accrued expenses	23,320	22,317
Compensation	8,288	6,970
Interest rate and fuel hedges	2,133	1,897
Leases	1,355	1,505
State taxes	2,952	2,555
Contingent liabilities	8,578	-
Gross deferred income tax assets	49,140	37,176
Less: Valuation allowance	-	-
Net deferred income tax assets	49,140	37,176
Deferred income tax liabilities:		
Goodwill and other intangibles	(184,573)	(149,130)
Property and equipment	(207,681)	(173,863)
Landfill closure/post-closure	(21,321)	(17,270)
Prepaid expenses	(10,775)	(9,196)
Other	(1,294)	(2,001)
Total deferred income tax liabilities	(425,644)	(351,460)
Net deferred income tax liability	\$ (376,504)	\$ (314,284)

During the years ended December 31, 2011, 2010 and 2009, the Company reduced its taxes payable by \$8,990, \$15,609 and \$6,795 respectively, as a result of the exercise of non-qualified stock options, the vesting of restricted stock units, and the disqualifying disposition of incentive stock options. The excess tax benefit associated with equity-based compensation of \$4,763, \$11,997 and \$4,054 for the years ended December 31, 2011, 2010 and 2009, respectively, was recorded in additional paid-in capital.

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The differences between the Company's income tax provision as presented in the accompanying statements of income and income tax provision computed at the federal statutory rate consist of the items shown in the following table as a percentage of pre-tax income:

	Years Ended December 31,		
	2011	2010	2009
Income tax provision at the statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	3.7	3.4	3.0
Deferred income tax liability adjustments	-	0.4	(0.7)
Noncontrolling interests	(0.1)	(0.2)	(0.2)
Other	0.6	1.0	(0.3)
	39.2%	39.6%	36.8%

During the year ended December 31, 2010, the increase to the net deferred income tax liability due primarily to a voter-approved increase in Oregon state income tax rates and changes in the geographical apportionment of the Company's state taxes resulted in an increase to tax expense of \$1,547. Additionally, the Company recorded an increase to tax expense of \$1,580 associated with the reconciliation of the income tax provision to the 2009 federal and state tax returns, which were filed during 2010, and the disposal of certain assets that had no tax basis. During the year ended December 31, 2010, the Company also recorded a reduction to tax expense of \$563 due primarily to the reversal of certain tax contingencies for which the statutes of limitations expired in 2010. During the year ended December 31, 2009, the decrease to the net deferred income tax liability due primarily to changes in the geographical apportionment of the Company's state taxes resulted in a reduction to tax expense of \$1,142. Additionally, during the year ended December 31, 2009, the Company recorded a reduction to tax expense of \$1,269, due primarily to the reversal of certain tax contingencies for which the statutes of limitations expired in 2009 and the reconciliation of the income tax provision to the 2008 federal and state tax returns, which were filed during 2009.

At December 31, 2011 and 2010, the Company did not have any significant federal or state net operating loss carryforwards.

The Company and its subsidiaries are subject to U.S. federal income tax as well as to income tax of multiple state jurisdictions. The Company has concluded all U.S. federal income tax matters for years through 2007. All material state and local income tax matters have been concluded for years through 2006.

The Company did not have any unrecognized tax benefits recorded at December 31, 2011. At December 31, 2010, the Company had approximately \$341 of total gross unrecognized tax benefits. Of the total gross unrecognized tax benefits at December 31, 2010, \$327 (net of the federal benefit on state amounts) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods. The Company does not anticipate the total amount of unrecognized tax benefits will significantly change by December 31, 2012.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense. The Company had approximately \$29 accrued for interest, net of tax, at December 31, 2010, and no accrual for penalties at December 31, 2010. The Company released, net of recognition, approximately \$29 and \$85 for interest, net of tax, and recognized no expense for penalties during the years ended December 31, 2011 and 2010, respectively.

The following is a rollforward of the Company's unrecognized tax benefits from January 1, 2009 to December 31, 2011:

	2011	2010	2009
Unrecognized tax benefits at beginning of period	\$ 341	\$ 942	\$ 1,764
Gross increases – tax positions in prior periods	-	-	562
Gross decreases – tax positions in prior periods	-	-	-
Lapse of statutes of limitations	(341)	(601)	(1,384)
Unrecognized tax benefits at end of period	\$ -	\$ 341	\$ 942

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**15. SEGMENT REPORTING**

The Company's revenues are derived from one industry segment, which includes the collection, transfer, recycling and disposal of non-hazardous solid waste. No single contract or customer accounted for more than 10% of the Company's total revenues at the consolidated or reportable segment level during the periods presented.

The Company manages its operations through three geographic operating segments, which are also the Company's reportable segments. Each operating segment is responsible for managing several vertically integrated operations, which are comprised of districts. In April 2011, as a result of the County Waste acquisition described in Note 3, the Company realigned its reporting structure and changed its three geographic operating segments from Western, Central and Southern to Western, Central and Eastern. As part of this realignment, the states of Arizona, Louisiana, New Mexico and Texas, which were previously part of the Southern region, are now included in the Central region. Also as part of this realignment, the state of Michigan, which was previously part of the Central region, is now included in the Eastern region (previously referred to as the Southern region). Additionally, the states of New York and Massachusetts, which the Company now operates in as a result of the County Waste acquisition, are included in the Eastern region. The segment information presented herein reflects the realignment of these districts. Under the current orientation, the Company's Western Region is comprised of operating locations in California, Idaho, Montana, Nevada, Oregon, Washington and western Wyoming; the Company's Central Region is comprised of operating locations in Arizona, Colorado, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah and eastern Wyoming; and the Company's Eastern Region is comprised of operating locations in Alabama, Illinois, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, North Carolina, South Carolina and Tennessee.

The Company's Chief Operating Decision Maker ("CODM") evaluates operating segment profitability and determines resource allocations based on operating income before depreciation, amortization and gain (loss) on disposal of assets. Operating income before depreciation, amortization and gain (loss) on disposal of assets is not a measure of operating income, operating performance or liquidity under GAAP and may not be comparable to similarly titled measures reported by other companies. The Company's management uses operating income before depreciation, amortization and gain (loss) on disposal of assets in the evaluation of segment operating performance as it is a profit measure that is generally within the control of the operating segments. A reconciliation of operating income before depreciation, amortization and gain (loss) on disposal of assets to income before income tax provision is included at the end of this Note 15.

Summarized financial information concerning the Company's reportable segments for the years ended December 31, 2011, 2010 and 2009, is shown in the following tables:

Year Ended December 31, 2011	Gross Revenues	Intercompany Revenues <sup>(b)</sup>	Net Revenues	Operating Income Before Depreciation, Amortization and Gain (Loss) on Disposal of Assets <sup>(c)</sup>		Capital Expenditures	Total Assets <sup>(e)</sup>
				Depreciation and Amortization	Depreciation and Amortization		
Western	\$ 841,006	\$ (98,418)	\$ 742,588	\$ 232,940	\$ 74,628	\$ 57,037	\$ 1,370,098
Central	481,835	(51,658)	430,177	152,059	49,490	46,463	1,040,962
Eastern	401,137	(68,536)	332,601	95,301	41,135	35,139	841,251
Corporate <sup>(a), (d)</sup>	-	-	-	5,519	1,847	3,285	75,694
	<u>\$ 1,723,978</u>	<u>\$ (218,612)</u>	<u>\$ 1,505,366</u>	<u>\$ 485,819</u>	<u>\$ 167,100</u>	<u>\$ 141,924</u>	<u>\$ 3,328,005</u>

Year Ended December 31, 2010	Gross Revenues	Intercompany Revenues <sup>(b)</sup>	Net Revenues	Operating Income Before Depreciation, Amortization and Gain (Loss) on Disposal of Assets <sup>(c)</sup>		Capital Expenditures	Total Assets <sup>(e)</sup>
				Depreciation and Amortization	Depreciation and Amortization		
Western	\$ 801,854	\$ (92,033)	\$ 709,821	\$ 218,254	\$ 72,563	\$ 54,697	\$ 1,378,920
Central	436,630	(49,933)	386,697	127,861	44,247	46,573	1,007,173
Eastern	275,058	(51,819)	223,239	69,013	28,979	32,272	466,329
Corporate <sup>(a), (d)</sup>	-	-	-	5,282	1,667	1,287	63,562
	<u>\$ 1,513,542</u>	<u>\$ (193,785)</u>	<u>\$ 1,319,757</u>	<u>\$ 420,410</u>	<u>\$ 147,456</u>	<u>\$ 134,829</u>	<u>\$ 2,915,984</u>

WASTE CONNECTIONS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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Year Ended December 31, 2009	Gross Revenues	Intercompany Revenues <sup>(b)</sup>	Net Revenues	Operating Income Before Depreciation, Amortization and Gain (Loss) on Disposal of Assets <sup>(c)</sup>	Depreciation and Amortization	Capital Expenditures	Total Assets <sup>(e)</sup>
Western	\$ 718,262	\$ (83,894)	\$ 634,368	\$ 184,421	\$ 64,177	\$ 62,544	\$ 1,407,952
Central	398,419	(41,455)	356,964	115,129	39,680	37,792	899,019
Eastern	246,429	(46,368)	200,061	57,701	25,390	24,192	459,482
Corporate <sup>(a), (d)</sup>	-	-	-	3,701	1,511	3,723	53,995
	<u>\$ 1,363,110</u>	<u>\$ (171,717)</u>	<u>\$ 1,191,393</u>	<u>\$ 360,952</u>	<u>\$ 130,758</u>	<u>\$ 128,251</u>	<u>\$ 2,820,448</u>

(a) Corporate functions include accounting, legal, tax, treasury, information technology, risk management, human resources, training and other administrative functions.

(b) Intercompany revenues reflect each segment's total intercompany sales, including intercompany sales within a segment and between segments. Transactions within and between segments are generally made on a basis intended to reflect the market value of the service.

(c) For those items included in the determination of operating income before depreciation, amortization and gain (loss) on disposal of assets, the accounting policies of the segments are the same as those described in Note 1.

(d) Corporate assets include cash, net deferred tax assets, debt issuance costs, equity investments, and corporate facility leasehold improvements and equipment.

(e) Goodwill is included within total assets for each of the Company's three geographic operating segments.

The following table shows changes in goodwill during the years ended December 31, 2010 and 2011, by reportable segment:

	Western	Central	Eastern	Total
Balance as of December 31, 2009	\$ 291,781	\$ 313,366	\$ 301,563	\$ 906,710
Goodwill transferred	20,295	(20,295)	-	-
Goodwill acquired	962	12,767	8,588	22,317
Goodwill divested	-	(64)	(1,111)	(1,175)
Balance as of December 31, 2010	<u>313,038</u>	<u>305,774</u>	<u>309,040</u>	<u>927,852</u>
Goodwill transferred	-	111,806	(111,806)	-
Goodwill acquired	-	6,643	182,393	189,036
Goodwill divested	-	-	-	-
Balance as of December 31, 2011	<u>\$ 313,038</u>	<u>\$ 424,223</u>	<u>\$ 379,627</u>	<u>\$ 1,116,888</u>

The Company has no accumulated impairment losses associated with goodwill.

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A reconciliation of the Company's primary measure of segment profitability (operating income before depreciation, amortization and gain (loss) on disposal of assets for reportable segments) to Income before income tax provision in the Consolidated Statements of Income is as follows:

	<b>Years ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Operating income before depreciation, amortization and gain (loss) on disposal of assets	\$ 485,819	\$ 420,410	\$ 360,952
Depreciation	(147,036)	(132,874)	(117,796)
Amortization of intangibles	(20,064)	(14,582)	(12,962)
Gain (loss) on disposal of assets	(1,657)	(571)	481
Interest expense	(44,520)	(40,134)	(49,161)
Interest income	530	590	1,413
Loss on extinguishment of debt	-	(10,193)	-
Other income (expense), net	57	2,830	(7,551)
Income before income tax provision	<u>\$ 273,129</u>	<u>\$ 225,476</u>	<u>\$ 175,376</u>

The table below shows, for the periods indicated, the Company's total reported revenues by service line and with intercompany eliminations:

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Collection	\$ 1,069,065	\$ 951,327	\$ 901,768
Disposal and transfer	510,330	458,241	392,497
Intermodal, recycling and other	144,583	103,974	68,845
	<u>1,723,978</u>	<u>1,513,542</u>	<u>1,363,110</u>
Less: intercompany elimination	(218,612)	(193,785)	(171,717)
Total revenues	<u>\$ 1,505,366</u>	<u>\$ 1,319,757</u>	<u>\$ 1,191,393</u>

**16. NET INCOME PER SHARE INFORMATION**

The following table sets forth the calculation of the numerator and denominator used in the computation of basic and diluted net income per common share attributable to the Company's common stockholders for the years ended December 31, 2011, 2010 and 2009:

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Numerator:			
Net income attributable to Waste Connections for basic and diluted earnings per share	\$ <u>165,239</u>	\$ <u>135,104</u>	\$ <u>109,825</u>
Denominator:			
Basic shares outstanding	112,720,444	115,646,173	119,119,601
Dilutive effect of stock options and warrants	425,085	833,502	1,158,094
Dilutive effect of restricted stock units	437,957	414,529	228,467
Diluted shares outstanding	<u>113,583,486</u>	<u>116,894,204</u>	<u>120,506,162</u>

The 2026 Notes were not dilutive during the year ended December 31, 2009. On April 1, 2010, the Company redeemed the aggregate principal amount of its 2026 Notes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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Additionally, as of December 31, 2011, 2010 and 2009, warrants to purchase 5,301, 18,712 and 38,240 shares of common stock, respectively, were excluded from the computation of diluted earnings per share as they were anti-dilutive. As of December 31, 2011, 2010 and 2009, all outstanding stock options were dilutive and included in the computation of diluted earnings per share.

**17. EMPLOYEE BENEFIT PLANS**

WCI has a voluntary savings and investment plan (the “WCI 401(k) Plan”), which is available to all eligible, non-union employees of WCI. Under the WCI 401(k) Plan, WCI makes matching contributions of 50% of every dollar of a participating employee’s pre-tax contributions until the employee’s contributions equal 5% of the employee’s eligible compensation, subject to certain limitations imposed by the U.S. Internal Revenue Code.

Prior to February, 2010, three wholly-owned subsidiaries of the Company also maintained voluntary savings and investment plans, which were available to all eligible, non-union employees of the respective subsidiaries: Murrey’s Disposal Company, Inc.; Harold LeMay Enterprises, Incorporated; and Pierce County Recycling, Composting, and Disposal, LLC. The assets of all three plans maintained by these subsidiaries were merged into the WCI 401(k) Plan in January 2010. Effective January 1, 2010, all eligible employees of the three subsidiaries participate in the WCI 401(k) Plan and their respective employers make matching contributions to the WCI 401(k) Plan, consistent with WCI’s matching contributions described above.

Total employer expenses, including employer matching contributions, for the 401(k) Plans described above were approximately \$2,759, \$2,662 and \$3,865, respectively, during the years ended December 31, 2011, 2010 and 2009. These amounts include matching contributions made under the Deferred Compensation Plan, described below.

The Company also participates in various “multiemployer” pension plans administered by employee and union trustees. The Company makes periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. As described in Note 1, the FASB issued guidance requiring companies to provide additional disclosures related to individually material multiemployer pension plans. Each of the multiemployer pension plans in which the Company participates have a certified zone status, as defined by the Pension Protection Act of 2006, of green. The Company’s contributions to each individual multiemployer pension plan represent less than 5% of total contributions to such plan. Based on the most recent information available, the Company’s withdrawal liability from each individual multiemployer plan in which the Company participates is not material to the Company’s results of operations. During the years ended December 31, 2011, 2010 and 2009, the Company’s total employer contributions to the multiemployer pension plans were approximately \$3,906, \$3,970 and \$3,664, respectively.

Effective for compensation paid on and after July 1, 2004, the Company established a Deferred Compensation Plan for eligible employees, which was amended and restated effective January 1, 2008, and January 1, 2010 (the “Deferred Compensation Plan”). The Deferred Compensation Plan is a non-qualified deferred compensation program under which the eligible participants, including officers and certain employees who meet a minimum salary threshold, may voluntarily elect to defer up to 80% of their base salaries and up to 100% of their bonuses, commissions and restricted stock unit grants. Members of the Company’s Board of Directors are eligible to participate in the Deferred Compensation Plan with respect to their Director fees. Although the Company periodically contributes the amount of its obligation under the plan to a trust for the benefit of the participants, the amounts of any compensation deferred under the Plan constitute an unsecured obligation of the Company to pay the participants in the future and, as such, are subject to the claims of other creditors in the event of insolvency proceedings. Participants may elect certain future distribution dates on which all or a portion of their accounts will be paid to them, including in the case of a change in control of the Company. Their accounts will be distributed to them in cash, except for amounts credited with respect to deferred restricted stock unit grants, which will be distributed in shares of the Company’s common stock pursuant to the Third Amended and Restated 2004 Equity Incentive Plan. In addition to the amount of participants’ contributions, the Company will pay participants an amount reflecting a deemed return based on the returns of various mutual funds or measurement funds selected by the participants, except in the case of restricted stock units that are deferred, which are credited to their accounts as shares of Company common stock. The measurement funds are used only to determine the amount of return the Company pays to participants and participant funds are not actually invested in the measurement fund, nor are any shares of Company common stock acquired under the Deferred Compensation Plan. The Company also makes a matching contribution to the Deferred Compensation Plan of 50% of every dollar of a participating employee’s pre-tax contributions until the employee’s contributions equal 5% of the employee’s eligible compensation, less the amount of any match the Company makes on behalf of the employee under the WCI 401(k) Plan, and subject to the same limits that apply to the WCI 401(k) Plan, except that the Company’s matching contributions under the Deferred Compensation Plan are 100% vested when made. The

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total liability for deferred compensation at December 31, 2011 and 2010 was \$9,656 and \$7,347, respectively, which was recorded in Other long-term liabilities in the Consolidated Balance Sheets.

**18. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)**

The following table summarizes the unaudited consolidated quarterly results of operations for 2011:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Revenues	\$ 331,468	\$ 390,184	\$ 403,962	\$ 379,752
Operating income	68,575	84,798	89,314	74,374
Net income	36,793	44,605	46,584	38,189
Net income attributable to Waste Connections	36,539	44,413	46,329	37,958
Basic income per common share attributable to Waste Connections' common stockholders	0.32	0.39	0.41	0.34
Diluted income per common share attributable to Waste Connections' common stockholders	0.32	0.39	0.41	0.34

The following table summarizes the unaudited consolidated quarterly results of operations for 2010:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Revenues	\$ 307,540	\$ 330,477	\$ 345,785	\$ 335,955
Operating income	59,606	69,351	75,685	67,742
Net income	27,814	30,637	41,257	36,435
Net income attributable to Waste Connections	27,574	30,400	40,986	36,145
Basic income per common share attributable to Waste Connections' common stockholders	0.24	0.26	0.35	0.32
Diluted income per common share attributable to Waste Connections' common stockholders	0.23	0.26	0.35	0.31

On April 1, 2010, the Company redeemed the \$200,000 aggregate principal amount of the 2026 Notes and, as a result of the redemption, recognized \$9,734 of pre-tax expense (\$6,035 net of taxes) to Loss on extinguishment of debt.

**19. SUBSEQUENT EVENT**

On February 7, 2012, the Company announced that its Board of Directors approved a regular quarterly cash dividend of \$0.09 per share on the Company's common stock. The dividend will be paid on March 6, 2012, to stockholders of record on the close of business on February 21, 2012.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2011, at the reasonable assurance level such that information required to be disclosed in our Exchange Act reports: (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (2) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

### **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. This process includes policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and any dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles; (3) provide reasonable assurance that receipts and expenditures of ours are being made only in accordance with authorizations of our management; and (4) provide reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material affect on our financial statements would be prevented or timely detected.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our internal control over financial reporting as of December 31, 2011. In conducting our evaluation, we used the framework set forth in the report titled "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of our evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2011.

The effectiveness of our internal control over financial reporting as of December 31, 2011, has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in its report which appears in Item 8 of this Annual Report of Form 10-K.

### **Changes in Internal Control Over Financial Reporting**

Based on an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, there has been no change to our internal control over financial reporting that occurred during the three month period ended December 31, 2011, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **ITEM 9B. OTHER INFORMATION**

None.

## **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Except as set forth above in Part I under “Executive Officers of the Registrant” and in the paragraph below, the information required by Item 10 has been omitted from this report, and is incorporated by reference to the sections “Election of Directors,” “Corporate Governance and Board Matters” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders, which we will file with the SEC pursuant to Regulation 14A within 120 days after the end of our 2011 fiscal year.

We have adopted a Code of Conduct and Ethics that applies to our officers, including our principal executive officer, principal financial officer, principal accounting officer and all other officers, directors and employees. We have also adopted Corporate Governance Guidelines to promote the effective functioning of our Board of Directors and its committees, to promote the interests of stockholders and to ensure a common set of expectations concerning how the Board, its committees and management should perform their respective functions. Our Code of Conduct and Ethics and our Corporate Governance Guidelines are available on our website at <http://www.wasteconnections.com> as are the charters of our Board’s Audit, Nominating and Corporate Governance and Compensation Committees. Information on or that can be accessed through our website is not incorporated by reference to this report. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendments to, or waiver from, a provision of our Code of Conduct by posting such information on our website.

Stockholders may also obtain copies of the Corporate Governance documents discussed above by contacting our Secretary at the address or phone number listed on the cover page of this Annual Report on Form 10-K.

### **ITEM 11. EXECUTIVE COMPENSATION**

Information required by Item 11 has been omitted from this report and is incorporated by reference to the sections “Executive Compensation” and “Corporate Governance and Board Matters” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information required by Item 12 has been omitted from this report and is incorporated by reference to the sections “Principal Stockholders” and “Equity Compensation Plan Information” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information required by Item 13 has been omitted from this report and is incorporated by reference to the sections “Certain Relationships and Related Transactions” and “Corporate Governance and Board Matters” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders.

### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

Information required by Item 14 has been omitted from this report and is incorporated by reference to the section “Appointment of Independent Registered Public Accounting Firm” in our definitive Proxy Statement for the 2012 Annual Meeting of Stockholders.

## **PART IV**

### **ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

- (a) See Index to Consolidated Financial Statements on page 53. The following Financial Statement Schedule is filed herewith on page 103 and made a part of this Report:

Schedule II - Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable, and therefore have been omitted.

- (b) See Exhibit Index immediately following signature pages.

## SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Waste Connections, Inc.

By: /s/ Ronald J. Mittelstaedt  
Ronald J. Mittelstaedt  
Chief Executive Officer and Chairman

Date: February 8, 2012

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ronald J. Mittelstaedt and Worthing F. Jackman, jointly and severally, his true and lawful attorneys-in-fact, each with the power of substitution, for him in any and all capacities to sign any amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Ronald J. Mittelstaedt</u> Ronald J. Mittelstaedt	Chief Executive Officer and Chairman (principal executive officer)	February 8, 2012
<u>/s/ Worthing F. Jackman</u> Worthing F. Jackman	Executive Vice President and Chief Financial Officer (principal financial officer)	February 8, 2012
<u>/s/ David G. Eddie</u> David G. Eddie	Senior Vice President and Chief Accounting Officer (principal accounting officer)	February 8, 2012
<u>/s/ Michael W. Harlan</u> Michael W. Harlan	Director	February 8, 2012
<u>/s/ William J. Razzouk</u> William J. Razzouk	Director	February 8, 2012
<u>/s/ Robert H. Davis</u> Robert H. Davis	Director	February 8, 2012
<u>/s/ Edward E. Guillet</u> Edward E. Guillet	Director	February 8, 2012

WASTE CONNECTIONS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 2011, 2010 and 2009

(in thousands)

<u>Description</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>		<u>Deductions (Write-offs, Net of Collections)</u>	<u>Balance at End of Year</u>
		<u>Charged to Costs and Expenses</u>	<u>Charged to Other Accounts</u>		
Allowance for Doubtful Accounts:					
Year Ended December 31, 2011	\$ 5,084	\$ 6,428	\$ -	\$ (4,895)	\$ 6,617
Year Ended December 31, 2010	4,058	5,126	-	(4,100)	5,084
Year Ended December 31, 2009	3,846	5,357	-	(5,145)	4,058

## EXHIBIT INDEX

<b><u>Exhibit Number</u></b>	<b><u>Description of Exhibits</u></b>
2.1	Asset Purchase Agreement, dated as of February 6, 2009, by and among Republic Services, Inc., Waste Connections, Inc. and the other entities party thereto (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 8, 2009)
2.2	Amended and Restated Asset Purchase Agreement, dated as of April 1, 2009, by and among Republic Services, Inc., Waste Connections, Inc. and the other entities party thereto (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 8, 2009)
2.3	Purchase Agreement, dated as of April 1, 2009, by and among Republic Services, Inc., Republic Services of California Holding Company, Inc., Republic Services of California I, LLC, Waste Connections, Inc. and Chiquita Canyon, Inc. (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 8, 2009)
2.4	Purchase Agreement, dated as of April 1, 2009, by and among Republic Services, Inc., Allied Waste Landfill Holdings, Inc., Allied Waste North America, Inc., Anderson Regional Landfill, LLC, Waste Connections, Inc. and Anderson County Landfill, Inc. (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 8, 2009)
2.5	Stock Purchase Agreement, dated as of April 1, 2009, by and among Republic Services, Inc., Chambers Development of North Carolina, Inc., Allied Waste North America, Inc. and Waste Connections, Inc. (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 8, 2009)
2.6	Stock Purchase Agreement, dated as of March 31, 2011, by and among Waste Connections, Inc., on the one hand, and Hudson Valley Waste Holding, Inc. ("Hudson Valley Waste Holding"), its wholly-owned subsidiary, County Waste and Recycling Service, Inc., and Hudson Valley Waste Holding's shareholders, on the other hand (incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on April 5, 2011)
3.1 *	Amended and Restated Certificate of Incorporation of the Registrant
3.2	Third Amended and Restated Bylaws of the Registrant, effective May 15, 2009 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on April 23, 2009)
4.1	Form of Common Stock Certificate (incorporated by reference to the exhibit filed with the Registrant's Form S-1/A filed on May 6, 1998)
4.2	Master Note Purchase Agreement, dated July 15, 2008 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on July 18, 2008)
4.3	Amendment No. 1 to Master Note Purchase Agreement, dated as of July 20, 2009 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on August 5, 2009)
4.4	First Supplement to Master Note Purchase Agreement, dated as of October 26, 2009 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on October 27, 2009)
4.5	Amendment No. 2 to Master Note Purchase Agreement, dated as of November 24, 2010 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on November 26, 2010)
4.6	Second Supplement to Master Note Purchase Agreement, dated as of April 1, 2011 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on April 5, 2011)

<b><u>Exhibit Number</u></b>	<b><u>Description of Exhibits</u></b>
4.7 *	Amendment No. 3 to Master Note Purchase Agreement, dated as of October 12, 2011
4.8	Amended and Restated Credit Agreement, dated as of July 11, 2011 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on October 19, 2011)
10.1 +	Form of Warrant Agreement (incorporated by reference to the exhibit filed with the Registrant's Form S-1 filed on March 16, 1998)
10.2 +	Employment Agreement between the Registrant and James M. Little, dated as of September 13, 1999 (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on March 13, 2000)
10.3 +	Second Amended and Restated Employment Agreement between the Registrant and Darrell W. Chambliss, dated as of June 1, 2000 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on November 14, 2000)
10.4 +	Second Amended and Restated 1997 Stock Option Plan (incorporated by reference to the exhibit filed with the Registrant's Form S-8 filed on July 24, 2000)
10.5 +	Employment Agreement between the Registrant and Eric O. Hansen, dated as of January 1, 2001 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 3, 2005)
10.6 +	2002 Senior Management Equity Incentive Plan (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 11, 2008)
10.7 +	2002 Stock Option Plan (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 11, 2008)
10.8 +	2002 Restricted Stock Plan (incorporated by reference to the exhibit filed with the Registrant's Form S-8 filed on June 19, 2002)
10.9 +	Employment Agreement between the Registrant and Worthing F. Jackman, dated as of April 11, 2003 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on August 13, 2003)
10.10 +	Second Amended and Restated Employment Agreement between the Registrant and Steven F. Bouck, dated as of October 1, 2004 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on October 22, 2004)
10.11 +	Second Amended and Restated Employment Agreement between the Registrant and Ronald J. Mittelstaedt, dated as of March 1, 2004 (and as amended March 22, 2005) (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 3, 2005)
10.12 +	First Amended and Restated Employment Agreement between the Registrant and David M. Hall, dated as of October 1, 2005 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on October 4, 2005)
10.13 +	First Amended and Restated Employment Agreement between the Registrant and David G. Eddie, dated as of October 1, 2005 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on October 4, 2005)
10.14 +	Form of Indemnification Agreement between the Registrant and each of its directors and officers (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on July 31, 2006)
10.15 +	Employment Agreement between the Registrant and Eric M. Merrill, dated as of June 1, 2007 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on July 24, 2007)

<b><u>Exhibit Number</u></b>	<b><u>Description of Exhibits</u></b>
10.16 +	Employment Agreement between the Registrant and Patrick J. Shea, dated as of February 1, 2008 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on April 23, 2008)
10.17 +	Consultant Incentive Plan (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on April 23, 2008)
10.18 +	Amended and Restated Senior Management Incentive Plan (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on July 30, 2008)
10.19 +	Form of Amendment to Employment Agreement between the Registrant and each of Ronald J. Mittelstaedt, Steven F. Bouck, Darrell W. Chambliss and Worthing F. Jackman (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 10, 2009)
10.20 +	Form of Amendment to Employment Agreement between the Registrant and each of David G. Eddie, David M. Hall, Eric M. Merrill and Patrick J. Shea (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 10, 2009)
10.21 +	Form of Amendment to Employment Agreement between the Registrant and James M. Little (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 10, 2009)
10.22 +	Form of Amendment to Employment Agreement between the Registrant and Eric O. Hansen (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 10, 2009)
10.23 +	Employment Agreement between the Registrant and Rick Wojahn, dated as of February 9, 2009 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 8, 2009)
10.24 +	Employment Agreement between the Registrant and Scott Schreiber, dated as of February 9, 2009 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 8, 2009)
10.25 +	Amended and Restated Compensation Plan for Independent Directors, dated January 1, 2011 (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 9, 2011)
10.26 +	Employment Agreement between the Registrant and Greg Thibodeaux, dated as of July 1, 2000 (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 9, 2011)
10.27 +	Form of Amendment to Employment Agreement between the Registrant and Greg Thibodeaux (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 9, 2011)
10.28 +	Summary of Management Incentive Compensation Program for Eric M. Merrill (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on April 26, 2011)
10.29 +	Nonqualified Deferred Compensation Plan, amended and restated as of September 22, 2011 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on October 19, 2011)
10.30 + *	Third Amended and Restated 2004 Equity Incentive Plan
12.1 *	Statement regarding Computation of Ratios
21.1 *	Subsidiaries of the Registrant
23.1 *	Consent of Independent Registered Public Accounting Firm

**Exhibit  
Number**

**Description of Exhibits**

24.1 *	Power of Attorney (see signature page of this Annual Report on Form 10-K)
31.1 *	Certification of Chief Executive Officer
31.2 *	Certification of Chief Financial Officer
32.1 *	Certificate of Chief Executive Officer and Chief Financial Officer
101.INS ^*	XBRL Instance Document
101.SCH ^*	XBRL Taxonomy Extension Schema Document
101.CAL ^*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB ^*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE ^*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF ^*	XBRL Taxonomy Extension Definition Linkbase Document

\* Filed herewith.

+ Management contract or compensatory plan, contract or arrangement.

^ In accordance with Regulation S-T, the XBRL-formatted interactive data files that comprise these Exhibits shall be deemed “furnished” and not “filed.”

# CORPORATE INFORMATION

## EXECUTIVE OFFICERS

Ronald J. Mittelstaedt  
*Chairman and Chief Executive Officer*

Steven F. Bouck  
*President*

Darrell W. Chambliss  
*Executive Vice President and Chief Operating Officer*

Worthing F. Jackman  
*Executive Vice President and Chief Financial Officer*

David G. Eddie  
*Senior Vice President and Chief Accounting Officer*

David M. Hall  
*Senior Vice President - Sales and Marketing*

James M. Little  
*Senior Vice President - Engineering and Disposal*

Eric M. Merrill  
*Senior Vice President - People, Safety and Development*

Matthew S. Black  
*Vice President and Chief Tax Officer*

Eric O. Hansen  
*Vice President - Chief Information Officer*

Jerri L. Hunt  
*Vice President - Employee Relations*

Scott I. Schreiber  
*Vice President - Disposal Operations*

Patrick J. Shea  
*Vice President, General Counsel and Secretary*

Gregory Thibodeaux  
*Vice President - Maintenance and Fleet Management*

Mary Anne Whitney  
*Vice President - Finance*

Richard K. Wojahn  
*Vice President - Business Development*

## REGION OFFICERS

### WESTERN REGION

Rob Nielsen, *Regional Vice President*  
Brent Ditton, *Regional Controller*

### CENTRAL REGION

Phil Rivard, *Regional Vice President*  
Randy Baham, *Regional Controller*

### EASTERN REGION

Chris Ruane, *Regional Vice President*  
Blake Rhodes, *Regional Controller*

## BOARD OF DIRECTORS

Ronald J. Mittelstaedt  
*Chairman and Chief Executive Officer*

Robert H. Davis  
*Managing Partner/President*  
*Rubber Recovery, Inc. - a scrap tire processing and recycling company*

Edward E. "Ned" Guillet  
*Senior Vice President, Human Resources (retired)*  
*The Gillette Company - a global consumer products company*

Michael W. Harlan  
*President*  
*Harlan Capital Advisors, LLC*

William J. Razzouk  
*Chief Executive Officer*  
*Newgistics, Inc. - a provider of intelligent order delivery and returns management solutions*

## STOCK MARKET INFORMATION

Waste Connections' common stock is traded on the New York Stock Exchange under the ticker symbol WCN.

## ANNUAL MEETING

Stockholders are invited to attend our annual meeting of stockholders on May 18, 2012, at 10:00 a.m. at the Hyatt Market Street, 9595 Six Pines, The Woodlands, Texas 77380.

## COMPANY OFFICES

Waterway Plaza Two, 4th Floor  
10001 Woodloch Forest Drive  
The Woodlands, TX 77380  
Tel: (832) 442-2200 Fax: (832) 442-2290

## TRANSFER AGENT & REGISTRAR

Wells Fargo Shareowner Services  
161 North Concord Exchange  
South St Paul, MN 55075  
Telephone: (800) 468-9716  
Web site: [www.wellsfargo.com/com/shareowner\\_services](http://www.wellsfargo.com/com/shareowner_services)

## INVESTOR RELATIONS

Additional copies of this report, Form 10-K, the Proxy Statement or other financial information are available to stockholders without charge by contacting our Investor Relations Department at (832) 442-2200. You may also contact us by visiting the Investor Relations page on the Company's Web site at [www.wasteconnections.com](http://www.wasteconnections.com).



## WASTE CONNECTIONS, INC.

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### STATEMENT OF VALUES

#### PURPOSE

Honoring our commitments provides our stakeholders peace of mind and establishes us as the premier solid waste services company in the markets we serve. This creates a safe and rewarding environment for our employees while protecting the health and welfare of the communities we serve, thereby increasing value for our shareholders.

#### OPERATING VALUES

##### SAFETY

We strive to assure complete safety of our employees, our customers and the public in all of our operations. Protection from accident or injury is paramount in all we do.

##### INTEGRITY

We define integrity as “saying what you will do and then doing it.” We keep our promises to our customers, our employees and our stockholders. Do the right thing, at the right time, for the right reason.

##### CUSTOMER SERVICE

We provide our customers the best possible service in a courteous, effective manner, showing respect for those we are fortunate to serve.

##### TO BE A GREAT PLACE TO WORK

We maintain a growth culture where our employees can maximize their potential personally and professionally. Our objective is to provide an environment where people enjoy what they do and take pride in their work. We wish to embody a work hard, play harder culture.

##### TO BE THE PREMIER SOLID WASTE SERVICES COMPANY IN THE U.S.

We continue to provide superior returns, remain environmentally responsible, and continue to grow in a disciplined way, deploying resources intelligently and benefiting communities we live in. We remain a “different breed”.

#### VISION OF THE FUTURE

Our goal is to create an environment where self directed, empowered employees strive to consistently fulfill our constituent commitments and seek to create positive impacts through interactions with customers, communities, and fellow employees, always relying on our Operating Values as the foundation for our existence.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-K**

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(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 1-31507

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**WASTE CONNECTIONS, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**94-3283464**

(I.R.S. Employer  
Identification No.)

**Waterway Plaza Two  
10001 Woodloch Forest Drive, Suite 400  
The Woodlands, Texas**

(Address of principal executive offices)

**77380**

(Zip Code)

**(832) 442-2200**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

**Common Stock, par value \$0.01 per share**

(Title of each class)

**New York Stock Exchange**

(Name of each exchange on which registered)

**Securities registered pursuant to Section 12(g) of the Act: None**

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2012, the aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant, based on the closing sales price for the registrant's common stock, as reported on the New York Stock Exchange, was \$3,664,771,905.

Number of shares of common stock outstanding as of February 15, 2013: 123,327,573

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement for the 2013 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

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WASTE CONNECTIONS, INC.  
ANNUAL REPORT ON FORM 10-K

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## **PART I**

### **ITEM 1. BUSINESS**

#### **Our Company**

Waste Connections, Inc. is an integrated municipal solid waste, or MSW, services company that provides solid waste collection, transfer, disposal and recycling services in mostly exclusive and secondary markets in the U.S. and a leading provider of non-hazardous exploration and production, or E&P, waste treatment, recovery and disposal services in several of the most active natural resource producing areas of the U.S. We also provide intermodal services for the rail haul movement of cargo and solid waste containers in the Pacific Northwest through a network of intermodal facilities.

As of December 31, 2012, we served residential, commercial, industrial and E&P customers from a network of operations in 31 states: Alabama, Alaska, Arizona, California, Colorado, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington and Wyoming. As of December 31, 2012, we owned or operated a network of 151 solid waste collection operations; 68 transfer stations; seven intermodal facilities, 38 recycling operations, 54 active MSW, E&P and/or non-MSW landfills, 20 E&P liquid waste injection wells, 15 E&P waste treatment and recovery facilities and 19 oil recovery facilities. Non-MSW landfills accept construction and demolition, industrial and other non-putrescible waste.

Our senior management team has extensive experience in operating, acquiring and integrating non-hazardous waste services businesses, and we intend to continue to focus our efforts on balancing internal and acquisition-based growth. We anticipate that a part of our future growth will come from acquiring additional solid waste collection, transfer and disposal businesses and, therefore, we expect that additional acquisitions could continue to affect period-to-period comparisons of our operating results.

Waste Connections, Inc. is a Delaware corporation organized in 1997.

#### **Our Operating Strategy**

Our operating strategy seeks to improve financial returns and deliver superior stockholder value creation within the solid waste industry. We seek to avoid highly competitive, large urban markets and instead target markets where we can attain high market share either through exclusive contracts, vertical integration or asset positioning. We also target niche markets, like E&P waste treatment and disposal services, with similar characteristics and, we believe, higher comparative growth potential. We are a leading provider of waste services in most of our markets, and the key components of our operating strategy, which are tailored to the competitive and regulatory factors that affect our markets, are as follows:

Target Secondary and Rural Markets. By targeting secondary and rural markets, we believe that we are able to garner a higher local market share than attainable in more competitive urban markets, which reduces our exposure to customer churn and improves financial returns. In certain niche markets, like E&P waste treatment and disposal, early mover advantage in certain rural basins may improve market positioning and financial returns given the limited availability of existing third party-owned waste disposal alternatives.

Control the Waste Stream. In markets where waste collection services are provided under exclusive arrangements, or where waste disposal is municipally owned or funded or available at multiple sources, we believe that controlling the waste stream through the provision of collection services is often more important to our profitability and growth than owning or operating landfills. In addition, in certain E&P markets with “no pit” rules or other regulations that prohibit on-site storage or treatment of waste, control of the waste stream allows us to generate additional service revenue from the transportation of waste, as well as the waste treatment and disposal, thus increasing the overall scope and value of the services provided.

Optimize Asset Positioning. We believe that the location of disposal sites within competitive markets is a critical success factor in both solid waste and E&P waste services. Given the importance and costs associated with the transportation of waste to treatment and disposal sites, having disposal capacity proximate to the waste stream may provide a competitive advantage and serve as a barrier to entry.

Provide Vertically Integrated Services. In markets where we believe that owning landfills is a strategic element to a collection operation because of competitive and regulatory factors, we generally focus on providing integrated services, from collection through disposal of solid waste in landfills that we own or operate. Similarly, we see this strategic advantage in E&P waste services where we offer closed loop systems for liquid and solid waste storage, transportation, treatment, and disposal.

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Manage on a Decentralized Basis. We manage our operations on a decentralized basis. This places decision-making authority close to the customer, enabling us to identify and address customers' needs quickly in a cost-effective manner. We believe that decentralization provides a low-overhead, highly efficient operational structure that allows us to expand into geographically contiguous markets and operate in relatively small communities that larger competitors may not find attractive. We believe that this structure gives us a strategic competitive advantage, given the relatively rural nature of many of the markets in which we operate, and makes us an attractive buyer to many potential acquisition candidates.

As of December 31, 2012, we delivered our services from over 200 operating locations grouped into four operating segments: our Western Region is comprised of operating locations in Alaska, California, Idaho, Montana, Nevada, Oregon, Washington and western Wyoming; our Central Region is comprised of operating locations in Arizona, Colorado, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah and eastern Wyoming; our Eastern Region is comprised of operating locations in Alabama, Illinois, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, North Carolina, South Carolina and Tennessee; and, our E&P Group includes the majority of our E&P waste service operations in Louisiana, New Mexico, North Dakota, Oklahoma, Texas, Wyoming and along the Gulf of Mexico. Some E&P operations are also included in other operating segments, where we accept E&P waste at some of our solid waste landfills.

We manage and evaluate our business on the basis of the operating segments' geographic characteristics, interstate waste flow, revenue base, employee base, regulatory structure, and acquisition opportunities. Each operating segment has a regional vice president, or equivalent, and a regional controller, reporting directly to our corporate management. These regional officers are responsible for operations and accounting in their operating segments and supervise their regional staff. See Note 15 to the consolidated financial statements for further information on our segment reporting of our operations.

Each operating location has a district or site manager who has a high degree of decision-making authority for his or her operations and is responsible for maintaining service quality, promoting safety, implementing marketing programs and overseeing day-to-day operations, including contract administration. Local managers also help identify acquisition candidates and are responsible for integrating acquired businesses into our operations and obtaining the permits and other governmental approvals required for us to operate.

Implement Operating Standards. We develop company-wide operating standards, which are tailored for each of our markets based on industry norms and local conditions. We implement cost controls and employee training and safety procedures and establish a sales and marketing plan for each market. By internalizing the waste stream of acquired operations, we can further increase operating efficiencies and improve capital utilization. We use a wide-area information system network, implement financial controls and consolidate certain accounting, personnel and customer service functions. While regional and district management operate with a high degree of autonomy, our executive officers monitor regional and district operations and require adherence to our accounting, purchasing, marketing and internal control policies, particularly with respect to financial matters. Our executive officers regularly review the performance of regional officers, district managers and operations. We believe we can improve the profitability of existing and newly acquired operations by establishing operating standards, closely monitoring performance and streamlining certain administrative functions.

### Our Growth Strategy

We tailor the components of our growth strategy to the markets in which we operate and into which we hope to expand.

Obtain Additional Exclusive Arrangements. Our operations include market areas where we have exclusive arrangements, including franchise agreements, municipal contracts and governmental certificates, under which we are the exclusive service provider for a specified market. These exclusive rights and contractual arrangements create a barrier to entry that is usually obtained through the acquisition of a company with such exclusive rights or contractual arrangements or by winning a competitive bid.

We devote significant resources to securing additional franchise agreements and municipal contracts through competitive bidding and by acquiring other companies. In bidding for franchises and municipal contracts and evaluating acquisition candidates holding governmental certificates, our management team draws on its experience in the waste industry and knowledge of local service areas in existing and target markets. Our district management and sales and marketing personnel maintain relationships with local governmental officials within their service areas, maintain, renew and renegotiate existing franchise agreements and municipal contracts, and secure additional agreements and contracts while targeting acceptable financial returns. Our sales and marketing personnel also expand our presence into areas adjacent to or contiguous with our existing markets, and market additional services to existing customers. We believe our ability to offer comprehensive rail haul disposal services in the Pacific Northwest improves our competitive position in bidding for such contracts in that region.

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**Generate Internal Growth.** To generate internal revenue growth, our district management and sales and marketing personnel focus on increasing market penetration in our current and adjacent markets, soliciting new customers in markets where such customers have the option to choose a particular waste collection service and marketing upgraded or additional services (such as compaction or automated collection) to existing customers. We also focus on raising prices and instituting surcharges, when appropriate, to offset cost increases. Where possible, we intend to leverage our franchise-based platforms to expand our customer base beyond our exclusive market territories. As customers are added in existing markets, our revenue per routed truck increases, which generally increases our collection efficiencies and profitability. In markets in which we have exclusive contracts, franchises and certificates, we expect internal volume growth generally to track population and business growth. In niche disposal markets, like E&P, our focus is on increasing market penetration, developing and permitting new disposal sites, and providing additional service offerings where appropriate.

**Expand Through Acquisitions.** We intend to expand the scope of our operations by continuing to acquire MSW and E&P waste facilities and companies in new markets and in existing or adjacent markets that are combined with or “tucked in” to our existing operations. We focus our acquisition efforts on markets that we believe provide significant growth opportunities for a well-capitalized market entrant and where we can create economic and operational barriers to entry by new competitors. This focus typically highlights markets in which we can: (1) provide waste collection services under exclusive arrangements such as franchise agreements, municipal contracts and governmental certificates; (2) gain a leading market position and provide vertically integrated collection and disposal services; or (3) gain a leading market position in a niche market through the provision of disposal services. We believe that our experienced management, decentralized operating strategy, financial strength, size, and public company status make us an attractive buyer to certain waste collection and disposal acquisition candidates. We have developed an acquisition discipline based on a set of financial, market and management criteria to evaluate opportunities. Once an acquisition is closed, we seek to integrate it while minimizing disruption to our ongoing operations and those of the acquired business.

In new markets, we often use an initial acquisition as an operating base and seek to strengthen the acquired operation’s presence in that market by providing additional services, adding new customers and making “tuck-in” acquisitions of other waste companies in that market or adjacent markets. We believe that many suitable “tuck-in” acquisition opportunities exist within our current and targeted market areas that may provide us with opportunities to increase our market share and route density.

The U.S. solid waste services industry experienced significant consolidation during the 1990s. The consolidation trend has continued, most notably with the merger between Republic Services, Inc. and Allied Waste Industries, Inc. in 2008, the merger between IESI-BFC Ltd. and Waste Services, Inc. in 2010, and the sale of the U.S. solid waste business of Veolia Environnement S.A. to Advanced Disposal Services, Inc. in 2012. In spite of this consolidation, the solid waste services industry remains regional in nature, with acquisition opportunities available in selected markets. The E&P waste services industry is similarly regional in nature and is also highly fragmented, with acquisition opportunities available in several active basins. In some markets in both MSW and E&P waste, independent landfill, collection or service providers lack the capital resources, management skills and/or technical expertise necessary to comply with stringent environmental and other governmental regulations and to compete with larger, more efficient, integrated operators. In addition, many of the remaining independent operators may wish to sell their businesses to achieve liquidity in their personal finances or as part of their estate planning.

During 2012, we acquired the business of R360 Environmental Solutions, Inc., or R360, a leading provider of non-hazardous E&P waste treatment, recovery and disposal services, for total fair value of consideration transferred of \$1.38 billion. During the year ended December 31, 2012, we completed 12 other acquisitions, none of which individually or in the aggregate accounted for greater than 10% of our total assets. The total fair value of consideration transferred for the 12 other acquisitions completed during the year ended December 31, 2012 was approximately \$275.8 million. During the year ended December 31, 2011, we completed 13 acquisitions, none of which individually accounted for greater than 10% of our total assets. The total fair value of consideration transferred for the 13 acquisitions completed during the year ended December 31, 2011 was approximately \$375.7 million. During the year ended December 31, 2010, we completed 19 acquisitions, none of which individually or in the aggregate accounted for greater than 10% of our total assets. The total fair value of consideration transferred for the 19 acquisitions completed during the year ended December 31, 2010 was approximately \$105.6 million.

## **WASTE SERVICES**

### Collection Services

We provide collection services to residential, commercial, industrial and E&P customers. Our services are generally provided under one of the following arrangements: (1) governmental certificates; (2) exclusive franchise agreements; (3) exclusive municipal contracts; (4) residential subscriptions; (5) residential contracts; or (6) commercial, industrial and E&P service agreements.

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Governmental certificates, exclusive franchise agreements and exclusive municipal contracts grant us rights to provide MSW services within specified areas at established rates and are long term in nature. Governmental certificates, or G Certificates, are unique to the State of Washington and are awarded by the Washington Utilities and Transportation Commission, or WUTC, to solid waste collection service providers in unincorporated areas and electing municipalities. These certificates typically grant the holder the exclusive and perpetual right to provide specific residential, commercial and/or industrial waste services in a defined territory at specified rates subject to divestiture and/or cancellation by the WUTC on specified, limited grounds. Franchise agreements typically provide an exclusive period of seven years or longer for a specified territory; they specify a broad range of services to be provided, establish rates for the services and often give the service provider a right of first refusal to extend the term of the agreement. Municipal contracts typically provide a shorter service period and a more limited scope of services than franchise agreements and generally require competitive bidding at the end of the contract term. In markets where exclusive arrangements are not available, we may enter into residential contracts with homeowners' associations, apartment owners, mobile home park operators or work on a subscription basis with individual households. In such markets, we may also provide commercial and industrial services under customer service agreements generally ranging from one to five years in duration. Finally, in certain E&P markets with "no pit" rules or other regulations that prohibit on-site storage or treatment of waste, we offer containers and collection services to provide a closed loop system for the collection of drilling wastes at customers' well sites and subsequent transportation of the waste to our facilities for treatment and disposal.

#### Landfill Disposal Services

As of December 31, 2012, we owned or operated 42 MSW landfills, five E&P waste landfills, which only accept E&P waste, and seven non-MSW landfills, which only accept construction and demolition, industrial and other non-putrescible waste. Twelve of our MSW landfills also received E&P waste during 2012. We generally own landfills to achieve vertical integration in markets where the economic and regulatory environments make landfill ownership attractive. We also own landfills in certain markets where it is not necessary to provide collection services because we believe that we are able to attract volume to our landfills, given our location or other market dynamics. Over time, MSW landfills generate a greenhouse gas, methane, which can be converted into a valuable source of clean energy. We deploy gas recovery systems at 28 of our landfills to collect methane, which can then be used to generate electricity for local households, fuel local industrial power plants, power alternative fueled vehicles, or qualify for carbon emission credits.

Our landfill facilities consisted of the following at December 31, 2012:

Owned and operated landfills	43
Operated landfills under life-of-site agreements	6
Operated landfills under limited-term operating agreements	5
	<u>54</u>

Under landfill operating agreements, the owner of the property, generally a municipality, usually owns the permit and we operate the landfill for a contracted term, which may be the life of the landfill. Where the contracted term is not the life of the landfill, the property owner is generally responsible for final capping, closure and post-closure obligations. We are responsible for all final capping, closure and post-closure obligations at five of our six operated landfills for which we have life-of-site agreements. Our five operating contracts for which the contracted term is less than the life of the landfill have expiration dates from 2014 to 2018, and we intend to seek renewal of these contracts prior to, or upon, their expiration.

Based on remaining permitted capacity as of December 31, 2012, and projected annual disposal volumes, the average remaining landfill life for our owned and operated landfills and landfills operated, but not owned, under life-of-site agreements, is estimated to be approximately 39 years. Many of our existing landfills have the potential for expanded disposal capacity beyond the amount currently permitted. We regularly consider whether it is advisable, in light of changing market conditions and/or regulatory requirements, to seek to expand or change the permitted waste streams or to seek other permit modifications. We also monitor the available permitted in-place disposal capacity of our landfills on an ongoing basis and evaluate whether to seek capacity expansion using a variety of factors.

We are currently seeking to expand permitted capacity at ten of our landfills, for which we consider expansions to be probable. Although we cannot be certain that all future expansions will be permitted as designed, the average remaining landfill life for our owned and operated landfills and landfills operated, but not owned, under life-of-site agreements is estimated to be approximately 48 years when considering remaining permitted capacity, probable expansion capacity and projected annual disposal volume.

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The following table reflects estimated landfill capacity and airspace changes, as measured in tons, for owned and operated landfills and landfills operated, but not owned, under life-of-site agreements (in thousands):

	2012			2011		
	Permitted	Probable Expansion	Total	Permitted	Probable Expansion	Total
Balance, beginning of year	532,650	141,814	674,464	531,905	133,324	665,229
Acquired landfills	64,595	37,628	102,223	1,846	4,000	5,846
Permits granted	46,962	(46,962)	—	12,047	(12,047)	—
Airspace consumed	(15,383)	—	(15,383)	(14,387)	—	(14,387)
Pursued expansions	—	6,405	6,405	—	16,537	16,537
Changes in engineering estimates	25,940	—	25,940	1,239	—	1,239
Balance, end of year	654,764	138,885	793,649	532,650	141,814	674,464

The estimated remaining operating lives for the landfills we own and landfills we operate under life-of-site agreements, based on remaining permitted and probable expansion capacity and projected annual disposal volume, in years, as of December 31, 2012, and December 31, 2011, are shown in the tables below. The estimated remaining operating lives include assumptions that the operating permits are renewed.

	2012						
	0 to 5	6 to 10	11 to 20	21 to 40	41 to 50	51+	Total
Owned and operated landfills	1	2	8	8	6	18	43
Operated landfills under life-of-site agreements	—	1	2	2	—	1	6
	1	3	10	10	6	19	49

	2011						
	0 to 5	6 to 10	11 to 20	21 to 40	41 to 50	51+	Total
Owned and operated landfills	1	2	4	8	4	16	35
Operated landfills under life-of-site agreements	—	—	2	2	—	1	5
	1	2	6	10	4	17	40

The disposal tonnage that we received in 2012 and 2011 at all of our landfills is shown in the tables below (tons in thousands):

	Three months ended								Twelve months ended
	March 31, 2012		June 30, 2012		September 30, 2012		December 31, 2012		
	Number of Sites	Total Tons	Number of Sites	Total Tons	Number of Sites	Total Tons	Number of Sites	Total Tons	
Owned landfills and landfills operated under life-of-site agreements	40	3,276	41	3,716	44	4,199	49	4,192	15,383
Operated landfills	6	134	6	148	6	140	5	118	540
	46	3,410	47	3,864	50	4,339	54	4,310	15,923

	Three months ended								Twelve months ended
	March 31, 2011		June 30, 2011		September 30, 2011		December 31, 2011		
	Number of Sites	Total Tons	Number of Sites	Total Tons	Number of Sites	Total Tons	Number of Sites	Total Tons	
Owned landfills and landfills operated under life-of-site agreements	39	3,059	39	3,592	40	4,134	40	3,602	14,387
Operated landfills	5	120	5	136	5	150	6	140	546
	44	3,179	44	3,728	45	4,284	46	3,742	14,933

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### Transfer Station and Intermodal Services

As of December 31, 2012, we owned or operated 61 MSW transfer stations and seven E&P waste transfer stations with marine access. Transfer stations receive, compact and load waste to be transported to landfills or treatment facilities via truck, rail or barge. They extend our direct-haul reach and link collection operations or waste generators with distant disposal or treatment facilities by concentrating the waste stream from a wider area and thus providing better utilization rates and operating efficiencies.

Intermodal logistics is the movement of containers using two or more modes of transportation, usually including a rail or truck segment. We entered the intermodal services business in the Pacific Northwest through the acquisition of Northwest Container Services, Inc., which provides repositioning, storage, maintenance and repair of cargo containers for international shipping companies. We provide these services for containerized cargo primarily to international shipping companies importing and exporting goods through the Pacific Northwest. We also operate two intermodal facilities primarily for the shipment of waste by rail to distant disposal facilities that we do not own. As of December 31, 2012, we owned or operated seven intermodal operations in Washington and Oregon. Our fleet of double-stack railcars provides dedicated direct-line haul services among terminals in Portland, Tacoma and Seattle. We have contracts with the Burlington Northern Santa Fe and Union Pacific railroads for the movement of containers among our seven intermodal operations. We also provide our customers container and chassis sales and leasing services.

We intend to further expand our intermodal business through cross-selling efforts with our solid waste services operations. We believe that a significant amount of solid waste is transported currently by truck, rail and barge from primarily the Seattle-Tacoma and Metro Portland areas to remote landfills in Eastern Washington and Eastern Oregon. We believe our ability to market both intermodal and disposal services will enable us to more effectively compete for these volumes.

### Recycling Services

We offer residential, commercial, industrial and municipal customers recycling services for a variety of recyclable materials, including cardboard, office paper, plastic containers, glass bottles and ferrous and aluminum metals. We own or operate 38 recycling processing operations and sell other collected recyclable materials to third parties for processing before resale. The majority of the recyclables we process for sale are paper products and are shipped to customers in Asia. Changes in end market demand can cause fluctuations in the prices for such commodities, which can affect revenue, operating income and cash flows. To reduce our exposure to commodity price volatility and risk with respect to recycled materials, we have adopted a pricing strategy of charging collection and processing fees for recycling volume collected from third parties. We believe that recycling will continue to be an important component of local and state solid waste management plans due to the public's increasing environmental awareness and expanding regulations that mandate or encourage recycling.

### E&P Waste Treatment, Recovery and Disposal Services

E&P waste is a broad term referring to the by-products resulting from oil and natural gas exploration and production activity. These generally include: waste created throughout the initial drilling and completion of an oil or natural gas well, such as drilling fluids, drill cuttings, completion fluids and flowback water; production wastes and produced water during a well's operating life; contaminated soils that require treatment during site reclamation; and substances that require clean-up after a spill, reserve pit clean-up or pipeline rupture. E&P customers are principally integrated oil and natural gas exploration and production companies operating in the areas that we serve. E&P revenue is therefore driven by vertical and horizontal drilling, hydraulic fracturing, production and clean-up activity; it is complemented by other services including closed loop collection systems and the sale of recovered products. E&P activity varies across market areas which are tied to the natural resource basins in which the drilling activity occurs and reflects the regulatory environment, pricing and disposal alternatives available in any given market.

Our customers are generally responsible for the delivery of their waste streams to us. We receive flowback water, produced water and other drilling and production wastes at our facilities in vacuum trucks, dump trucks or containers deposited by roll-off trucks. In certain markets we offer bins and rails systems that capture and separate liquid and solid oilfield waste streams at our customers' well sites and deliver the drilling and production wastes to our facilities. Waste generated by offshore drilling is delivered by supply vessel from the drilling rig to one of our transfer stations, where the waste is then transferred to our network of barges for transport to our treatment facilities.

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As of December 31, 2012, we provided E&P waste treatment, recovery and/or disposal services from a network of five E&P waste landfills, 12 MSW landfills that also received E&P waste during 2012, 20 E&P liquid waste injection wells, 15 E&P waste treatment and recovery facilities and 19 oil recovery facilities. Treatment processes vary by site and regulatory jurisdiction. At certain treatment facilities, loads of flowback and produced water and other drilling and production wastes delivered by our customers are sampled, assessed and tested by third parties according to state regulations. Solids contained in a waste load are deposited into a land treatment cell where liquids are removed from the solids and are sent through an oil recovery system before being injected into saltwater disposal injection wells or placed in evaporation cells that utilize specialized equipment to accelerate evaporation of liquids. In certain locations, fresh water is then added to the remaining solids in the cell to “wash” the solids several times to remove contaminants, including oil and grease, chlorides and other contaminants, to ensure the solids meet specific regulatory criteria that, in certain areas, are administered by third-party labs and submitted to the regulatory authorities.

After the washing or treatment process, the treated solids are designated “reuse materials,” and are no longer considered a waste product by state regulation. These materials are dried, removed from the treatment cells, stockpiled and compacted in designated stockpile areas on site and at certain locations are available for use as feedstock for roadbase. At certain of our facilities, during the treatment process we reclaim oil for resale and we treat and recycle liquids for re-use in our operations or for sale to third parties as fresh or brine water.

## **COMPETITION**

The U.S. municipal solid waste services industry is highly competitive and requires substantial labor and capital resources. Besides Waste Connections, the industry includes: two national, publicly-held solid waste companies – Waste Management, Inc. and Republic Services, Inc.; several regional, publicly-held and privately-owned companies; and several thousand small, local, privately-owned companies. Certain of the markets in which we compete or will likely compete are served by one or more large, national solid waste companies, as well as by numerous regional and local solid waste companies of varying sizes and resources, some of which we believe have accumulated substantial goodwill in their markets. We compete for collection, transfer and disposal volume based primarily on the price and, to a lesser extent, quality of our services. We also compete with operators of alternative disposal facilities, including incinerators, and with counties, municipalities and solid waste districts that maintain their own waste collection and disposal operations. Public sector operators may have financial advantages over us because of their access to user fees and similar charges, tax revenues and tax-exempt financing.

From time to time, competitors may reduce the price of their services in an effort to expand their market shares or service areas or to win competitively bid municipal contracts. These practices may cause us to reduce the price of our services or, if we elect not to do so, to lose business. We provide a significant amount of our residential, commercial and industrial collection services under exclusive franchise and municipal contracts and G Certificates. Exclusive franchises and municipal contracts may be subject to periodic competitive bidding.

The U.S. municipal solid waste services industry has undergone significant consolidation, and we encounter competition in our efforts to acquire collection operations, transfer stations and landfills. We generally compete for acquisition candidates with publicly-owned regional and national waste management companies. Accordingly, it may become uneconomical for us to make further acquisitions or we may be unable to locate or acquire suitable acquisition candidates at price levels and on terms and conditions that we consider appropriate, particularly in markets we do not already serve. Competition in the disposal industry is also affected by the increasing national emphasis on recycling and other waste reduction programs, which may reduce the volume of waste deposited in landfills.

Competition for E&P waste comes primarily from smaller regional companies that utilize a variety of disposal methods and generally serve specific geographic markets. We also compete with publicly-held companies such as Waste Management, Inc., Clean Harbors, Inc. and Newpark Resources, Inc. in certain markets. In addition, customers in many markets have the option of using internal disposal methods or outsourcing to another third party disposal company. The principal competitive factors in this business include: gaining customer approval of treatment and disposal facilities; location of facilities in relation to customer activity; reputation; reliability of services; track record of environmental compliance; ability to accept multiple waste types at a single facility; and price.

The intermodal services industry is also highly competitive. We compete against other intermodal rail services companies, trucking companies and railroads, many of which have greater financial and other resources than we do. Competition is based primarily on price, reliability and quality of service.

## REGULATION

### Introduction

Our operations, including landfills, solid waste transportation, transfer stations, intermodal operations, vehicle maintenance shops, fueling facilities, and oilfield waste treatment, recovery and disposal operations are all subject to extensive and evolving federal, state and local environmental, health, and safety laws and regulations, the enforcement of which has become increasingly stringent. These laws and regulations may, among other things, require the acquisition of permits for regulated activities; govern the amounts and types of substances that may be released into the environment in connection with our operations; restrict the way we handle or dispose of wastes; limit or prohibit our or our customers' activities in sensitive areas such as wetlands, wilderness areas or areas inhabited by endangered or threatened species; require investigatory and remedial actions to mitigate pollution conditions caused by our operations or attributable to former operations; and impose specific standards addressing worker protections. Compliance is often costly or difficult, and the violation of these laws and regulations may result in the denial or revocation of permits, issuance of corrective action orders, assessment of administrative and civil penalties and even criminal prosecution. The environmental regulations that affect us are administered by the Environmental Protection Agency, or the EPA, and numerous other federal, state and local environmental, zoning, health and safety agencies. For example, the WUTC regulates the portion of our collection business in Washington performed under G Certificates.

We currently comply in all material respects with applicable federal, state and local environmental and occupational health and safety laws, permits, orders and regulations. In addition, we attempt to anticipate future regulatory requirements and plan in advance as necessary to comply with them. We do not presently anticipate incurring any material costs to bring our operations into environmental compliance with existing or expected future regulatory requirements, although we can give no assurance that this will not change in the future. It is possible that substantial costs for compliance or penalties for non-compliance may be incurred in the future. It is also possible that other developments, such as the adoption of stricter environmental laws, regulations and enforcement policies, could result in additional costs or liabilities that we cannot currently quantify. Moreover, changes in environmental laws could reduce the demand for our services and adversely impact our business. For example, changes in environmental laws could limit our customers' oil and natural gas E&P businesses or encourage our customers to handle and dispose of oil and natural gas E&P wastes in other ways.

A number of the major federal, state and local statutes and regulations that apply to our operations are described generally below. Certain of the statutes described below contain provisions that authorize, under certain circumstances, lawsuits by private citizens to enforce the provisions of the statutes. In addition to penalties, some of those statutes authorize an award of attorneys' fees to parties that successfully bring such an action. Enforcement actions under these statutes may include both civil and criminal penalties, as well as injunctive relief in some instances.

### The Resource Conservation and Recovery Act of 1976, or RCRA

RCRA regulates the generation, treatment, storage, handling, transportation and disposal of solid waste and requires states to develop programs to ensure the safe disposal of solid waste. RCRA divides solid waste into two groups, hazardous and nonhazardous. Wastes are generally classified as hazardous if they either: (1) are specifically included on a list of hazardous wastes; or (2) exhibit certain characteristics defined as hazardous. Household wastes are specifically designated as nonhazardous. Wastes classified as hazardous under RCRA are subject to much stricter regulation than wastes classified as nonhazardous, and businesses that deal with hazardous waste are subject to regulatory obligations in addition to those imposed on handlers of nonhazardous waste. From time to time, our intermodal services business transports hazardous materials in compliance with federal transportation requirements. Some of our ancillary operations, such as vehicle maintenance operations, may generate hazardous wastes. We manage these wastes in substantial compliance with applicable laws.

In October 1991, the EPA adopted the Subtitle D Regulations governing solid waste landfills. The Subtitle D Regulations, which generally became effective in October 1993, include location restrictions, facility design standards, operating criteria, closure and post-closure requirements, financial assurance requirements, groundwater monitoring requirements, groundwater remediation standards and corrective action requirements. In addition, the Subtitle D Regulations require that new landfill sites meet more stringent liner design criteria (typically, composite soil and synthetic liners or two or more synthetic liners) intended to keep leachate out of groundwater and have extensive collection systems to carry away leachate for treatment prior to disposal. Groundwater monitoring wells must also be installed at virtually all landfills to monitor groundwater quality and, indirectly, the effectiveness of the leachate collection system. The Subtitle D Regulations also require, where certain regulatory thresholds are exceeded, that facility owners or operators control emissions of methane gas generated at landfills in a manner intended to protect human health and the environment. Each state is required to revise its landfill regulations to meet these requirements or such requirements will be automatically imposed by the EPA on landfill owners and operators in that state. Each state is also required to adopt and implement a permit program or other appropriate system to ensure that landfills in the state comply with the Subtitle D Regulations. Various states in which we operate or may operate in the future have adopted regulations or programs as stringent as, or more stringent than, the Subtitle D Regulations.

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Most E&P waste is exempt from stringent regulation as a hazardous waste under RCRA. None of our oilfield waste recycling, treatment, and disposal facilities are currently permitted to accept hazardous wastes for disposal, and we take precautions to help ensure that hazardous wastes do not enter or are not disposed of at these facilities. Some wastes handled by us that currently are exempt from treatment as hazardous wastes may in the future be designated as “hazardous wastes” under RCRA or other applicable statutes. For example, in September 2010, a nonprofit environmental group filed a petition with the EPA requesting reconsideration of the RCRA E&P waste exemption. To date, the EPA has not taken any action on the petition. If the RCRA E&P waste exemption is repealed or modified, we could become subject to more rigorous and costly operating and disposal requirements.

We are required to obtain permits for the land treatment and disposal of E&P waste as part of our operations. The construction, operation and closure of E&P waste land treatment and disposal operations are generally regulated at the state level. These regulations vary widely from state to state. State permits can restrict size and location of disposal operations, impose limits on the types and amount of waste a facility may receive and the overall capacity of a waste disposal facility. States may add additional restrictions on the operations of a disposal facility when a permit is renewed or amended. As these regulations change, our permit requirements could become more stringent and may require material expenditures at our facilities or impose significant restraints or financial assurances on our operations.

In the course of our E&P waste operations, some of our equipment may be exposed to naturally occurring radiation associated with oil and gas deposits, and this exposure may result in the generation of wastes containing naturally occurring radioactive materials, or NORM. NORM wastes exhibiting trace levels of naturally occurring radiation in excess of established state standards are subject to special handling and disposal requirements, and any storage vessels, piping and work area affected by NORM may be subject to remediation or restoration requirements. It is possible that we may incur costs or liabilities associated with elevated levels of NORM.

RCRA also regulates underground storage of petroleum and other regulated materials. RCRA requires registration, compliance with technical standards for tanks, release detection and reporting, and corrective action, among other things. Certain of our facilities and operations are subject to these requirements.

### The Federal Water Pollution Control Act of 1972, or the Clean Water Act

The Clean Water Act regulates the discharge of pollutants from a variety of sources, including solid waste disposal sites, transfer stations, and oilfield waste facilities, into waters of the United States. If run-off from our owned or operated transfer stations or oilfield waste facilities or run-off or collected leachate from our owned or operated landfills is discharged into streams, rivers or other surface waters, the Clean Water Act would require us to apply for and obtain a discharge permit, conduct sampling and monitoring and, under certain circumstances, reduce the quantity of pollutants in such discharge. Also, virtually all landfills are required to comply with the EPA’s storm water regulations issued in November 1990, which are designed to prevent contaminated landfill storm water run-off from flowing into surface waters. Spill prevention, control and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of regulated waters in the event of a hydrocarbon storage tank spill, rupture or leak. We believe that our facilities comply in all material respects with the Clean Water Act requirements. Various states in which we operate or may operate in the future have been delegated authority to implement the Clean Water Act permitting requirements, and some of these states have adopted regulations that are more stringent than the federal Clean Water Act requirements. For example, states often require permits for discharges that may impact ground water as well as surface water. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations. We believe that compliance with existing permits and regulatory requirements under the Clean Water Act and state counterparts will not have a material adverse effect on our business. Future changes to permits or regulatory requirements under the Clean Water Act, however, could adversely affect our business.

### Safe Drinking Water Act (SDWA)

Our E&P underground injection operations are subject to the SDWA, as well as analogous state laws and regulations. Under the SDWA, the EPA established the underground injection control or UIC program, which includes requirements for permitting, testing, monitoring, record keeping, and reporting of injection well activities, as well as a prohibition against the migration of fluid containing any contaminant into underground sources of drinking water. State regulations require us to obtain a permit from the applicable regulatory agencies to operate our underground injection wells. We believe that we have obtained the necessary permits from these agencies for our underground injection wells and that we are in substantial compliance with permit conditions and state rules. Although we monitor the injection process of our wells, any leakage from the subsurface portions of the injection wells could cause degradation of fresh groundwater resources, potentially resulting in suspension of our UIC permit, issuance of fines and penalties from governmental agencies, incurrence of expenditures for remediation of the affected resource and imposition of liability by third parties for property damages and personal injuries. In addition, our sales of residual crude oil collected as part of the saltwater injection process could impose liability on us in the event that the entity to which the oil was transferred fails to manage and, as necessary, dispose of residual crude oil in accordance with applicable environmental and occupational health and safety laws.

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Oil Pollution Act of 1990 (OPA)

The OPA, as amended, establishes strict liability for owners and operators of facilities that are the site of a release of oil into the waters of the U.S. The OPA also imposes ongoing requirements on owners or operators of facilities that handle certain quantities of oil, including the preparation of oil spill response plans and proof of financial responsibility to cover environmental clean-up and restoration costs that could be incurred in conjunction with an oil spill. We handle oil at many of our facilities, and if a release of oil into the waters of the U.S. occurred at one of our facilities, we could be liable for cleanup costs and damages under the OPA.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or CERCLA

CERCLA established a regulatory and remedial program intended to provide for the investigation and cleanup of facilities where or from which a release of any hazardous substance into the environment has occurred or is threatened. CERCLA's primary mechanism for remedying such problems is to impose strict joint and several liability for cleanup of facilities on current owners and operators of the site, former owners and operators of the site at the time of the disposal of the hazardous substances, any person who arranges for the transportation, disposal or treatment of the hazardous substances, and the transporters who select the disposal and treatment facilities, regardless of the care exercised by such persons. CERCLA also imposes liability for the cost of evaluating and remedying any damage to natural resources. The costs of CERCLA investigation and cleanup can be very substantial. Liability under CERCLA does not depend on the existence or disposal of "hazardous waste" as defined by RCRA; it can also be based on the release of even very small amounts of the more than 700 "hazardous substances" listed by the EPA, many of which can be found in household waste. In addition, the definition of "hazardous substances" in CERCLA incorporates substances designated as hazardous or toxic under the federal Clean Water Act, Clear Air Act and Toxic Substances Control Act.

We may handle hazardous substances within the meaning of CERCLA, or similar state statutes, in the course of our ordinary operations and, as a result, may be jointly and severally liable under CERCLA for all or part of the costs required to clean up sites at which these hazardous substances have been released into the environment. If we were found to be a responsible party for a CERCLA cleanup, the enforcing agency could hold us, or any other generator, transporter or the owner or operator of the contaminated facility, responsible for all investigative and remedial costs, even if others were also liable. Under such laws, we could be required to remove previously disposed substances and wastes (including substances disposed of or released by prior owners or operators) or remediate contaminated property (including groundwater contamination, whether from prior owners or operators or other historic activities or spills). These laws may also require us to conduct natural resource damage assessments and pay penalties for such damages. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other pollutants into the environment. These laws and regulations may also expose us to liability for our acts that were in compliance with applicable laws at the time the acts were performed.

CERCLA also authorizes the imposition of a lien in favor of the United States on all real property subject to, or affected by, a remedial action for all costs for which a party is liable. Subject to certain procedural restrictions, CERCLA gives a responsible party the right to bring a contribution action against other responsible parties for their allocable shares of investigative and remedial costs. Our ability to obtain reimbursement from others for their allocable shares of such costs would be limited by our ability to find other responsible parties and prove the extent of their responsibility, their financial resources, and other procedural requirements. Various state laws also impose strict joint and several liability for investigation, cleanup and other damages associated with hazardous substance releases.

Petroleum hydrocarbons and other substances and wastes arising from E&P-related activities have been disposed of or released on or under many of our sites. At some of our facilities, we have conducted and continue to conduct monitoring or remediation of known soil and groundwater contamination, and we will continue to perform such monitoring and remediation of known contamination, including any post remediation groundwater monitoring that may be required, until the appropriate regulatory standards have been achieved. These monitoring and remediation efforts are usually overseen by state environmental regulatory agencies.

The Clean Air Act

The Clean Air Act, or CAA, generally, through state implementation of federal requirements, regulates emissions of air pollutants from emissions sources, including certain landfills and oilfield waste facilities, based on factors such as the date of the construction and tons per year of emissions of regulated pollutants. The CAA and analogous state laws require permits for and impose other restrictions on facilities that have the potential to emit substances into the atmosphere above certain specified quantities or in a manner that could adversely affect environmental quality. Failure to obtain a permit or to comply with permit requirements could result in the imposition of substantial administrative, civil and even criminal penalties.

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Larger landfills and landfills located in areas where the ambient air does not meet certain requirements of the CAA may be subject to even more extensive air pollution controls and emission limitations. In addition, the EPA has issued standards regulating the disposal of asbestos-containing materials. Air permits may be required to construct gas collection and flaring systems and composting operations, and operating permits may be required, depending on the potential air emissions. State air regulatory programs may implement the federal requirements but may impose additional restrictions. For example, some state air programs uniquely regulate odor and the emission of toxic air pollutants.

We do not believe that any of our oilfield waste operations are subject to CAA permitting or regulatory requirements for major sources of air emissions, but some of our facilities are subject to state "minor source" air permitting requirements and other state regulatory requirements for air emissions. In addition, our customers' operations may be subject to existing and future CAA permitting and regulatory requirements that could have a material effect on their operations. For example, on April 17, 2012, the EPA approved new CAA rules requiring additional emissions controls and practices for oil and natural gas production wells, including wells that are the subject of hydraulic fracturing operations. These rules may increase the costs to our customers of developing and producing hydrocarbons, and as a result, may have an indirect and adverse effect on the amount of oilfield waste delivered to our facilities by our customers.

The EPA recently modified, or is in the process of modifying, standards promulgated under the CAA in a manner which could increase our compliance costs. For example, the EPA has recently modified or discussed modifying boiler emission standards, national ambient air quality standards applicable to particulate matter, carbon monoxide, and oxides of sulfur and nitrogen, and other standards to make them more stringent.

#### Climate Change Laws and Regulations

On September 27, 2006, California enacted AB 32, the Global Warming Solutions Act of 2006, which established the first statewide program in the United States to limit greenhouse gas, or GHG, emissions and impose penalties for non-compliance. Because landfill and collection operations emit GHGs, our operations in California are subject to regulations issued under AB 32. The California Air Resources Board, or CARB, has taken, and plans to take, various actions to implement AB 32, including the approval in December 2008 of an AB 32 Scoping Plan summarizing the main GHG-reduction strategies for California. CARB approved a landfill methane control measure, which became effective in June 2010, and this measure requires that certain uncontrolled landfills install gas collection and control systems and also sets operating standards for gas collection and control systems. In addition, CARB approved in December 2010 and revised in October 2011 regulations implementing a GHG cap-and-trade program, which began imposing compliance obligations in January 2013.

State climate change laws could also affect our non-California operations. For example, the Western Climate Initiative, which once included seven states and four Canadian provinces, has developed GHG reduction strategies, among them a GHG cap-and-trade program.

The EPA's regulation of GHG emissions under its CAA authority may also impact our operations. In 2009, the EPA made an endangerment finding allowing GHGs to be regulated under the CAA. The CAA requires stationary sources of air pollution to obtain New Source Review, or NSR, permits prior to construction and, in some cases, Title V operating permits. Pursuant to the EPA's rulemakings and interpretations, certain Title V and NSR Prevention of Significant Deterioration, or PSD, permits issued on or after January 2, 2011, must address GHG emissions. As a result, new or modified emissions sources may be required to install Best Available Control Technology to limit GHG emissions. The EPA may in the future promulgate CAA New Source Performance Standards, or NSPS, applicable to landfills. The EPA's Mandatory Greenhouse Gas Reporting Rule sets monitoring, recordkeeping, and reporting requirements applicable to certain landfills and other entities.

Regulation of GHG emissions from oil and gas E&P operations may also increase the costs to our customers of developing and producing hydrocarbons, and as a result, may have an indirect and adverse effect on the amount of oilfield waste delivered to our facilities by our customers. For example, a group of state attorneys general petitioned EPA in December 2012 requesting that EPA set methane emissions standard for the oil and gas sector pursuant to its CAA authority.

These statutes and regulations increase the costs of our operations, and future climate change statutes and regulations may have an impact as well. If we are unable to pass such higher costs through to our customers, our business, financial condition and operating results could be adversely affected.

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### The Occupational Safety and Health Act of 1970, or the OSH Act

The OSH Act is administered by the Occupational Safety and Health Administration, or OSHA, and many state agencies whose programs have been approved by OSHA. The OSH Act establishes employer responsibilities for worker health and safety, including the obligation to maintain a workplace free of recognized hazards likely to cause death or serious injury, comply with adopted worker protection standards, maintain certain records, provide workers with required disclosures and implement certain health and safety training programs. Various OSHA standards may apply to our operations, including standards concerning notices of hazards, safety in excavation and demolition work, the handling of asbestos and asbestos-containing materials and worker training and emergency response programs.

### Hydraulic Fracturing Regulation

We do not conduct hydraulic fracturing operations, but we do provide treatment, recovery and disposal services with respect to the fluids used and wastes generated by our customers in such operations, which are often necessary to drill and complete new wells and maintain existing wells. Recently, there has been increased public concern regarding the alleged potential for hydraulic fracturing to adversely affect drinking water supplies, and proposals have been made to enact separate federal legislation or legislation at the state and local government levels that would increase the regulatory burden imposed on hydraulic fracturing. Bills and regulations have been proposed and/or adopted at the federal, state and local levels that would regulate, restrict or prohibit hydraulic fracturing operations or require the reporting and public disclosure of chemicals used in the hydraulic fracturing process. Additionally, the EPA is currently studying the environmental impacts of hydraulic fracturing, including the impacts resulting from the treatment and disposal of E&P wastes associated with the hydraulic fracturing process. This study, expected to be completed in 2014, could result in increased regulation of hydraulic fracturing and new rules regarding the treatment and disposal of E&P wastes associated with fracturing.

Presently, hydraulic fracturing is regulated primarily at the state level, typically by state oil and natural gas commissions and similar agencies. Several states, including Louisiana, New Mexico, North Dakota, Oklahoma, Texas and Wyoming, where we conduct business, have adopted or proposed laws and/or regulations to require oil and natural gas operators to disclose information concerning their operations, which could result in increased public scrutiny.

If new federal, state or local laws or regulations that significantly restrict hydraulic fracturing are adopted, such legal requirements could result in delays, eliminate certain drilling and injection activities and make it more difficult or costly for our customers to perform fracturing. Any such regulations limiting or prohibiting hydraulic fracturing could reduce oil and natural gas exploration and production activities by our customers and, therefore, adversely affect our business. Such laws or regulations could also materially increase our costs of compliance.

### Flow Control/Interstate Waste Restrictions

Certain permits and approvals and state and local regulations may limit a landfill's or transfer station's ability to accept waste that originates from specified geographic areas, import out-of-state waste or wastes originating outside the local jurisdictions or otherwise discriminate against non-local waste. These restrictions, generally known as flow control restrictions, are controversial, and some courts have held that some state and local flow control schemes violate constitutional limits on state or local regulation of interstate commerce, while other state and local flow control schemes do not. Certain state and local jurisdictions may seek to enforce flow control restrictions through local legislation or contractually. These actions could limit or prohibit the importation of wastes originating outside of local jurisdictions or direct that wastes be handled at specified facilities. Such actions could adversely affect our transfer stations and landfills. These restrictions could also result in higher disposal costs for our collection operations. If we were unable to pass such higher costs through to our customers, our business, financial condition and operating results could be adversely affected.

### State and Local Regulations

Each state in which we now operate or may operate in the future has laws and regulations governing the generation, storage, treatment, handling, transportation and disposal of solid waste, oilfield waste, occupational safety and health, water and air pollution and, in most cases, the siting, design, operation, maintenance, closure and post-closure maintenance of landfills and transfer stations. State and local permits and approval for these operations may be required and may be subject to periodic renewal, modification or revocation by the issuing agencies. In addition, many states have adopted statutes comparable to, and in some cases more stringent than, CERCLA. These statutes impose requirements for investigation and cleanup of contaminated sites and liability for costs and damages associated with such sites, and some provide for the imposition of liens on property owned by responsible parties.

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Many municipalities also have enacted or could enact ordinances, local laws and regulations affecting our operations. These include zoning and health measures that limit solid waste management activities to specified sites or activities, flow control provisions that direct or restrict the delivery of solid wastes to specific facilities, laws that grant the right to establish franchises for collection services and bidding for such franchises, and bans or other restrictions on the movement of solid wastes into a municipality.

Various jurisdictions have enacted “fitness” regulations which allow agencies with authority over waste service contracts or permits to deny or revoke such contracts or permits based on the compliance history of the provider. Some jurisdictions also consider the compliance history of the parent, subsidiaries, or affiliated companies of the provider in making these decisions.

Permits or other land use approvals with respect to a landfill, as well as state or local laws and regulations, may specify the quantity of waste that may be accepted at the landfill during a given time period and/or the types of waste that may be accepted at the landfill. Once an operating permit for a landfill is obtained, it generally must be renewed periodically.

There has been an increasing trend at the state and local level to mandate and encourage waste reduction at the source and waste recycling, and to prohibit or restrict the disposal in landfills of certain types of solid wastes, such as yard wastes, leaves, tires, computers and other electronic equipment waste, and painted wood and other construction and demolition debris. The enactment of regulations reducing the volume and types of wastes available for transport to and disposal in landfills could prevent us from operating our facilities at their full capacity.

Some state and local authorities enforce certain federal requirements in addition to state and local laws and regulations. For example, in some states, local or state authorities enforce requirements of RCRA, the OSH Act and parts of the Clean Air Act and the Clean Water Act instead of the EPA or OSHA, as applicable, and in some states such laws are enforced jointly by state or local and federal authorities.

E&P waste treatment, recovery and disposal operations are also regulated at the state level. For example, in Louisiana, the Louisiana Department of Natural Resources, or LDNR is responsible for regulating and permitting all oil and natural gas activities in the state, including E&P waste treatment and disposal operations, such as injection wells, land treatment and disposal facilities and transfer stations. As an example of the impact state regulations can have, in November 2009, the LDNR amended its regulations allowing operators to reuse certain E&P waste in hydraulic fracturing operations one time before the operators must dispose of the waste, and on June 20, 2010, the LDNR amended its regulations to allow operators to reuse E&P waste from hydraulic fracturing as many times as reasonably feasible. This regulatory action allows operators to, in some cases, forego sending their E&P waste to commercial disposal facilities such as ours, directly impacting our operations in Louisiana. State environmental laws and regulations require that we obtain permits and authorizations prior to the development and operation of E&P waste treatment and storage facilities and in connection with the disposal and transportation of certain types of waste. The applicable regulatory agencies strictly monitor production and disposal practices at all of our facilities. As part of our permitting process, we participate in annual monitoring, internal testing and third-party testing. A breach of such laws or regulations may result in suspension or revocation of necessary permits and authorizations, civil liability and imposition of fines and penalties. Moreover, if we experience a delay in obtaining, are unable to obtain, or suffer the revocation of required permits, we may be unable to serve our customers, our operations may be interrupted, and our growth and revenue may be limited.

#### Public Utility Regulation

In some states, public authorities regulate the rates that landfill operators may charge. The adoption of rate regulation or the reduction of current rates in states in which we own or operate landfills could adversely affect our business, financial condition and operating results.

Solid waste collection services in all unincorporated areas of Washington and in electing municipalities in Washington are provided under G Certificates awarded by the WUTC. In association with the regulation of solid waste collection service levels in these areas, the WUTC also reviews and approves rates for regulated solid waste collection and transportation service.

## **RISK MANAGEMENT, INSURANCE AND FINANCIAL SURETY BONDS**

### Risk Management

We maintain environmental and other risk management programs that we believe are appropriate for our business. Our environmental risk management program includes evaluating existing facilities and potential acquisitions for environmental law compliance. We do not presently expect environmental compliance costs to increase materially above current levels, but we cannot predict whether future acquisitions will cause such costs to increase. We also maintain a worker safety program that encourages safe practices in the workplace. Operating practices at our operations emphasize minimizing the possibility of environmental contamination and litigation. Our facilities comply in all material respects with applicable federal and state regulations.

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**Insurance**

We have a high deductible insurance program for automobile liability, property, general liability, workers' compensation, employer's liability claims, employee group health insurance and employment practices liability. Our loss exposure for insurance claims is generally limited to per incident deductibles. Losses in excess of deductible levels are insured subject to policy limits. Under our current insurance program, we carry per incident deductibles of \$2 million for automobile liability claims, \$1.5 million for workers' compensation and employer's liability claims, \$1 million (\$2 million aggregate) for general liability claims, \$250,000 for employee group health insurance and employment practices liability, and primarily \$100,000 for property claims. Additionally, we have umbrella policies with insurance companies for automobile liability, general liability and employer's liability. Since workers' compensation is a statutory coverage limited by the various state jurisdictions, the umbrella coverage is not applicable. Also, our umbrella policy does not cover property claims, as the insurance limits for these claims are in accordance with the replacement values of the insured property. From time to time, actions filed against us include claims for punitive damages, which are generally excluded from coverage under our liability insurance policies.

We carry environmental protection insurance which has a \$250,000 per incident deductible. This insurance policy covers all owned or operated landfills, certain transfer stations and other facilities, subject to the policy terms and conditions. Our policy provides insurance for new pollution conditions that originate after the commencement of our coverage. Pollution conditions existing prior to the commencement of our coverage, if found, could be excluded from coverage.

**Financial Surety Bonds**

We use financial surety bonds for a variety of corporate guarantees. The financial surety bonds are primarily used for guaranteeing municipal contract performance and providing financial assurances to meet asset closure and retirement requirements under certain environmental regulations. In addition to surety bonds, such guarantees and obligations may also be met through alternative financial assurance instruments, including insurance, letters of credit and restricted asset deposits. At December 31, 2012 and 2011, we had provided customers and various regulatory authorities with surety bonds in the aggregate amount of approximately \$277.8 million and \$243.3 million, respectively, to secure our asset closure and retirement requirements and \$83.7 million and \$68.7 million, respectively, to secure performance under collection contracts and landfill operating agreements.

We own a 9.9% interest in a company that, among other activities, issues financial surety bonds to secure landfill final capping, closure and post-closure obligations for companies operating in the solid waste sector, including a portion of our own.

**EMPLOYEES**

At December 31, 2012, we employed 6,606 employees, of which 847, or approximately 12.8% of our workforce, were employed under collective bargaining agreements, primarily with the Teamsters Union. These employees are subject to labor agreements that are renegotiated periodically. We have 13 collective bargaining agreements covering 471 employees that have expired or are set to expire during 2013. We do not expect any significant disruption in our overall business in 2013 as a result of labor negotiations, employee strikes or organizational efforts.

**SEASONALITY**

We expect our operating results to vary seasonally, with revenues typically lowest in the first quarter, higher in the second and third quarters and lower in the fourth quarter than in the second and third quarters. This seasonality reflects (a) the lower volume of solid waste generated during the late fall, winter and early spring because of decreased construction and demolition activities during winter months in the U.S., and (b) reduced E&P activity during harsh weather conditions, with expected fluctuation between our highest and lowest quarters of approximately 10% to 13%. In addition, some of our operating costs may be higher in the winter months. Adverse winter weather conditions slow waste collection activities, resulting in higher labor and operational costs. Greater precipitation in the winter increases the weight of collected municipal solid waste, resulting in higher disposal costs, which are calculated on a per ton basis.

## EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information concerning our executive officers as of March 1, 2013:

<u>NAME</u>	<u>AGE</u>	<u>POSITIONS</u>
Ronald J. Mittelstaedt <sup>(1)</sup>	49	Chief Executive Officer and Chairman
Steven F. Bouck	55	President
Darrell W. Chambliss	48	Executive Vice President and Chief Operating Officer
Worthing F. Jackman	48	Executive Vice President and Chief Financial Officer
David G. Eddie	43	Senior Vice President and Chief Accounting Officer
David M. Hall	55	Senior Vice President – Sales and Marketing
James M. Little	51	Senior Vice President – Engineering and Disposal
Matthew S. Black	40	Vice President and Chief Tax Officer
Eric O. Hansen	48	Vice President – Chief Information Officer
Scott I. Schreiber	56	Vice President – Disposal Operations
Patrick J. Shea	42	Vice President, General Counsel and Secretary
Gregory Thibodeaux	46	Vice President – Maintenance and Fleet Management
Mary Anne Whitney	49	Vice President – Finance
Richard K. Wojahn	55	Vice President – Business Development

<sup>(1)</sup> Member of the Executive Committee of the Board of Directors.

Ronald J. Mittelstaedt has been Chief Executive Officer and a director of Waste Connections since the company was formed, and was elected Chairman in January 1998. Mr. Mittelstaedt also served as President from Waste Connections' formation through August 2004. Mr. Mittelstaedt has more than 24 years of experience in the solid waste industry. Mr. Mittelstaedt holds a B.A. degree in Business Economics with a finance emphasis from the University of California at Santa Barbara.

Steven F. Bouck has been President of Waste Connections since September 1, 2004. From February 1998 to that date, Mr. Bouck served as Executive Vice President and Chief Financial Officer. Mr. Bouck held various positions with First Analysis Corporation from 1986 to 1998, focusing on financial services to the environmental industry. Mr. Bouck holds B.S. and M.S. degrees in Mechanical Engineering from Rensselaer Polytechnic Institute, and an M.B.A. in Finance from the Wharton School.

Darrell W. Chambliss has been Executive Vice President and Chief Operating Officer of Waste Connections since October 2003. From October 1, 1997, to that date, Mr. Chambliss served as Executive Vice President – Operations. Mr. Chambliss has more than 23 years of experience in the solid waste industry. Mr. Chambliss holds a B.S. degree in Business Administration from the University of Arkansas.

Worthing F. Jackman has been Executive Vice President and Chief Financial Officer of Waste Connections since September 1, 2004. From April 2003 to that date, Mr. Jackman served as Vice President – Finance and Investor Relations. Mr. Jackman held various investment banking positions with Alex. Brown & Sons, now Deutsche Bank Securities, Inc., from 1991 through 2003, including most recently as a Managing Director within the Global Industrial & Environmental Services Group. In that capacity, he provided capital markets and strategic advisory services to companies in a variety of sectors, including solid waste services. Mr. Jackman serves as a director for Quanta Services, Inc. He holds a B.S. degree in Finance from Syracuse University and an M.B.A. from the Harvard Business School.

David G. Eddie has been Senior Vice President and Chief Accounting Officer of Waste Connections since January 2011. From February 2010 to that date, Mr. Eddie served as Vice President – Chief Accounting Officer. From March 2004 to February 2010, Mr. Eddie served as Vice President – Corporate Controller. From April 2003 to February 2004, Mr. Eddie served as Vice President – Public Reporting and Compliance. From May 2001 to March 2003, Mr. Eddie served as Director of Finance. Mr. Eddie served as Corporate Controller for International Fibercom, Inc. from April 2000 to May 2001. From September 1999 to April 2000, Mr. Eddie served as Waste Connections' Manager of Financial Reporting. From September 1994 to September 1999, Mr. Eddie held various positions, including Audit Manager, for PricewaterhouseCoopers LLP. Mr. Eddie is a Certified Public Accountant and holds a B.S. degree in Accounting from California State University, Sacramento.

David M. Hall has been Senior Vice President – Sales and Marketing of Waste Connections since October 2005. From August 1998 to that date, Mr. Hall served as Vice President – Business Development. Mr. Hall has more than 25 years of experience in the solid waste industry with extensive operating and marketing experience in the Western U.S. Mr. Hall received a B.S. degree in Management and Marketing from Missouri State University.

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James M. Little has been Senior Vice President – Engineering and Disposal of Waste Connections since February 2009. From September 1999 to that date, Mr. Little served as Vice President – Engineering. Mr. Little held various management positions with Waste Management, Inc. (formerly USA Waste Services, Inc., which acquired Waste Management, Inc. and Chambers Development Co. Inc.) from April 1990 to September 1999, including Regional Environmental Manager and Regional Landfill Manager, and most recently Division Manager in Ohio, where he was responsible for the operations of ten operating companies in the Northern Ohio area. Mr. Little is a certified professional geologist and holds a B.S. degree in Geology from Slippery Rock University.

Matthew S. Black has been Vice President and Chief Tax Officer of Waste Connections since March 2012. From December 2006 to that date, Mr. Black served as Executive Director of Taxes. Mr. Black served as Tax Director for The McClatchy Company from April 2001 to November 2006, and served as Tax Manager from December 2000 to March 2001. From January 1994 to November 2000, Mr. Black held various positions, including Tax Manager, for PricewaterhouseCoopers LLP. Mr. Black is a Certified Public Accountant and holds a B.S. degree in Accounting and M.S. degree in Taxation from California State University, Sacramento.

Eric O. Hansen has been Vice President – Chief Information Officer of Waste Connections since July 2004. From January 2001 to that date, Mr. Hansen served as Vice President – Information Technology. From April 1998 to December 2000, Mr. Hansen served as Director of Management Information Systems. Mr. Hansen holds a B.S. degree from Portland State University.

Scott I. Schreiber has been Vice President – Disposal Operations of Waste Connections since February 2009. From October 1998 to that date, Mr. Schreiber served as Director of Landfill Operations. Mr. Schreiber has more than 33 years of experience in the solid waste industry. From September 1993 to September 1998, Mr. Schreiber served as corporate Director of Landfill Development and corporate Director of Environmental Compliance for Allied Waste Industries, Inc. From August 1988 to September 1993, Mr. Schreiber served as Regional Engineer (Continental Region) and corporate Director of Landfill Development for Laidlaw Waste Systems Inc. From June 1979 to August 1988, Mr. Schreiber held several managerial and technical positions in the solid waste and environmental industry. Mr. Schreiber holds a B.S. degree in Chemistry from the University of Wisconsin at Parkside.

Patrick J. Shea has been Vice President, General Counsel and Secretary of Waste Connections since February 2009. From February 2008 to that date, Mr. Shea served as General Counsel and Secretary. He served as Corporate Counsel from February 2004 to February 2008. Mr. Shea practiced corporate and securities law with Brobeck, Phleger & Harrison LLP in San Francisco from 1999 to 2003 and Winthrop, Stimson, Putnam & Roberts (now Pillsbury Winthrop Shaw Pittman LLP) in New York and London from 1995 to 1999. Mr. Shea holds a B.S. degree in Managerial Economics from the University of California at Davis and a J.D. degree from Cornell University.

Gregory Thibodeaux has been Vice President – Maintenance and Fleet Management of Waste Connections since January 2011. From January 2000 to that date, Mr. Thibodeaux served as Director of Maintenance. Mr. Thibodeaux has more than 27 years of experience in the solid waste industry having held various management positions with Browning Ferris Industries, Sanifill, and USA Waste Services, Inc. Before coming to Waste Connections, Mr. Thibodeaux served as corporate Director of Maintenance for Texas Disposal Systems.

Mary Anne Whitney has been Vice President—Finance of Waste Connections since March 2012. From November 2006 to that date, Ms. Whitney served as Director of Finance. Ms. Whitney held various finance positions for Wheelabrator Technologies from 1990 to 2001. Ms. Whitney holds a B.A. degree in Economics from Georgetown University and an M.B.A. in Finance from New York University Stern School of Business.

Richard K. Wojahn has been Vice President – Business Development of Waste Connections since February 2009. From September 2005 to that date, Mr. Wojahn served as Director of Business Development. Mr. Wojahn served as Vice President of Operations for Mountain Jack Environmental Services, Inc. (which was acquired by Waste Connections in September 2005) from January 2004 to September 2005. Mr. Wojahn has more than 31 years of experience in the solid waste industry having held various management positions with Waste Management, Inc. and Allied Waste Industries, Inc. Mr. Wojahn attended Western Illinois University.

## **AVAILABLE INFORMATION**

Our corporate website address is <http://www.wasteconnections.com>. The information on our website is not incorporated by reference in this annual report on Form 10-K. We make our reports on Forms 10-K, 10-Q and 8-K and any amendments to such reports available on our website free of charge as soon as reasonably practicable after we file them with or furnish them to the Securities and Exchange Commission, or SEC. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC, 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

## ITEM 1A. RISK FACTORS

Certain statements contained in this Annual Report on Form 10-K are forward-looking in nature, including statements related to our ability to obtain additional exclusive arrangements, our ability to generate internal growth, our ability to generate free cash flow and reduce our leverage, our ability to provide adequate cash to fund our operating activities, our ability to draw on our credit facility or raise additional capital, the impact of global economic conditions on our volume, business and results of operations, the effects of landfill special waste projects on volume results, the effects of seasonality on our business and results of operations, demand for recyclable commodities and recyclable commodity pricing, our ability to grow through acquisitions and our expectations with respect to the impact of acquisitions on our expected revenues and expenses, our ability to expand permitted capacity at landfills we own or operate, the impact of the relocation of our corporate headquarters to The Woodlands, Texas, our expectations with respect to capital expenditures, and our expectations with respect to the purchase of fuel and fuel prices. These statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” or “anticipates,” or the negative thereof or comparable terminology, or by discussions of strategy.

Our business and operations are subject to a variety of risks and uncertainties and, consequently, actual results may differ materially from those projected by any forward-looking statements. Factors that could cause actual results to differ from those projected include, but are not limited to, those listed below and elsewhere in this report. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances that may change.

### Risks Related to Our Business

#### Our acquisitions may not be successful, which may reduce the anticipated benefit from acquired businesses.

Even if we are able to make acquisitions on advantageous terms and are able to integrate them successfully into our operations and organization, some acquisitions may not fulfill our anticipated financial or strategic objectives in a given market due to factors that we cannot control, such as market position, competition, customer base, loss of key employees, third party legal challenges or governmental actions. For example, see the discussion regarding the Solano County, California Measure E/Landfill Expansion Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report. In addition, we may change our strategy with respect to a market or acquired businesses and decide to sell such operations at a loss, or keep those operations and recognize an impairment of goodwill and/or intangible assets. Similar risks may affect contracts that we are awarded to operate municipally-owned assets, such as landfills. For example, see the discussion regarding the Colonie, New York Landfill Privatization Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report.

#### A portion of our growth and future financial performance depends on our ability to integrate acquired businesses into our organization and operations .

A component of our growth strategy involves achieving economies of scale and operating efficiencies by growing through acquisitions. We may not achieve these goals unless we effectively combine the operations of acquired businesses with our existing operations. Similar risks may affect contracts that we are awarded to operate municipally-owned assets, such as landfills. In addition, we are not always able to control the timing of our acquisitions. Our inability to complete acquisitions within the time frames that we expect may cause our operating results to be less favorable than expected, which could cause our stock price to decline.

#### Our indebtedness could adversely affect our financial condition and limit our financial flexibility.

As of December 31, 2012, we had approximately \$2.2 billion of total indebtedness outstanding, and we may incur additional debt in the future. This amount of indebtedness could:

- increase our vulnerability to general adverse economic and industry conditions or increases in interest rates;
- limit our ability to obtain additional financing or refinancings at attractive rates;
- require the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, thereby reducing the availability of such cash flow to fund our growth strategy, working capital, capital expenditures, dividends, share repurchases and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry; and
- place us at a competitive disadvantage relative to our competitors with less debt.

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Further, our outstanding indebtedness is subject to financial and other covenants, which may be affected by changes in economic or business conditions or other events that are beyond our control. If we fail to comply with the covenants under any of our indebtedness, we may be in default under the loan, which may entitle the lenders to accelerate the debt obligations. A default under one of our loans could result in cross-defaults under our other indebtedness. In order to avoid defaulting on our indebtedness, we may be required to take actions such as reducing or delaying capital expenditures, reducing or eliminating dividends or stock repurchases, selling assets, restructuring or refinancing all or part of our existing debt, or seeking additional equity capital, any of which may not be available on terms that are favorable to us, if at all.

Competition for acquisition candidates, consolidation within the waste industry and economic and market conditions may limit our ability to grow through acquisitions.

Most of our growth since our inception has been through acquisitions. Although we have identified numerous acquisition candidates that we believe are suitable, we may not be able to acquire them at prices or on terms and conditions favorable to us.

Other companies have adopted or may in the future adopt our strategy of acquiring and consolidating regional and local businesses. We expect that increased consolidation in the solid waste services industry will continue to reduce the number of attractive acquisition candidates. Moreover, general economic conditions and the environment for attractive investments may affect the desire of the owners of acquisition candidates to sell their companies. As a result, we may have fewer acquisition opportunities and those opportunities may be on less attractive terms than in the past, which could cause a reduction in our rate of growth from acquisitions.

Our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so. While we expect we will be able to fund some of our acquisitions with our existing resources, additional financing to pursue additional acquisitions may be required. However, if market conditions deteriorate, we may be unable to secure additional financing or any such additional financing may be available to us on unfavorable terms, which could have an impact on our flexibility to pursue additional acquisition opportunities. In addition, disruptions in the capital and credit markets could adversely affect our ability to draw on our credit facility or raise other capital. Our access to funds under the credit facility is dependent on the ability of the banks that are parties to the facility to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time.

Our industry is highly competitive and includes larger and better capitalized companies, companies with lower prices, return expectations or other advantages, and governmental service providers, which could adversely affect our ability to compete and our operating results.

Our industry is highly competitive and requires substantial labor and capital resources. Some of the markets in which we compete or will likely compete are served by one or more large, national companies, as well as by regional and local companies of varying sizes and resources, some of which we believe have accumulated substantial goodwill in their markets. Some of our competitors may also be better capitalized than we are, have greater name recognition than we do, or be able to provide or be willing to bid their services at a lower price than we may be willing to offer. In addition, existing and future competitors may develop or offer services or new technologies, new facilities or other advantages. Our inability to compete effectively could hinder our growth or negatively impact our operating results.

In solid waste, we also compete with counties, municipalities and solid waste districts that maintain or could in the future choose to maintain their own waste collection and disposal operations, including through the implementation of flow control ordinances or similar legislation. These operators may have financial advantages over us because of their access to user fees and similar charges, tax revenues and tax-exempt financing. In E&P waste, customers in certain markets may also decide to use internal disposal methods for the treatment and disposal of their waste. To the extent that oil production companies elect not to outsource their E&P waste disposal, our results may be affected.

We may lose contracts through competitive bidding, early termination or governmental action.

We derive a significant portion of our revenues from market areas where we have exclusive arrangements, including franchise agreements, municipal contracts and G Certificates. Many franchise agreements and municipal contracts are for a specified term and are, or will be, subject to competitive bidding in the future. For example, we have approximately 306 contracts, representing approximately 3.7% of our annual revenues, which are set for expiration or automatic renewal on or before December 31, 2013. Although we intend to bid on additional municipal contracts and franchise agreements, we may not be the successful bidder. In addition, some of our customers, including municipalities, may terminate their contracts with us before the end of the terms of those contracts. Similar risks may affect contracts that we are awarded to operate municipally-owned assets, such as landfills. For example, see the discussion regarding the Madera County, California Materials Recovery Facility Contract Litigation under the "Legal Proceedings" section of Note 11 of our consolidated financial statements included in Item 8 of this report.

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Governmental action may also affect our exclusive arrangements. Municipalities may annex unincorporated areas within counties where we provide collection services. As a result, our customers in annexed areas may be required to obtain services from competitors that have been franchised by the annexing municipalities to provide those services. In addition, municipalities in which we provide services on a competitive basis may elect to franchise those services. Unless we are awarded franchises by these municipalities, we will lose customers. Municipalities may also decide to provide services to their residents themselves, on an optional or mandatory basis, causing us to lose customers. Municipalities in Washington may, by law, annex any unincorporated territory, which could remove such territory from an area covered by a G Certificate issued to us by the WUTC. Such occurrences could subject more of our Washington operations to competitive bidding. Moreover, legislative action could amend or repeal the laws governing WUTC regulation, which could harm our competitive position by subjecting more areas to competitive bidding and/or overlapping service. If we are not able to replace revenues from contracts lost through competitive bidding or early termination or from the renegotiation of existing contracts with other revenues within a reasonable time period, our revenues could decline.

### Price increases may not be adequate to offset the impact of increased costs or may cause us to lose volume.

We seek to secure price increases necessary to offset increased costs, to improve operating margins and to obtain adequate returns on our deployed capital. Contractual, general economic, competitive or market-specific conditions may limit our ability to raise prices. As a result of these factors, we may be unable to offset increases in costs, improve operating margins and obtain adequate investment returns through price increases. We may also lose volume to lower-price competitors.

### Economic downturns adversely affect operating results.

Negative effects of a weak economy include decreases in volume generally associated with the drilling and construction industries, reduced personal consumption and declines in recycled commodity prices. In an economic slowdown, we also experience the negative effects of increased competitive pricing pressure, customer turnover, and reductions in customer service requirements. Worsening economic conditions or a prolonged or recurring economic recession could adversely affect our operating results and expected seasonal fluctuations. Further, we cannot assure you that an improvement in economic conditions after such a downturn will result in an immediate, if at all positive, improvement in our operating results or cash flows.

### Our results are vulnerable to economic conditions and seasonal factors affecting the regions in which we operate.

Our business and financial results would be harmed by downturns in the general economy of the regions in which we operate and other factors affecting those regions, such as state regulations affecting the waste services industry and severe weather conditions. Based on historic trends, we expect our operating results to vary seasonally, with revenues typically lowest in the first quarter, higher in the second and third quarters, and lower in the fourth quarter than in the second and third quarters. We expect the fluctuation in our revenues between our highest and lowest quarters to be approximately 10% to 13%. This seasonality reflects the lower volume of solid waste generated during the late fall, winter and early spring because of decreased construction and demolition activities during the winter months in the U.S., and reduced E&P activity during harsh weather conditions. Conversely, mild winter weather conditions may reduce demand for oil and natural gas, which may cause our customers to curtail their drilling programs, which could result in production of lower volumes of E&P waste. In addition, some of our operating costs may be higher in the winter months. Adverse winter weather conditions slow waste collection activities, resulting in higher labor and operational costs. Greater precipitation in the winter increases the weight of collected waste, resulting in higher disposal costs, which are calculated on a per ton basis. Because of these factors, we expect operating income to be generally lower in the winter months, and our stock price may be negatively affected by these variations.

### The E&P waste disposal business depends on oil and gas prices and the level of drilling and production activity in the basins in which we operate.

The demand for our services in our markets may be adversely affected if drilling activity slows due to industry conditions beyond our control. We depend on our customers' willingness to make operating and capital expenditures to develop and produce oil and natural gas in the U.S. This may be affected by a variety of factors, including: the supply of and demand for oil and natural gas, oil and natural gas prices, expectations for oil and natural gas prices, production rates, development, production and transportation costs, discovery rates, regulations, domestic and worldwide economic conditions, credit markets, and political stability. These factors introduce greater volatility to our revenues and operating margins for this business, and the impact will vary depending on the basin.

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We have limited experience in running an E&P waste treatment, recovery and disposal business.

In 2012, we acquired the non-hazardous E&P waste treatment, recovery and disposal businesses of R360, which are included in what we refer to as our E&P waste business. Our E&P waste business is expected to account for approximately 15% of our revenues. While we have conducted limited E&P waste treatment and disposal prior to the R360 acquisition, the E&P waste business is outside of our historical core business of municipal solid waste. We expect revenues and operating margins, as well as customer demand, for our E&P waste business to be more volatile than our historical MSW business. If we are unable to effectively manage this business, or if we do not adequately anticipate the volatility of this business, our financial condition and results of operations may suffer.

Our E&P waste business is dependent upon the willingness of our customers to outsource their waste management activities.

Our E&P waste business is largely dependent on the willingness of customers to outsource their waste management activities generally, and to us specifically rather than to our competitors. Currently, many oil and natural gas producing companies own and operate waste treatment, recovery and disposal facilities. In addition, most oilfield operators, including many of our customers, have numerous abandoned wells that could be licensed for use in the disposition of internally generated waste and third-party waste in competition with us, as well as access to technologies that could be used to recover oil through oilfield waste processing. Production companies in the industries we service, including our current customers, could decide to process and dispose of their waste internally for any reason, which could have a material adverse effect on our financial position, results of operations and cash flows.

Changes in laws or government regulations regarding hydraulic fracturing could increase our customers' costs of doing business and reduce oil and gas production by our customers, which could adversely impact our business.

We do not conduct hydraulic fracturing operations, but we do provide treatment, recovery and disposal services with respect to the fluids used and wastes generated by our customers in such operations, which are often necessary to drill and complete new wells and maintain existing wells. Recently, there has been increased public concern regarding the alleged potential for hydraulic fracturing to adversely affect drinking water supplies, and proposals have been made to enact separate federal, state and local legislation that would increase the regulatory burden imposed on hydraulic fracturing. Bills and regulations have been proposed and/or adopted at the federal, state, and local levels that would regulate, restrict, or prohibit hydraulic fracturing operations or require the reporting and public disclosure of chemicals used in the hydraulic fracturing process. Additionally, the EPA is currently studying the environmental impacts of hydraulic fracturing, including the impacts resulting from the treatment and disposal of E&P wastes associated with the hydraulic fracturing process. This study, expected to be completed in 2014, could result in increased regulation of hydraulic fracturing and new rules regarding the treatment and disposal of E&P wastes associated with fracturing.

Presently, hydraulic fracturing is regulated primarily at the state level, typically by state oil and natural gas commissions and similar agencies. Several states where we conduct business, including Louisiana, New Mexico, North Dakota, Oklahoma, Texas and Wyoming, have adopted or proposed laws and/or regulations to require oil and natural gas operators to disclose information concerning their operations, which could result in increased public scrutiny.

If new federal, state, or local laws or regulations that significantly restrict hydraulic fracturing are adopted, such legal requirements could result in delays, eliminate certain drilling and injection activities, and make it more difficult or costly for our customers to perform fracturing. Any such regulations limiting or prohibiting hydraulic fracturing could reduce oil and natural gas E&P activities by our customers and, therefore, adversely affect our business. Such laws or regulations could also materially increase our costs of compliance and doing business by more strictly regulating how hydraulic fracturing wastes are handled or disposed.

Our E&P waste business could be adversely affected by changes in laws regulating E&P waste.

We believe that the demand for our services is directly related to the regulation of E&P waste. In particular, the RCRA, which governs the disposal of solid and hazardous waste, currently exempts certain E&P wastes from classification as hazardous wastes. In recent years, proposals have been made to rescind this exemption from RCRA. For example, in September 2010 an environmental group filed a petition with the EPA requesting reconsideration of this RCRA exemption. To date, the EPA has not taken any action on the petition. If the exemption covering E&P wastes is repealed or modified, or if the regulations interpreting the rules regarding the treatment or disposal of this type of waste were changed, our operations could face significantly more stringent regulations, permitting requirements, and other restrictions, which could have a material adverse effect on our business.

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We may be subject in the normal course of business to judicial, administrative or other third party proceedings that could interrupt or limit our operations, require expensive remediation, result in adverse judgments, settlements or fines and create negative publicity.

Governmental agencies may, among other things, impose fines or penalties on us relating to the conduct of our business, attempt to revoke or deny renewal of our operating permits, franchises or licenses for violations or alleged violations of environmental laws or regulations or as a result of third party challenges, require us to install additional pollution control equipment or require us to remediate potential environmental problems relating to any real property that we or our predecessors ever owned, leased or operated or any waste that we or our predecessors ever collected, transported, disposed of or stored. Individuals, citizens groups, trade associations or environmental activists may also bring actions against us in connection with our operations that could interrupt or limit the scope of our business. Any adverse outcome in such proceedings could harm our operations and financial results and create negative publicity, which could damage our reputation, competitive position and stock price.

Increases in the price of diesel fuel may adversely affect our collection business and reduce our operating margins.

The market price of diesel fuel is volatile and has risen substantially in recent years. We generally purchase diesel fuel at market prices, and such prices have fluctuated significantly. A significant increase in our fuel cost could adversely affect our waste collection business and reduce our operating margins and reported earnings. To manage a portion of this risk, we have entered into fuel hedge agreements related to forecasted diesel fuel purchases and may also enter into fixed-price fuel purchase contracts. During periods of falling diesel fuel prices, our hedge payable positions may increase and it may become more expensive to purchase fuel under fixed-price fuel purchase contracts than at market prices.

Increases in labor and disposal and related transportation costs could impact our financial results.

Our continued success will depend on our ability to attract and retain qualified personnel. We compete with other businesses in our markets for qualified employees. From time to time, the labor supply is tight in some of our markets. A shortage of qualified employees would require us to enhance our wage and benefits packages to compete more effectively for employees, to hire more expensive temporary employees or to contract for services with more expensive third-party vendors. Labor is one of our highest costs and relatively small increases in labor costs per employee could materially affect our cost structure. If we fail to attract and retain qualified employees, control our labor costs during periods of declining volumes, or recover any increased labor costs through increased prices we charge for our services or otherwise offset such increases with cost savings in other areas, our operating margins could suffer. Moreover, our E&P waste business will expose us to the cyclical variations in demand that are particular to the development and production of oil and gas in the U.S. Periods of high demand could create corresponding shortages of quality employees and significantly increase our labor costs. Disposal and related transportation costs are our second highest cost category. If we incur increased disposal and related transportation costs to dispose of waste, and if, in either case, we are unable to pass these costs on to our customers, our operating results would suffer.

Efforts by labor unions could divert management attention and adversely affect operating results.

From time to time, labor unions attempt to organize our employees. Some groups of our employees are represented by unions, and we have negotiated collective bargaining agreements with most of these groups. We are currently engaged in negotiations with other groups of employees represented by unions. Additional groups of employees may seek union representation in the future. As a result of these activities, we may be subjected to unfair labor practice charges, complaints and other legal and administrative proceedings initiated against us by unions or the National Labor Relations Board, which could negatively impact our operating results. Negotiating collective bargaining agreements with these groups could divert management attention, which could also adversely affect operating results. If we are unable to negotiate acceptable collective bargaining agreements, we might have to wait through “cooling off” periods, which are often followed by union-initiated work stoppages, including strikes. Furthermore, any significant work stoppage or slowdown at ports or by railroad workers could reduce or interrupt the flow of cargo containers through our intermodal facilities. Depending on the type and duration of any labor disruptions, our operating expenses could increase significantly, which could adversely affect our financial condition, results of operations and cash flows.

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We could face significant withdrawal liability if we withdraw from participation in one or more multiemployer pension plans in which we participate and the accrued pension benefits are not fully funded.

We participate in various “multiemployer” pension plans administered by employee and union trustees. We make periodic contributions to these plans to fund pension benefits for our union employees pursuant to our various contractual obligations to do so. In the event that we withdraw from participation in or otherwise cease our contributions to one of these plans, then applicable law regarding withdrawal liability could require us to make additional contributions to the plan if the accrued benefits are not fully funded, and we would have to reflect that “withdrawal liability” as an expense in our consolidated statement of operations and as a liability on our consolidated balance sheet. Our withdrawal liability for any multiemployer plan would depend on the extent to which accrued benefits are funded. In the ordinary course of our renegotiation of collective bargaining agreements with labor unions that participate in these plans, we may decide to discontinue participation in a multiemployer plan, and in that event, we could face withdrawal liability. Some multiemployer plans in which we participate may from time to time have significant accrued benefits that are not funded. The size of our potential withdrawal liability may be affected by the level of unfunded accrued benefits, the actuarial assumptions used by the plan and the investment gains and losses experienced by the plan.

Increases in insurance costs and the amount that we self-insure for various risks could reduce our operating margins and reported earnings.

We maintain high deductible insurance policies for automobile, general, employer’s, environmental and directors’ and officers’ liability as well as for employee group health insurance, property insurance and workers’ compensation. We carry umbrella policies for certain types of claims to provide excess coverage over the underlying policies and per incident deductibles. The amounts that we effectively self-insure could cause significant volatility in our operating margins and reported earnings based on the event and claim costs of incidents, accidents, injuries and adverse judgments. Our insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by our management with assistance from our third-party actuary and our third-party claims administrator. To the extent these estimates are inaccurate, we may recognize substantial additional expenses in future periods that would reduce operating margins and reported earnings. From time to time, actions filed against us include claims for punitive damages, which are generally excluded from coverage under all of our liability insurance policies. A punitive damage award could have an adverse effect on our reported earnings in the period in which it occurs. Significant increases in premiums on insurance that we retain also could reduce our margins.

Each business that we acquire or have acquired may have liabilities or risks that we fail or are unable to discover, including environmental liabilities.

It is possible that the corporate entities or sites we have acquired, or which we may acquire in the future, have liabilities or risks in respect of former or existing operations or properties, or otherwise, which we have not been able to identify and assess through our due diligence investigations. As a successor owner, we may be legally responsible for those liabilities that arise from businesses that we acquire. Even if we obtain legally enforceable representations, warranties and indemnities from the sellers of such businesses, they may not cover the liabilities fully or the sellers may not have sufficient funds to perform their obligations. Some environmental liabilities, even if we do not expressly assume them, may be imposed on us under various regulatory schemes and other applicable laws. In addition, our insurance program may not cover such sites and will not cover liabilities associated with some environmental issues that may have existed prior to attachment of coverage. A successful uninsured claim against us could harm our financial condition or operating results. Additionally, there may be other risks of which we are unaware that could have an adverse effect on businesses that we acquire or have acquired. For example, interested parties may bring actions against us in connection with operations that we acquire or have acquired. Any adverse outcome in such proceedings could harm our operations and financial results and create negative publicity, which could damage our reputation, competitive position and stock price.

Liabilities for environmental damage may adversely affect our financial condition, business and earnings.

We may be liable for any environmental damage that our current or former facilities cause, including damage to neighboring landowners or residents, particularly as a result of the contamination of soil, groundwater or surface water, and especially drinking water, or to natural resources. We may be liable for damage resulting from conditions existing before we acquired these facilities. We may also be liable for any on-site environmental contamination caused by pollutants or hazardous substances whose transportation, treatment or disposal we or our predecessors arranged or conducted. Some environmental laws and regulations may impose strict, joint and several liability in connection with releases of regulated substances into the environment. Therefore, in some situations we could be exposed to liability as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, third parties. If we were to incur liability for environmental damage, environmental cleanups, corrective action or damage not covered by insurance or in excess of the amount of our coverage, our financial condition or operating results could be materially adversely affected.

Laws protecting the environment generally have become more stringent over time. We expect this trend to continue, which could lead to material increases in our costs for future environmental compliance and remediation, and could adversely affect our operations by restricting the way in which we treat and dispose of E&P or other waste or our ability to expand our business.

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### Our accruals for our landfill site closure and post-closure costs may be inadequate.

We are required to pay capping, closure and post-closure maintenance costs for landfill sites that we own and operate. We are also required to pay capping, closure and post-closure maintenance costs for five of our six operated landfills for which we have life-of-site agreements. Our obligations to pay closure or post-closure costs may exceed the amount we have accrued and reserved and other amounts available from funds or reserves established to pay such costs. In addition, the completion or closure of a landfill site does not end our environmental obligations. After completion or closure of a landfill site, there exists the potential for unforeseen environmental problems to occur that could result in substantial remediation costs. Paying additional amounts for closure or post-closure costs and/or for environmental remediation could harm our financial condition or operating results.

### The financial soundness of our customers could affect our business and operating results.

As a result of the disruptions in the financial markets and other macro-economic challenges currently affecting the economy of the United States and other parts of the world, our customers may experience cash flow concerns. As a result, if customers' operating and financial performance deteriorates, or if they are unable to make scheduled payments or obtain credit, customers may not be able to pay, or may delay payment of, accounts receivable owed to us. Any inability of current and/or potential customers to pay us for services may adversely affect our financial condition, results of operations and cash flows.

### We depend significantly on the services of the members of our senior, regional and district management team, and the departure of any of those persons could cause our operating results to suffer.

Our success depends significantly on the continued individual and collective contributions of our senior, regional and district management team. Key members of our management have entered into employment agreements, but we may not be able to enforce these agreements. The loss of the services of any member of our senior, regional or district management or the inability to hire and retain experienced management personnel could harm our operating results.

### Our decentralized decision-making structure could allow local managers to make decisions that adversely affect our operating results.

We manage our operations on a decentralized basis. Local managers have the authority to make many decisions concerning their operations without obtaining prior approval from executive officers, subject to compliance with general company-wide policies. Poor decisions by local managers could result in the loss of customers or increases in costs, in either case adversely affecting operating results.

### We may incur charges related to capitalized expenditures of landfill development projects, which would decrease our earnings.

In accordance with U.S. generally accepted accounting principles, we capitalize some expenditures and advances relating to landfill development projects. We expense indirect costs such as executive salaries, general corporate overhead and other corporate services as we incur those costs. We charge against earnings any unamortized capitalized expenditures and advances (net of any amount that we estimate we will recover, through sale or otherwise) that relate to any operation that is permanently shut down or determined to be impaired and any landfill development project that we do not expect to complete. For example, if we are unsuccessful in our attempts to obtain or defend permits that we are seeking or have been awarded to operate or expand a landfill, we will no longer generate anticipated income from the landfill and we will be required to expense in a future period the amount of capitalized expenditures related to the landfill or expansion project, less the recoverable value of the property and other amounts recovered. Additionally, we may incur increased operating expenses to dispose of the previously internalized waste that would need to be transported to another disposal location. Any such charges could have a material adverse effect on our results of operations for that period and could decrease our stock price. For example, see the discussion regarding the Chaparral, New Mexico Landfill Permit Litigation, the Harper County, Kansas Permit Litigation and the Solano County, California Measure E/Landfill Expansion Litigation under the "Legal Proceedings" section of Note 11 of our consolidated financial statements included in Item 8 of this report.

### Because we depend on railroads for our intermodal operations, our operating results and financial condition are likely to be adversely affected by any reduction or deterioration in rail service.

We depend on two major railroads for the intermodal services we provide – the Burlington Northern Santa Fe and Union Pacific. Consequently, a reduction in, or elimination of, rail service to a particular market is likely to adversely affect our ability to provide intermodal transportation services to some of our customers. In addition, the railroads are relatively free to adjust shipping rates up or down as market conditions permit when existing contracts expire. Rate increases would result in higher intermodal transportation costs, reducing the attractiveness of intermodal transportation compared to solely trucking or other transportation modes, which could cause a decrease in demand for our services. Our business could also be adversely affected by harsh weather conditions or other factors that hinder the railroads' ability to provide reliable transportation services.

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Our financial results could be adversely affected by impairments of goodwill or indefinite-lived intangibles.

As a result of our acquisition strategy, we have a material amount of goodwill and indefinite-lived intangibles recorded in our financial statements. We do not amortize our existing goodwill or indefinite-lived intangibles and are required to test goodwill and indefinite-lived intangibles for impairment annually using the two-step process prescribed in the accounting guidance for intangibles. The first step is a screen for potential impairment, using either a qualitative or quantitative assessment, while the second step measures the amount of the impairment, if any. We perform the first step of the required impairment tests of goodwill and indefinite-lived intangible assets annually using a quantitative assessment.

We have an indefinite-lived intangible asset related to an operating permit at our MRF facility in the Albany, NY market (“Sierra Processing”) with a carrying value of \$42.2 million at December 31, 2012 that experienced a decline in its estimated fair value in 2012 due to both decreases in revenue from reductions in market prices for recyclable commodities and increases in logistics and processing expenses. We have developed and commenced implementing plans for cost controls and operating efficiencies in order to decrease per ton processing costs at Sierra Processing. If we are unable to successfully implement our plans for cost controls and operating efficiencies at Sierra Processing, or if future market prices and volume increases at Sierra Processing are significantly less than our expectations, we may be required to recognize an impairment charge on this indefinite-lived intangible asset of up to approximately \$22 million. This impairment charge could increase if per ton processing costs at Sierra Processing increase or if revenues continue to decline due to lower recyclable commodity volumes and/or lower market prices.

We cannot assure you that our remaining indefinite-lived intangible assets, or our goodwill, will not be impaired at any time in the future. If, as a result of performing impairment tests, we are required to write down any of our goodwill or indefinite-lived intangible assets, our operating results would be negatively impacted.

Our financial results are based upon estimates and assumptions that may differ from actual results.

In preparing our consolidated financial statements in accordance with U.S. generally accepted accounting principles, several estimates and assumptions are made that affect the accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and assumptions must be made because certain information that is used in the preparation of our financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. The estimates and the assumptions having the greatest amount of uncertainty, subjectivity and complexity are related to our accounting for landfills, self-insurance, intangibles, allocation of acquisition purchase price, income taxes, asset impairments and litigation, claims and assessments. Actual results for all estimates could differ materially from the estimates and assumptions that we use, which could have an adverse effect on our financial condition and results of operations.

The adoption of new accounting standards or interpretations could adversely affect our financial results.

Our implementation of and compliance with changes in accounting rules and interpretations could adversely affect our operating results or cause unanticipated fluctuations in our results in future periods. The accounting rules and regulations that we must comply with are complex and continually changing. Recent actions and public comments from the SEC have focused on the integrity of financial reporting generally. The Financial Accounting Standards Board, or FASB, has recently introduced several new or proposed accounting standards, or is developing new proposed standards, which would represent a significant change from current industry practices. For example, the proposed derivatives guidance would change the overall accounting for hedges by requiring only a qualitative assessment of hedge effectiveness at inception and reassessments only under certain circumstances. The proposed guidance also eliminates the short cut and critical terms match methods to attain hedge effectiveness. Additionally, the proposed lease accounting pronouncement would change the accounting for operating leases by requiring a “right-of-use-asset” to be recorded on the balance sheet as well as a corresponding liability for the obligation to pay lease rentals. The proposed guidance also changes how lease expense is recognized in the income statement; depending on the type of lease, the new guidance may require more expense to be recorded in the initial years of the lease.

In addition, many companies’ accounting policies are being subjected to heightened scrutiny by regulators and the public. While our financial statements have been prepared in accordance with U.S. generally accepted accounting principles, we cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward.

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### Pending or future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements.

We are, and from time to time become, involved in lawsuits, regulatory inquiries, and governmental and other legal proceedings arising out of the ordinary course of our business. Many of these matters raise difficult and complicated factual and legal issues and are subject to uncertainties and complexities. The timing of the final resolutions to lawsuits, regulatory inquiries, and governmental and other legal proceedings is uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting our consolidated financial condition, results of operations and cash flows. See discussion under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report.

### If we are not able to develop and protect intellectual property, or if a competitor develops or obtains exclusive rights to a breakthrough technology, our financial results may suffer.

Our existing and proposed service offerings to customers may require that we develop or license, and protect, new technologies. We may experience difficulties or delays in the research, development, production and/or marketing of new products and services which may negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to bring new products and services to market. Further, protecting our intellectual property rights and combating unlicensed copying and use of intellectual property is difficult, and any inability to obtain or protect new technologies could impact our services to customers and development of new revenue sources. Additionally, a competitor may develop or obtain exclusive rights to a “breakthrough technology” that provides a revolutionary change in traditional waste management. If we have inferior intellectual property to our competitors, our financial results may suffer.

## **Risks Related to Our Industry**

### Fluctuations in prices for recycled commodities that we sell and rebates we offer to customers may cause our revenues and operating results to decline.

We provide recycling services to some of our customers. The majority of the recyclables we process for sale are paper products that are shipped to customers in Asia. The sale prices of and demands for recyclable commodities, particularly paper products, are frequently volatile and when they decline, our revenues, operating results and cash flows will be affected. Our recycling operations offer rebates to customers based on the market prices of commodities we buy to process for resale. Therefore, if we recognize increased revenues resulting from higher prices for recyclable commodities, the rebates we pay to suppliers will also increase, which also may impact our operating results.

### Our financial and operating performance may be affected by the inability to renew landfill operating permits, obtain new landfills and expand existing ones.

We currently own and/or operate 54 landfills. Our ability to meet our financial and operating objectives may depend in part on our ability to acquire, lease, or renew landfill operating permits, expand existing landfills and develop new landfill sites. It has become increasingly difficult and expensive to obtain required permits and approvals to build, operate and expand solid waste management facilities, including landfills and transfer stations. Operating permits for landfills in states where we operate must generally be renewed every five to ten years, although some permits are required to be renewed more frequently. These operating permits often must be renewed several times during the permitted life of a landfill. The permit and approval process is often time consuming, requires numerous hearings and compliance with zoning, environmental and other requirements, is frequently challenged by special interest and other groups, and may result in the denial of a permit or renewal, the award of a permit or renewal for a shorter duration than we believed was otherwise required by law, or burdensome terms and conditions being imposed on our operations. We may not be able to obtain new landfill sites or expand the permitted capacity of our landfills when necessary. Obtaining new landfill sites is important to our expansion into new, non-exclusive markets. If we do not believe that we can obtain a landfill site in a non-exclusive market, we may choose not to enter that market. Expanding existing landfill sites is important in those markets where the remaining lives of our landfills are relatively short. We may choose to forego acquisitions and internal growth in these markets because increased volumes would further shorten the lives of these landfills. Any of these circumstances could adversely affect our operating results.

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Future changes in laws or renewed enforcement of laws regulating the flow of solid waste in interstate commerce could adversely affect our operating results.

Various state and local governments have enacted, or are considering enacting, laws and regulations that restrict the disposal within the jurisdiction of solid waste generated outside the jurisdiction. In addition, some state and local governments have promulgated, or are considering promulgating, laws and regulations which govern the flow of waste generated within their respective jurisdictions. These “flow control” laws and regulations typically require that waste generated within the jurisdiction be directed to specified facilities for disposal or processing, which could limit or prohibit the disposal or processing of waste in our transfer stations and landfills. Such flow control laws and regulations could also require us to deliver waste collected by us within a particular jurisdiction to facilities not owned or controlled by us, which could increase our costs and reduce our revenues. In addition, such laws and regulations could require us to obtain additional costly licenses or authorizations to be deemed an authorized hauler or disposal facility.

Additionally, public interest and pressure from competing industry segments has caused some trade associations and environmental activists to seek enforcement of laws regulating the flow of solid waste that have not been recently enforced and which, in at least one case, we believe are unconstitutional and otherwise unlawful. For example, see the discussion regarding the Solano County, California Measure E/Landfill Expansion Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report. If successful, these groups may advocate for the enactment of similar laws in neighboring jurisdictions through local ballot initiatives or otherwise. All such waste disposal laws and regulations are subject to judicial interpretation and review. Court decisions, congressional legislation, and state and local regulation in the waste disposal area could adversely affect our operations.

Our E&P waste business in New Mexico could be adversely impacted if the New Mexico “Pit Rule” is rescinded or relaxed.

In 2008, the New Mexico Oil Conservation Commission, or NMOCC, promulgated Rule 17, also known as the “Pit Rule,” stringently regulating the use of earthen pits by oil and natural gas operators for storing or disposing of drilling fluids and E&P waste. The requirements of the Pit Rule include setback, siting, groundwater separation and other requirements that make the establishment of compliant pits much more difficult. NMOCC amended the Pit Rule in 2009, slightly relaxing the permissible chloride concentrations for onsite disposal of E&P waste, but as a practical matter, the Pit Rule still forecloses the use of pits and onsite disposal as a viable waste management option for many oil and natural gas operators. The Pit Rule, in many cases, forces operators to use closed loop systems, such as the ones that we rent to our customers, to contain drilling fluids and E&P waste. It also frequently requires operators to dispose of E&P wastes at commercial land treatment and disposal facilities, such as some of our New Mexico facilities, that are permitted by the New Mexico Oil Conservation Division, or NMOCD, the agency that administers and enforces NMOCC rules.

On September 30, 2011, an oil and gas industry group proposed amendments to the Pit Rule to the NMOCC. The proposed amendments, if adopted, would likely lead to a significant reduction in both the monetary cost and regulatory burden associated with pit construction and the disposal of E&P waste at well sites. Therefore, these proposed changes have the potential to increase the use of pits for on-site storage and disposal of drilling fluids and E&P waste, reduce the need for closed loop systems and reduce the amount of E&P waste sent to NMOCD permitted disposal sites, such as some of sites that we own and operate in New Mexico. Public hearings on the proposed amendments were conducted by the NMOCC in 2012. The NMOCC will consider comments received during these hearings in evaluating the proposed changes. Moreover, both the original Pit Rule and the 2009 amendment have been challenged in New Mexico State Court. The outcome of this pending litigation remains uncertain. If the original Pit Rule is struck down by the courts, or if the NMOCC adopts amendments to the Pit Rule making it less stringent, the demand for our E&P waste business in New Mexico could be adversely impacted.

Extensive and evolving environmental, health, safety and employment laws and regulations may restrict our operations and growth and increase our costs.

Existing environmental and employment laws and regulations have become more stringently enforced in recent years. Competing industry segments and other interested parties have sought enforcement of laws that local jurisdictions have not recently enforced and which, in at least one case, we believe are unconstitutional and otherwise unlawful. For example, see the discussion regarding the Solano County, California Measure E/Landfill Expansion Litigation under the “Legal Proceedings” section of Note 11 of our consolidated financial statements included in Item 8 of this report. If successful, such groups may advocate for the enactment of similar laws in neighboring jurisdictions through local ballot initiatives or otherwise. In addition, our industry is subject to regular enactment of new or amended federal, state and local environmental and health and safety statutes, regulations and ballot initiatives, as well as judicial decisions interpreting these requirements. These requirements impose substantial capital and operating costs and operational limitations on us and may adversely affect our business. In addition, federal, state and local governments may change the rights they grant to, the restrictions they impose on, or the laws and regulations they enforce against, solid waste and E&P waste services companies, and those changes could restrict our operations and growth.

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Climate change regulations may adversely affect operating results.

Governmental authorities and various interest groups have promoted laws and regulations that could limit greenhouse gas, or GHG, emissions due to concerns that GHGs are contributing to climate change. The State of California has already adopted a climate change law, and other states in which we operate are considering similar actions. For example, California enacted AB 32, the Global Warming Solutions Act of 2006, which established the first statewide program in the United States to limit GHG emissions and impose penalties for non-compliance. The California Air Resources Board has taken and plans to take various actions to implement the program, including the approval in December 2008 of an AB 32 Scoping Plan summarizing the main GHG-reduction strategies for California; a landfill methane control measure, which became effective in June 2010; and, in December 2010, a GHG cap-and-trade program which began imposing compliance obligations in 2013. Because landfill and collection operations emit GHGs, our operations in California are subject to regulations issued under AB 32. These regulations increase our costs for those operations and adversely affect our operating results. The Western Climate Initiative, which once included seven states, all of which we operate in, and four Canadian provinces, has also developed GHG reduction strategies, among them a GHG cap-and-trade program. In addition, the EPA made an endangerment finding in 2009 allowing certain GHGs to be regulated under the Clean Air Act. This finding allows the EPA to create regulations that will impact our operations – including imposing emission reporting, permitting, control technology installation, and monitoring requirements, although the materiality of the impacts will not be known until all regulations are finalized. The EPA has already finalized its GHG “reporting rule,” which requires that municipal solid waste landfills and oil and natural gas E&P operations monitor and report GHG emissions. The EPA has also finalized its “tailoring rule,” which imposes certain permitting and control technology requirements upon newly-constructed or modified facilities which emit GHGs over a certain threshold under the Clean Air Act New Source Review Prevention of Significant Deterioration, or NSR PSD, and Title V permitting programs. As a result, NSR PSD or Title V permits issued after January 2, 2011, for new or modified emissions sources may need to address GHG emissions, including by requiring the installation of Best Available Control Technology. Notably, emissions sources may become subject to such permitting requirements under the “tailoring rule” based on their GHG emissions even if their emission of other regulated pollutants would not otherwise trigger permitting requirements. The EPA may in the future promulgate CAA New Source Performance Standards, or NSPS, applicable to landfills. In addition, EPA and the National Highway Transportation Safety Administration promulgated in August 2011 standards to reduce GHG emissions from, and increase the fuel efficiency of, medium- and heavy-duty vehicles. Regulation of GHG emissions from oil and gas E&P operations may also increase the costs to our customers of developing and producing hydrocarbons, and as a result, may have an indirect and adverse effect on the amount of oilfield waste delivered to our facilities by our customers. For example, a group of state attorneys general petitioned EPA in December 2012 requesting that EPA set methane emissions standard for the oil and gas sector pursuant to its CAA authority. These statutes and regulations increase the costs of our operations, and future climate change statutes and regulations may have an impact as well.

Extensive regulations that govern the design, operation and closure of landfills may restrict our landfill operations or increase our costs of operating landfills.

Regulations that govern municipal solid waste landfill design, operation, closure and financial assurances include the regulations that establish minimum federal requirements adopted by the EPA in October 1991 under Subtitle D of RCRA. If we fail to comply with these regulations or their state counterparts, we could be required to undertake investigatory or remedial activities, curtail operations or close such landfills temporarily or permanently. Future changes to these regulations may require us to modify, supplement or replace equipment or facilities at substantial costs. If regulatory agencies fail to enforce these regulations vigorously or consistently, our competitors whose facilities are not forced to comply with the Subtitle D regulations or their state counterparts may obtain an advantage over us. Our financial obligations arising from any failure to comply with these regulations could harm our business and operating results.

Alternatives to landfill disposal may cause our revenues and operating results to decline.

Counties and municipalities in which we operate landfills may be required to formulate and implement comprehensive plans to reduce the volume of municipal solid waste deposited in landfills through waste planning, composting, recycling or other programs. Some state and local governments prohibit the disposal of certain types of wastes, such as yard waste, at landfills. Although such actions are useful to protect our environment, these actions, as well as the actions of our customers to reduce waste or seek disposal alternatives, have reduced and may in the future further reduce the volume of waste going to landfills in certain areas, which may affect our ability to operate our landfills at full capacity and could adversely affect our operating results.

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Unusually adverse weather conditions may interfere with our operations, harming our operating results.

Our operations could be adversely affected, beyond the normal seasonal variations described above, by unusually long periods of inclement weather, which could interfere with collection, landfill and intermodal operations, reduce the volume of waste generated by our customers, delay the development of landfill capacity, and increase the costs we incur in connection with the construction of landfills and other facilities. Periods of particularly harsh weather may force us to temporarily suspend some of our operations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

As of December 31, 2012, we owned 151 collection operations, 53 transfer stations, 33 municipal solid waste landfills, five E&P waste landfills, five non-municipal solid waste landfills, 38 recycling operations, five intermodal operations, 20 liquid E&P waste injection wells, 15 E&P waste treatment and recovery facilities and 19 oil recovery facilities, and operated, but did not own, an additional 15 transfer stations, nine municipal solid waste landfills, two non-municipal solid waste landfills and two intermodal operations, in 31 states. Non-municipal solid waste landfills accept construction and demolition, industrial and other non-putrescible waste. We lease certain of the sites on which these facilities are located. We lease various office facilities, including our temporary corporate offices in The Woodlands, Texas, where we occupy approximately 19,000 square feet of space. We have signed a lease for new corporate offices of approximately 53,000 square feet in The Woodlands, Texas, which we expect to occupy in 2013. We also lease approximately 64,000 square feet of space in our former corporate offices in Folsom, California. We will incur a loss on lease in the second or third quarter of 2013 on the cessation of use of our former corporate offices, which we estimate could range between \$8 million and \$10 million. We also maintain regional administrative offices in each of our regions. We own various equipment, including waste collection and transportation vehicles, related support vehicles, double-stack rail cars, carts, containers, chassis and heavy equipment used in landfill, collection, transfer station, waste treatment and intermodal operations. We believe that our existing facilities and equipment are adequate for our current operations. However, we expect to make additional investments in property and equipment for expansion and replacement of assets in connection with future acquisitions.

**ITEM 3. LEGAL PROCEEDINGS**

Information regarding our legal proceedings can be found under the "Legal Proceedings" section of Note 11 of our consolidated financial statements included in Item 8 of this report and is incorporated herein by reference.

**ITEM 4. MINE SAFETY DISCLOSURE**

None.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common stock is listed on the New York Stock Exchange under the symbol "WCN". The following table sets forth, for the periods indicated, the high and low prices per share of our common stock, as reported on the New York Stock Exchange.

	<u>HIGH</u>	<u>LOW</u>	<u>DIVIDENDS DECLARED<sup>(1)</sup></u>
<b>2013</b>			
First Quarter (through February 15, 2013)	\$ 36.26	\$ 33.82	\$ 0.10
<b>2012</b>			
Fourth Quarter	\$ 33.82	\$ 29.25	\$ 0.10
Third Quarter	33.30	28.72	0.09
Second Quarter	33.23	28.70	0.09
First Quarter	33.94	30.77	0.09
<b>2011</b>			
Fourth Quarter	\$ 35.95	\$ 31.26	\$ 0.090
Third Quarter	35.35	29.06	0.075
Second Quarter	32.69	28.77	0.075
First Quarter	29.86	26.99	0.075

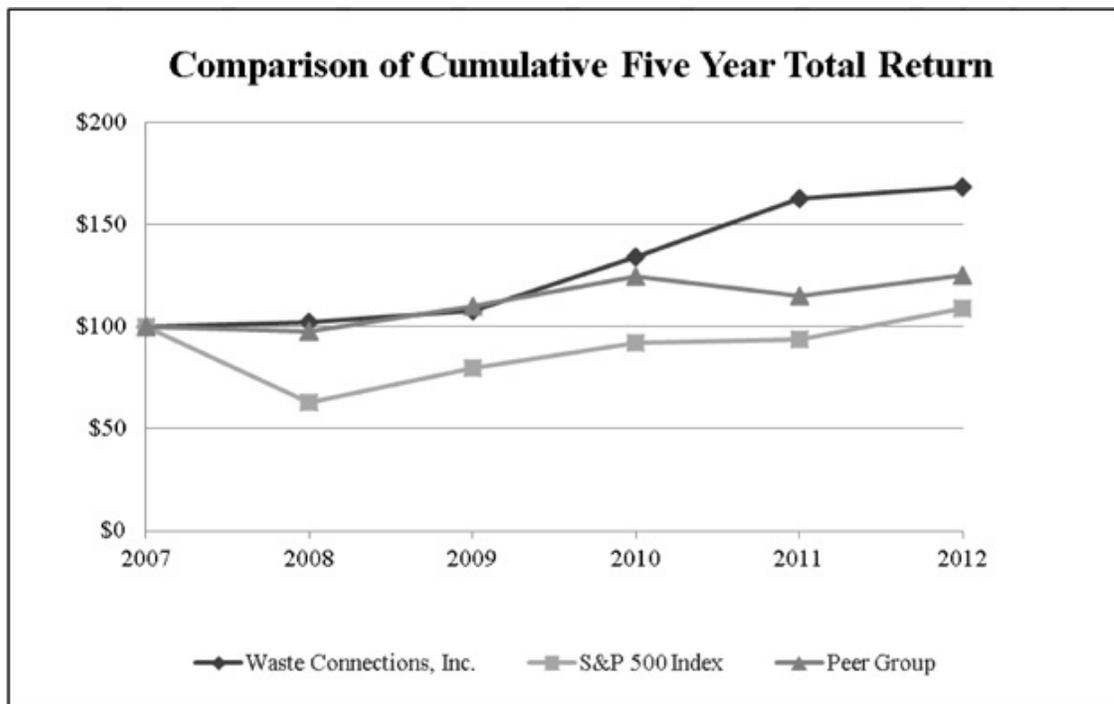
- (1) The Board will review the cash dividend periodically, with a long-term objective of increasing the amount of the dividend. We cannot assure you as to the amounts or timing of future dividends. We have the ability under our senior revolving credit facility to repurchase our common stock and pay dividends provided we maintain specified financial ratios.

As of February 15, 2013, there were 99 record holders of our common stock.

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Performance Graph

The following performance graph compares the total cumulative stockholder returns on our common stock over the past five fiscal years with the total cumulative returns for the S&P 500 Index and a peer group index we selected. The graph assumes an investment of \$100 in our common stock on December 31, 2007, and the reinvestment of all dividends. This chart has been calculated in compliance with SEC requirements and prepared by Capital IQ®.



This graph and the accompanying text is not “soliciting material,” is not deemed filed with the SEC, and is not to be incorporated by reference in any filing by us under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Company Name / Index	Base Period Dec07	Indexed Returns Years Ending				
		Dec08	Dec09	Dec10	Dec11	Dec12
Waste Connections, Inc.	\$100	\$102.17	\$107.90	\$133.89	\$162.75	\$167.92
S&P 500 Index	\$100	\$63.00	\$79.67	\$91.68	\$93.61	\$108.59
Peer Group (a)	\$100	\$97.63	\$109.83	\$124.62	\$115.13	\$125.16

(a) Peer Group Companies: Casella Waste Systems, Inc.; Republic Services, Inc.; Waste Management, Inc.; Progressive Waste Solutions Ltd. (included from June 5, 2009, when it began trading on a U.S. stock exchange)

THE STOCK PRICE PERFORMANCE INCLUDED IN THIS GRAPH IS NOT NECESSARILY INDICATIVE OF FUTURE STOCK PRICE PERFORMANCE.

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**ITEM 6. SELECTED FINANCIAL DATA**

This table sets forth our selected financial data for the periods indicated. This data should be read in conjunction with, and is qualified by reference to, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Item 7 of this Annual Report on Form 10-K and our audited consolidated financial statements, including the related notes and our independent registered public accounting firm’s report and the other financial information included in Item 8 of this Annual Report on Form 10-K. The selected data in this section is not intended to replace the consolidated financial statements included in this report.

	YEARS ENDED DECEMBER 31,				
	2012 <sup>(a)</sup>	2011 <sup>(a)</sup>	2010 <sup>(a)</sup>	2009	2008
	<i>(in thousands, except share and per share data)</i>				
<b>STATEMENT OF OPERATIONS DATA:</b>					
Revenues	\$ 1,661,618	\$ 1,505,366	\$ 1,319,757	\$ 1,191,393	\$ 1,049,603
Operating expenses:					
Cost of operations	956,357	857,580	749,487	692,415	628,075
Selling, general and administrative	197,454	161,967	149,860	138,026	111,114
Depreciation	169,027	147,036	132,874	117,796	91,095
Amortization of intangibles	24,557	20,064	14,582	12,962	6,334
Loss (gain) on disposal of assets	1,627	1,657	571	(481)	629
Gain from litigation settlement	(3,551)	—	—	—	—
Operating income	316,147	317,062	272,383	230,675	212,356
Interest expense	(53,037)	(44,520)	(40,134)	(49,161)	(43,102)
Interest income	773	530	590	1,413	3,297
Loss on extinguishment of debt	—	—	(10,193)	—	—
Other income (expense), net	1,220	57	2,830	(7,551)	(633)
Income before income tax provision	265,103	273,129	225,476	175,376	171,918
Income tax provision	(105,443)	(106,958)	(89,334)	(64,565)	(56,775)
Net income	159,660	166,171	136,142	110,811	115,143
Less: Net income attributable to noncontrolling interests	(567)	(932)	(1,038)	(986)	(12,240)
Net income attributable to Waste Connections	<u>\$ 159,093</u>	<u>\$ 165,239</u>	<u>\$ 135,104</u>	<u>\$ 109,825</u>	<u>\$ 102,903</u>
Earnings per common share attributable to Waste Connections’ common stockholders:					
Basic	<u>\$ 1.31</u>	<u>\$ 1.47</u>	<u>\$ 1.17</u>	<u>\$ 0.92</u>	<u>\$ 0.98</u>
Diluted	<u>\$ 1.31</u>	<u>\$ 1.45</u>	<u>\$ 1.16</u>	<u>\$ 0.91</u>	<u>\$ 0.96</u>
Shares used in the per share calculations:					
Basic <sup>(b)</sup>	<u>121,172,381</u>	<u>112,720,444</u>	<u>115,646,173</u>	<u>119,119,601</u>	<u>105,037,311</u>
Diluted <sup>(b)</sup>	<u>121,824,349</u>	<u>113,583,486</u>	<u>116,894,204</u>	<u>120,506,162</u>	<u>107,129,568</u>
Cash dividends per common share	<u>\$ 0.37</u>	<u>\$ 0.315</u>	<u>\$ 0.075</u>	<u>\$ —</u>	<u>\$ —</u>
Cash dividends paid	<u>\$ 44,465</u>	<u>\$ 35,566</u>	<u>\$ 8,561</u>	<u>\$ —</u>	<u>\$ —</u>

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	YEARS ENDED DECEMBER 31,				
	2012 (a)	2011 (a)	2010 (a)	2009	2008
	<i>(in thousands, except share and per share data)</i>				
<b>BALANCE SHEET DATA:</b>					
Cash and equivalents	\$ 23,212	\$ 12,643	\$ 9,873	\$ 9,639	\$ 265,264
Working capital (deficit)	(55,086)	(34,544)	(37,976)	(45,059)	213,747
Property and equipment, net	2,457,606	1,450,469	1,337,476	1,308,392	984,124
Total assets	5,076,026	3,328,005	2,915,984	2,820,448	2,600,357
Long-term debt and notes payable	2,204,967	1,172,758	909,978	867,554	819,828
Total equity	1,883,130	1,399,687	1,370,418	1,357,036	1,261,997

- (a) For more information regarding this financial data, see the Management's Discussion and Analysis of Financial Condition and Results of Operations section included in this report. For disclosures associated with the impact of the adoption of new accounting pronouncements and the comparability of this information, see Note 1 of the consolidated financial statements.
- (b) Share amounts have been retroactively adjusted to reflect our three-for-two stock split, in the form of a 50% stock dividend, effective as of November 12, 2010.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the "Selected Financial Data" included in Item 6 of this Annual Report on Form 10-K, our consolidated financial statements and the related notes included elsewhere in this report.

### Industry Overview

The municipal solid waste industry is a local and highly competitive business, requiring substantial labor and capital resources. The participants compete for collection accounts primarily on the basis of price and, to a lesser extent, the quality of service, and compete for landfill business on the basis of tipping fees, geographic location and quality of operations. The municipal solid waste industry has been consolidating and continues to consolidate as a result of a number of factors, including the increasing costs and complexity associated with waste management operations and regulatory compliance. Many small independent operators and municipalities lack the capital resources, management, operating skills and technical expertise necessary to operate effectively in such an environment. The consolidation trend has caused municipal solid waste companies to operate larger landfills that have complementary collection routes that can use company-owned disposal capacity. Controlling the point of transfer from haulers to landfills has become increasingly important as landfills continue to close and disposal capacity moves further from collection markets.

Generally, the most profitable operators within the municipal solid waste industry are those companies that are vertically integrated or enter into long-term collection contracts. A vertically integrated operator will benefit from: (1) the internalization of waste, which is bringing waste to a company-owned landfill; (2) the ability to charge third-party haulers tipping fees either at landfills or at transfer stations; and (3) the efficiencies gained by being able to aggregate and process waste at a transfer station prior to landfilling.

The E&P waste services industry is similarly regional in nature and is also highly fragmented, with acquisition opportunities available in several active basins. Competition for E&P waste comes primarily from smaller regional companies that utilize a variety of disposal methods and generally serve specific geographic markets. In addition, customers in many markets have the option of using internal disposal methods or outsourcing to another third party disposal company. The principal competitive factors in this business include: gaining customer approval of treatment and disposal facilities; location of facilities in relation to customer activity; reputation; reliability of services; track record of environmental compliance; ability to accept multiple waste types at a single facility; and price.

### Executive Overview

We are an integrated municipal solid waste services company that provides solid waste collection, transfer, disposal and recycling services primarily in exclusive and secondary markets in the U.S. and a leading provider of non-hazardous exploration and production, or E&P, waste treatment, recovery and disposal services in several of the most active natural resource producing areas of the U.S. We also provide intermodal services for the rail haul movement of cargo and solid waste containers in the Pacific Northwest through a network of intermodal facilities.

We seek to avoid highly competitive, large urban markets and instead target markets where we can attain high market share either through exclusive contracts, vertical integration or asset positioning. In markets where waste collection services are provided under exclusive arrangements, or where waste disposal is municipally funded or available at multiple municipal sources, we believe that controlling the waste stream by providing collection services under exclusive arrangements is often more important to our growth and profitability than owning or operating landfills. We also target niche markets, like E&P waste treatment and disposal services, with similar characteristics and, we believe, higher comparative growth potential.

As of December 31, 2012, we served residential, commercial, industrial and E&P customers from a network of operations in 31 states: Alabama, Alaska, Arizona, California, Colorado, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington and Wyoming. As of December 31, 2012, we owned or operated a network of 151 solid waste collection operations; 68 transfer stations; seven intermodal facilities, 38 recycling operations, 54 active MSW, E&P and/or non-MSW landfills, 20 E&P liquid waste injection wells, 15 E&P waste treatment and recovery facilities and 19 oil recovery facilities.

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### 2012 Financial Performance

#### Operating Results

Revenues in 2012 increased 10.4% to \$1.66 billion from \$1.51 billion in 2011, primarily as a result of acquisitions. Decreased volumes and recycled commodity values offset internal growth from price increases. We expect acquisitions completed in the year to provide opportunities for future growth both in new markets such as Alaska and Minnesota's Twin Cities region, and in niche waste segments such as E&P waste.

As shown in the table below, internal growth decreased to negative 0.1% in 2012, from 4.7% in 2011. Pricing growth was 0.4 percentage points lower than in 2011, due to lower surcharges partially offset by a slight increase in core pricing. Decreases in landfill volumes, driven primarily by our decision to forego low-priced tonnage from one large hauler at one of our large landfills, decreased commercial hauling revenue due to declines in container sizes and service frequencies for our existing customers, and a reduction in customer counts due to competition in certain markets contributed to total volume growth decreasing to negative 2.1% in 2012 from negative 0.3% in 2011. Intermodal, recycling and other contributed negative 1.2% to internal growth in 2012, compared to 1.4% realized in 2011, due primarily to decreases in recycled commodity prices from record levels in the prior year.

	<u>2012</u>	<u>2011</u>
Price	3.2%	3.6%
Volume	(2.1%)	(0.3%)
Intermodal, Recycling and Other	(1.2%)	1.4%
Internal Growth	<u>(0.1%)</u>	<u>4.7%</u>

In 2012, adjusted operating income before depreciation and amortization, a non-GAAP financial measure (refer to page 56 of this report for a definition and reconciliation to Operating income), increased 7.9% to \$528.4 million, from \$489.6 million in 2011. As a percentage of revenue, adjusted operating income before depreciation and amortization decreased from 32.5% in 2011, to 31.8% in 2012. This 0.7 percentage point decrease was primarily attributable to lower contributions from higher margin revenue components resulting from lower recycled commodity values and disposal volumes, and increased maintenance and repair costs. Adjusted net income attributable to Waste Connections, a non-GAAP financial measure (refer to page 57 of this report for a definition and reconciliation to Net income attributable to Waste Connections), in 2012 increased 4.4% to \$188.1 million from \$180.1 million in 2011.

#### Adjusted Free Cash Flow

Net cash provided by operating activities increased 7.3% to \$416.3 million in 2012, from \$388.2 million in 2011, and capital expenditures increased 8.2% to \$153.5 million over that period. Adjusted free cash flow, a non-GAAP financial measure (refer to page 55 of this report for a definition and reconciliation to Net cash provided by operating activities), increased 8.2% to \$275.8 million in 2012, from \$254.8 million in 2011. Adjusted free cash flow as a percentage of revenues was 16.6% in 2012, compared to 16.9% in 2011. This decrease as a percentage of revenues was primarily due to increased cash taxes associated with year-to-year changes in tax deductible timing differences associated with depreciation.

#### Return of Capital to Stockholders

In 2012, we returned \$63.1 million to stockholders through a combination of cash dividends and stock repurchases. Our Board of Directors declared dividends totaling \$44.5 million throughout 2012, and increased the quarterly cash dividend by 11.1% from \$0.09 to \$0.10 per share of common stock in October 2012. Our Board of Directors intends to review the quarterly dividend during the fourth quarter of each year, with a long-term objective of increasing the amount of the dividend. We also repurchased approximately 0.6 million shares of common stock at a cost of \$18.6 million during 2012. We expect the amount of capital we return to stockholders through stock repurchases to vary depending on our financial condition and results of operations, capital structure, the amount of cash we deploy on acquisitions, the market price of our common stock, and overall market conditions. We cannot assure you as to the amounts or timing of future stock repurchases or dividends. We have the ability under our senior revolving credit facility to repurchase our common stock and pay dividends provided we maintain specified financial ratios.

#### Capital Position

We target a leverage ratio, as defined in our credit facility, at approximately 2.75x total debt to earnings before interest, taxes, depreciation and amortization, or EBITDA. We deployed \$1.580 billion during 2012 for acquisitions, which was primarily funded by borrowings during the year, proceeds from a common stock offering and, to a lesser extent, operating cash flow. As a result, our leverage ratio increased approximately 0.5x above our targeted level at year-end 2012, but we expect our free cash flow in 2013 to reduce this ratio below 3.0x by year-end 2013, excluding the impact of any additional acquisitions that may close during the year.

## **Critical Accounting Estimates and Assumptions**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in the consolidated financial statements. As described by the SEC, critical accounting estimates and assumptions are those that may be material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and that have a material impact on the financial condition or operating performance of a company. Such critical accounting estimates and assumptions are applicable to our reportable segments. Based on this definition, we believe the following are our critical accounting estimates.

**Insurance liabilities.** We maintain high deductible insurance policies for automobile, general, employer's, environmental and directors' and officers' liability as well as for employee group health insurance, property insurance and workers' compensation. We carry umbrella policies for certain types of claims to provide excess coverage over the underlying policies and per incident deductibles. Our insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by our management with assistance from our third-party actuary and third-party claims administrator. The insurance accruals are influenced by our past claims experience factors, which have a limited history, and by published industry development factors. If we experience insurance claims or costs above or below our historically evaluated levels, our estimates could be materially affected. The frequency and amount of claims or incidents could vary significantly over time, which could materially affect our self-insurance liabilities. Additionally, the actual costs to settle the self-insurance liabilities could materially differ from the original estimates and cause us to incur additional costs in future periods associated with prior year claims.

**Income taxes.** Deferred tax assets and liabilities are determined based on differences between financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. If our judgment and estimates concerning assumptions made in calculating our expected future income tax rates are incorrect, our deferred tax assets and liabilities would change. Based on our net deferred tax liability balance at December 31, 2012, each 0.1 percentage point change to our expected future income tax rate would change our net deferred tax liability balance and income tax expense by approximately \$1.1 million.

**Accounting for landfills.** We recognize landfill depletion expense as airspace of a landfill is consumed. Our landfill depletion rates are based on the remaining disposal capacity at our landfills, considering both permitted and probable expansion airspace. We calculate the net present value of our final capping, closure and post-closure commitments by estimating the total obligation in current dollars, inflating the obligation based upon the expected date of the expenditure and discounting the inflated total to its present value using a credit-adjusted risk-free rate. Any changes in expectations that result in an upward revision to the estimated undiscounted cash flows are treated as a new liability and are inflated and discounted at rates reflecting current market conditions. Any changes in expectations that result in a downward revision (or no revision) to the estimated undiscounted cash flows result in a liability that is inflated and discounted at rates reflecting the market conditions at the time the cash flows were originally estimated. This policy results in our final capping, closure and post-closure liabilities being recorded in "layers." The resulting final capping, closure and post-closure obligation is recorded on the balance sheet along with an offsetting addition to site costs, which is amortized to depletion expense as the remaining landfill airspace is consumed. Interest is accreted on the recorded liability using the corresponding discount rate. The accounting methods discussed below require us to make certain estimates and assumptions. Changes to these estimates and assumptions could have a material effect on our financial condition and results of operations. Any changes to our estimates are applied prospectively.

**Landfill development costs.** Landfill development costs include the costs of acquisition, construction associated with excavation, liners, site berms, groundwater monitoring wells, gas recovery systems and leachate collection systems. We estimate the total costs associated with developing each landfill site to its final capacity. Total landfill costs include the development costs associated with expansion airspace. Expansion airspace is described below. Landfill development costs depend on future events and thus actual costs could vary significantly from our estimates. Material differences between estimated and actual development costs may affect our cash flows by increasing our capital expenditures and thus affect our results of operations by increasing our landfill depletion expense.

**Final capping, closure and post-closure obligations.** We accrue for estimated final capping, closure and post-closure maintenance obligations at the landfills we own, and five of the six landfills that we operate, but do not own, under life-of-site agreements. We could have additional material financial obligations relating to final capping, closure and post-closure costs at other disposal facilities that we currently own or operate or that we may own or operate in the future. Our discount rate assumption for purposes of computing 2012 and 2011 "layers" for final capping, closure and post-closure obligations was 5.75% for each year, which reflects our long-term cost of borrowing as of the end of 2011 and 2010. Our inflation rate assumption was 2.5% for the years ended December 31, 2012 and 2011. Significant reductions in our estimates of the remaining lives of our landfills or significant increases in our estimates of the landfill final capping, closure and post-closure maintenance costs could have a material adverse effect on our financial condition and results of operations. Additionally, changes in regulatory or legislative requirements could increase our costs related to our landfills, resulting in a material adverse effect on our financial condition and results of operations.

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We own two landfills for which the prior owners are obligated to reimburse us for certain costs we incur for final capping, closure and post-closure activities on the portion of the landfill utilized by the prior owners. We accrue the prior owner's portion of the final capping, closure and post-closure obligation within the balance sheet classification of Other long-term liabilities, and a corresponding receivable from the prior owner in long-term Other assets.

**Disposal capacity.** Our internal and third-party engineers perform surveys at least annually to estimate the remaining disposal capacity at our landfills. Our landfill depletion rates are based on the remaining disposal capacity, considering both permitted and probable expansion airspace, at the landfills that we own and at certain landfills that we operate, but do not own, under life-of-site agreements. Our landfill depletion rate is based on the term of the operating agreement at our operated landfill that has capitalized expenditures. Expansion airspace consists of additional disposal capacity being pursued through means of an expansion that has not yet been permitted. Expansion airspace that meets the following criteria is included in our estimate of total landfill airspace:

- 1) whether the land where the expansion is being sought is contiguous to the current disposal site, and we either own the expansion property or have rights to it under an option, purchase, operating or other similar agreement;
- 2) whether total development costs, final capping costs, and closure/post-closure costs have been determined;
- 3) whether internal personnel have performed a financial analysis of the proposed expansion site and have determined that it has a positive financial and operational impact;
- 4) whether internal personnel or external consultants are actively working to obtain the necessary approvals to obtain the landfill expansion permit; and
- 5) whether we consider it probable that we will achieve the expansion (for a pursued expansion to be considered probable, there must be no significant known technical, legal, community, business or political restrictions or similar issues existing that we believe are more likely than not to impair the success of the expansion).

We may be unsuccessful in obtaining permits for expansion disposal capacity at our landfills. In such cases, we will charge the previously capitalized development costs to expense. This will adversely affect our operating results and cash flows and could result in greater landfill depletion expense being recognized on a prospective basis.

We periodically evaluate our landfill sites for potential impairment indicators. Our judgments regarding the existence of impairment indicators are based on regulatory factors, market conditions and operational performance of our landfills. Future events could cause us to conclude that impairment indicators exist and that our landfill carrying costs are impaired. Any resulting impairment loss could have a material adverse effect on our financial condition and results of operations.

**Goodwill and indefinite-lived intangible assets testing.** Goodwill and indefinite-lived intangible assets are tested for impairment on at least an annual basis in the fourth quarter of the year. In the first step of testing for goodwill impairment, we estimate the fair value of each reporting unit, which we have determined to be our three geographic operating segments and our E&P group, and compare the fair value with the carrying value of the net assets assigned to each reporting unit. If the fair value of a reporting unit is greater than the carrying value of the net assets, including goodwill, assigned to the reporting unit, then no impairment results. If the fair value is less than its carrying value, then we would perform a second step and determine the fair value of the goodwill. In this second step, the fair value of goodwill is determined by deducting the fair value of a reporting unit's identifiable assets and liabilities from the fair value of the reporting unit as a whole, as if that reporting unit had just been acquired and the purchase price were being initially allocated. If the fair value of the goodwill is less than its carrying value for a reporting unit, an impairment charge would be recorded to earnings in our Consolidated Statements of Net Income. In testing indefinite-lived intangible assets for impairment, we compare the estimated fair value of each indefinite-lived intangible asset to its carrying value. If the fair value of the indefinite-lived intangible asset is less than its carrying value, an impairment charge would be recorded to earnings in our Consolidated Statements of Net Income.

To determine the fair value of each of our reporting units as a whole and each indefinite-lived intangible asset, we use discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit and the future discrete cash flows related to each indefinite-lived intangible asset. Significant judgments inherent in these analyses include the determination of appropriate discount rates, the amount and timing of expected future cash flows and growth rates. The cash flows employed in our 2012 discounted cash flow analyses were based on ten-year financial forecasts, which in turn were based on the 2013 annual budget developed internally by management. These forecasts reflect operating profit margins that were consistent with 2012 results and perpetual revenue growth rates of 3.5%. Our discount rate assumptions are based on an assessment of our weighted average cost of capital. In assessing the reasonableness of our determined fair values of our reporting units, we evaluate our results against our current market capitalization.

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In addition, we would evaluate a reporting unit for impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances include the following:

- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator;
- a more likely than not expectation that a segment or a significant portion thereof will be sold; or
- the testing for recoverability of a significant asset group within the segment.

We did not record an impairment charge as a result of our goodwill and indefinite-lived intangible assets impairment tests in 2012 and 2011.

**Business Combination Accounting.** We recognize, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. We measure and recognize goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of our previously held equity interest in the acquiree (if any), over (b) the fair value of net assets acquired and liabilities assumed.

### **General**

Our revenues consist mainly of fees we charge customers for collection, transfer, recycling and disposal of non-hazardous solid waste and treatment, recovery and disposal of non-hazardous E&P waste. Our collection business also generates revenues from the sale of recyclable commodities, which have significant variability. A large part of our collection revenues comes from providing residential, commercial and industrial services. We frequently perform these services under service agreements, municipal contracts or franchise agreements with governmental entities. Our existing franchise agreements and most of our existing municipal contracts give us the exclusive right to provide specified waste services in the specified territory during the contract term. These exclusive arrangements are awarded, at least initially, on a competitive bid basis and subsequently on a bid or negotiated basis. We also provide residential collection services on a subscription basis with individual households.

We typically determine the prices of our solid waste collection services by the collection frequency and level of service, route density, volume, weight and type of waste collected, type of equipment and containers furnished, the distance to the disposal or processing facility, the cost of disposal or processing, and prices charged by competitors for similar services. The terms of our contracts sometimes limit our ability to pass on price increases. Long-term solid waste collection contracts often contain a formula, generally based on a published price index, that automatically adjusts fees to cover increases in some, but not all, operating costs, or that limit increases to less than 100% of the increase in the applicable price index.

We charge transfer station and landfill customers a tipping fee on a per ton and/or per yard basis for disposing of their solid waste at our transfer stations and landfill facilities. Many of our transfer station and landfill customers have entered into one to ten year disposal contracts with us, most of which provide for annual indexed price increases.

Our revenues from E&P treatment and disposal consist mainly of fees that we charge for the treatment of liquid and solid waste derived from the production of oil and natural gas. We also generate income from the transportation of waste to the disposal facility in certain markets and the sale of reclaimed oil and processed and treated waters.

Our revenues from recycling services consist of selling recyclable materials (including cardboard, office paper, plastic containers, glass bottles and ferrous and aluminum metals) collected from our residential customers and at our recycling processing operations to third parties for processing before resale.

Our revenues from intermodal services consist mainly of fees we charge customers for the movement of cargo and solid waste containers between our intermodal facilities. We also generate revenue from the storage, maintenance and repair of cargo and solid waste containers and the sale or lease of containers and chassis.

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No single contract or customer accounted for more than 10% of our total revenues at the consolidated or reportable segment level during the periods presented. The table below shows for the periods indicated our total reported revenues attributable to services provided (dollars in thousands).

	Years Ended December 31,					
	2012		2011		2010	
Solid waste collection	\$ 1,176,333	62.1%	\$ 1,069,065	62.0%	\$ 951,327	62.9%
Solid waste disposal and transfer	524,861	27.7	497,584	28.9	456,741	30.2
E&P waste treatment, disposal and recovery	61,350	3.2	12,746	0.7	1,500	0.1
Solid waste recycling	81,512	4.3	96,417	5.6	61,062	4.0
Intermodal and other	50,321	2.7	48,166	2.8	42,912	2.8
	<u>1,894,377</u>	<u>100.0%</u>	<u>1,723,978</u>	<u>100.0%</u>	<u>1,513,542</u>	<u>100.0%</u>
Less: intercompany elimination	(232,759)		(218,612)		(193,785)	
Total revenue	<u>\$1,661,618</u>		<u>\$1,505,366</u>		<u>\$1,319,757</u>	

Cost of operations includes labor and benefits, tipping fees paid to third-party disposal facilities, vehicle and equipment maintenance, workers' compensation, vehicle and equipment insurance, insurance and employee group health claims expense, third-party transportation expense, fuel, the cost of materials we purchase for recycling, district and state taxes and host community fees and royalties. Our significant costs of operations in 2012 were labor, third-party disposal and transportation, vehicle and equipment maintenance, taxes and fees, insurance and fuel. We use a number of programs to reduce overall cost of operations, including increasing the use of automated routes to reduce labor and workers' compensation exposure, utilizing comprehensive maintenance and health and safety programs, and increasing the use of transfer stations to further enhance internalization rates. We carry high-deductible insurance for automobile liability, property, general liability, workers' compensation, employer's liability and employer group health claims. If we experience insurance claims or costs above or below our historically evaluated levels, our estimates could be materially affected.

Selling, general and administrative, or SG&A, expense includes management, sales force, clerical and administrative employee compensation and benefits, legal, accounting and other professional services, acquisition expenses, bad debt expense and rent expense for our corporate headquarters.

Depreciation expense includes depreciation of equipment and fixed assets over their estimated useful lives using the straight-line method. Depletion expense includes depletion of landfill site costs and total future development costs as remaining airspace of the landfill is consumed. Remaining airspace at our landfills includes both permitted and probable expansion airspace. Amortization expense includes the amortization of finite-lived intangible assets, consisting primarily of long-term franchise agreements and contracts, customer lists and non-competition agreements, over their estimated useful lives using the straight-line method. Goodwill and indefinite-lived intangible assets, consisting primarily of certain perpetual rights to provide solid waste collection and transportation services in specified territories, are not amortized.

We capitalize some third-party expenditures related to development projects, such as legal, engineering and interest expenses. We expense all third-party and indirect acquisition costs, including third-party legal and engineering expenses, executive and corporate overhead, public relations and other corporate services, as we incur them. We charge against net income any unamortized capitalized expenditures and advances (net of any portion that we believe we may recover, through sale or otherwise) that may become impaired, such as those that relate to any operation that is permanently shut down and any landfill development project that we believe will not be completed. We routinely evaluate all capitalized costs, and expense those related to projects that we believe are not likely to succeed. For example, if we are unsuccessful in our attempts to obtain or defend permits that we are seeking or have been awarded to operate or expand a landfill, we will no longer generate anticipated income from the landfill and we will be required to expense in a future period the amount of capitalized expenditures related to the landfill or expansion project, less the recoverable value of the property and other amounts recovered. See discussions regarding the Chaparral, New Mexico Landfill Permit Litigation, the Harper County, Kansas Landfill Permit Litigation and the Solano County, California Measure E/Landfill Expansion Litigation under the "Legal Proceedings" section of Note 11 of our consolidated financial statements included in Item 8 of this report.

[Table of Contents](#)**Results of Operations**

The following table sets forth items in our Consolidated Statements of Net Income in thousands and as a percentage of revenues for the periods indicated:

	Years Ended December 31,					
	2012	% of Revenues	2011	% of Revenues	2010	% of Revenues
Revenues	\$1,661,618	100.0%	\$1,505,366	100.0%	\$1,319,757	100.0%
Cost of operations	956,357	57.6	857,580	57.0	749,487	56.8
Selling, general and administrative	197,454	11.9	161,967	10.8	149,860	11.3
Depreciation	169,027	10.2	147,036	9.8	132,874	10.1
Amortization of intangibles	24,557	1.5	20,064	1.3	14,582	1.1
Loss on disposal of assets	1,627	0.0	1,657	0.0	571	0.1
Gain from litigation settlement	(3,551)	(0.2)	—	—	—	—
Operating income	316,147	19.0	317,062	21.1	272,383	20.6
Interest expense	(53,037)	(3.2)	(44,520)	(3.0)	(40,134)	(3.0)
Interest income	773	0.0	530	0.0	590	0.1
Loss on extinguishment of debt	—	—	—	—	(10,193)	(0.8)
Other income, net	1,220	0.1	57	0.0	2,830	0.2
Income tax provision	(105,443)	(6.3)	(106,958)	(7.1)	(89,334)	(6.8)
Net income attributable to noncontrolling interests	(567)	(0.0)	(932)	(0.0)	(1,038)	(0.1)
Net income attributable to Waste Connections	<u>\$ 159,093</u>	<u>9.6%</u>	<u>\$ 165,239</u>	<u>11.0%</u>	<u>\$ 135,104</u>	<u>10.2%</u>

**Years Ended December 31, 2012 and 2011**

**Revenues.** Total revenues increased \$156.2 million, or 10.4%, to \$1.662 billion for the year ended December 31, 2012, from \$1.505 billion for the year ended December 31, 2011.

Revenues during the period from October 25, 2012 to December 31, 2012 from the R360 acquisition were \$40.2 million. All other acquisitions closed during, or subsequent to, the year ended December 31, 2011, increased revenues by approximately \$125.7 million. Operations divested during, or subsequent to, the year ended December 31, 2011, decreased revenues by approximately \$7.1 million.

During the year ended December 31, 2012, the net increase in prices charged to our customers was \$47.5 million, consisting of \$45.1 million of core price increases and \$2.4 million of fuel, materials and environmental surcharges.

Volume decreases in our existing business during the year ended December 31, 2012, decreased revenues by approximately \$31.4 million. The net decreases in volume were primarily attributable to decreases in landfill municipal solid waste volumes, due primarily to the decision to forego low-priced tonnage from one large hauler at one of our large landfills; lower landfill special waste volumes, due primarily to a decrease in large non-recurring projects; decreased commercial hauling revenue, due primarily to service level declines with existing customers and a reduction in customer counts due to competition in our markets; and decreased roll off hauling activity, due primarily to construction slowdowns affecting our markets, partially offset by increased E&P waste treatment and disposal activity, due to increased drilling activity.

Decreased recyclable commodity prices during the year ended December 31, 2012, partially offset by increased recyclable commodity volumes collected, decreased revenues by \$20.0 million. The decrease in recyclable commodity prices was primarily due to decreased overseas demand for recyclable commodities.

Other revenues increased by \$1.3 million during the year ended December 31, 2012, primarily due to an increase in cargo volume at our intermodal operations.

We expect our revenues to increase during the year ending December 31, 2013 compared to the year ended December 31, 2012, due to the impact of a full year of results from acquisitions completed during 2012, particularly our R360 acquisition, which has only been reflected in our results since the closing of the acquisition on October 25, 2012.

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**Cost of Operations.** Total cost of operations increased \$98.8 million, or 11.5%, to \$956.4 million for the year ended December 31, 2012, from \$857.6 million for the year ended December 31, 2011. The increase was primarily the result of \$18.0 million of additional operating costs during the period from October 25, 2012 to December 31, 2012 from the R360 acquisition, \$63.4 million of additional operating costs from all other acquisitions closed during, or subsequent to, the year ended December 31, 2011, and the following changes at operations owned in comparable periods in 2011 and 2012: an increase in labor expenses of \$5.1 million due to employee pay increases, an increase in truck, container and equipment maintenance and repair expenses of \$5.1 million due to increases in the prices for parts and services and variability in the timing and severity of major equipment repairs, an increase in third party trucking and transportation expenses of \$3.0 million due to changes in the disposal internalization of collected waste volumes and increased special waste projects that require us to transport the volume to our disposal sites, an increase in disposal expenses on collected volumes of \$2.7 million due to disposal rate increases and re-directing collected waste volumes to alternative third party disposal sites, an increase in employee benefit expenses of \$2.0 million due to an increase in claims severity under our self-insured medical plan, an increase in leachate disposal costs of \$1.8 million at certain landfills we own, an increase in auto and workers' compensation expense under our high deductible insurance program of \$1.8 million due to an increase in projected losses on open claims, an increase in equipment and real estate rental expense of \$0.8 million associated with new facility leases and an increase in short-term equipment rentals, an increase in diesel fuel expenses of \$0.7 million resulting from the net impact of higher market prices for fuel and reduced fuel gallons consumed in our operations, an increase in landfill monitoring and maintenance expenses of \$0.5 million, an increase in insurance premiums under our high deductible insurance program of \$0.5 million due to our growth from acquisitions, an increase in rail transportation expenses at our intermodal operations of \$0.4 million due to rate increases and increased rail cargo volume and \$0.7 million of other net increases, partially offset by a decrease in taxes on revenues of \$6.2 million due primarily to lower landfill revenues at our Western segment, which has higher tax rates on disposal revenues, and a decrease in the cost of recyclable commodities of \$1.5 million due to declines in commodity values.

Cost of operations as a percentage of revenues increased 0.6 percentage points to 57.6% for the year ended December 31, 2012, from 57.0% for the year ended December 31, 2011. The increase as a percentage of revenues was attributable to a 0.4 percentage point increase from increased vehicle, container and equipment maintenance expenses, a 0.3 percentage point increase from increased labor expenses, a 0.2 percentage point increase in disposal expenses, a 0.2 percentage point increase from increased third party trucking expenses, a 0.1 percentage point increase from increased employee benefit expenses, a 0.1 percentage point increase from increased leachate disposal expenses, a 0.1 percentage point increase in equipment and real estate rental expenses and a 0.1 percentage point increase from increased auto and workers' compensation expenses, partially offset by a 0.5 percentage point decrease from decreased taxes on revenues and a 0.4 percentage point decrease due to acquisitions closed during, or subsequent to, the year ended December 31, 2011 having lower cost of operations as a percentage of revenue than our company average.

We expect our cost of operations to increase during the year ending December 31, 2013 compared to the year ended December 31, 2012, due to the impact of a full year of results from acquisitions completed during 2012, particularly our R360 acquisition.

**SG&A.** SG&A expenses increased \$35.5 million, or 21.9%, to \$197.5 million for the year ended December 31, 2012, from \$162.0 million for the year ended December 31, 2011. The increase was primarily the result of \$5.4 million of additional SG&A expenses during the period from October 25, 2012 to December 31, 2012 from the R360 acquisition, \$8.7 million of additional SG&A expenses from all other acquisitions closed during, or subsequent to, the year ended December 31, 2011, and the following changes at operations owned in comparable periods in 2011 and 2012: \$7.9 million of expenses associated with the relocation of our corporate headquarters from Folsom, California to The Woodlands, Texas, \$3.6 million of equity-based compensation expense resulting from a grant of immediately vested restricted stock units to certain executive officers at the time the executives agreed to modifications to their employment contracts, an increase in payroll and payroll-related expenses of \$3.0 million primarily related to annual compensation increases, \$2.7 million of direct acquisition expenses associated with completing the R360 acquisition, an increase in direct acquisition expenses of \$0.9 million associated with all other acquisitions closed during, or subsequent to, the year ended December 31, 2011, an increase in equity-based compensation expense associated with our annual grant of restricted stock units to our personnel of \$1.3 million, \$1.1 million of severance expenses associated with headcount reductions at our R360 business, an increase in benefit expenses for sales and administrative employees of \$1.0 million due to an increase in claims severity under our self-insured medical plan, an increase in deferred compensation expense resulting from deferred compensation liabilities to employees being increased as a result of increases in the market value of investments to which employee deferred compensation balances are tracked of \$0.9 million, an increase in employee travel expenses of \$0.8 million and an increase in real estate rental expense of \$0.8 million due primarily to the lease of our temporary corporate offices in The Woodlands, TX, partially offset by a decrease in uncollectible accounts receivable expenses of \$1.5 million due primarily to a charge recorded in 2011 resulting from the bankruptcy filing of a customer in our Western segment and a decrease in professional fees of \$1.1 million due primarily to decreased legal expenses and decreased third party payroll processing expenses.

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SG&A expenses as a percentage of revenues increased 1.1 percentage points to 11.9% for the year ended December 31, 2012, from 10.8% for the year ended December 31, 2011. The increase as a percentage of revenues was attributable to a 0.6 percentage point increase from expenses associated with the relocation of our corporate headquarters to The Woodlands, Texas, a 0.4 percentage point increase from higher equity-based compensation expense, a 0.3 percentage point increase from the increase in direct acquisition expenses and a 0.3 percentage point increase from increased payroll and severance expenses, partially offset by a 0.4 percentage point decrease due to acquisitions closed during, or subsequent to, the year ended December 31, 2011 having lower SG&A expenses as a percentage of revenue than our company average and a 0.1 percentage point decrease due to the decrease in uncollectible accounts receivable.

In December 2011, we commenced a relocation of our corporate headquarters from Folsom, California to The Woodlands, Texas. The relocation was substantially completed in 2012. In connection with the relocation, we have incurred a total of \$8.1 million in increased SG&A costs in 2011 and 2012 related to personnel and office relocation expenses and estimate that we will incur between \$0.5 million and \$1.5 million in 2013 as we complete our relocation. In addition, we expect to incur a loss on lease in either the second or third quarter of 2013 on the cessation of use of our former corporate headquarters in Folsom, California, which we estimate could range between \$8 million and \$10 million.

We expect our SG&A expenses to increase during the year ending December 31, 2013 compared to the year ended December 31, 2012, due to the impact of a full year of results from acquisitions completed during 2012, particularly our R360 acquisition.

Depreciation. Depreciation expense increased \$22.0 million, or 15.0%, to \$169.0 million for the year ended December 31, 2012, from \$147.0 million for the year ended December 31, 2011. The increase was primarily attributable to \$2.6 million of depreciation and \$5.3 million of depletion during the period from October 25, 2012 to December 31, 2012 from the R360 acquisition, \$7.1 million of depreciation and \$6.9 million of depletion from all other acquisitions closed during, or subsequent to, the year ended December 31, 2011, and an increase in depreciation expense associated with additions to our fleet and equipment purchased to support our existing operations of \$2.1 million, partially offset by a \$2.0 million decrease in depletion at our existing operations due primarily to a decrease in municipal solid waste and special waste landfill volumes.

Depreciation expense as a percentage of revenues increased 0.4 percentage points to 10.2% for the year ended December 31, 2012, from 9.8% for the year ended December 31, 2011. The increase as a percentage of revenues was attributable to a 0.5 percentage point increase from increase in depletion expense from landfills acquired during, or subsequent to, the year ended December 31, 2011, which have a higher depletion rate per ton relative to our company average, and a 0.1 percentage point increase in depreciation expense at our existing operations due primarily to our operating equipment requirements remaining constant despite declines in revenues from volume decreases and decreased recyclable commodity prices, partially offset by a 0.2 percentage point decrease in depletion expense at our existing operations due primarily to lower landfill municipal solid waste and special waste volumes.

Amortization of Intangibles. Amortization of intangibles expense increased \$4.5 million, or 22.4%, to \$24.6 million for the year ended December 31, 2012, from \$20.1 million for the year ended December 31, 2011. The increase was primarily attributable to \$0.4 million of amortization expense during the period from October 25, 2012 to December 31, 2012 for permits and customer lists from the R360 acquisition and \$4.1 million of amortization expense for contracts and customer lists acquired from all other acquisitions closed during, or subsequent to, the year ended December 31, 2011.

Amortization expense as a percentage of revenues increased 0.2 percentage points to 1.5% for the year ended December 31, 2012, from 1.3% for the year ended December 31, 2011. The increase in amortization expense as a percentage of revenues was due to the aforementioned amortization expense increases.

Gain from Litigation Settlement. Gain from litigation settlement of \$3.6 million for the year ended December 31, 2012 consists of an award received from an arbitration we filed against a counter-party to a disposal agreement that breached that agreement.

Operating Income. Operating income decreased \$1.0 million, or 0.3%, to \$316.1 million for the year ended December 31, 2012, from \$317.1 million for the year ended December 31, 2011. The decrease was primarily attributable to the \$98.8 million increase in operating costs, \$35.5 million increase in SG&A expense, \$22.0 million increase in depreciation expense and \$4.5 million increase in amortization of intangibles expense, partially offset by the \$156.2 million increase in revenues and \$3.6 million increase in gain from litigation settlement.

Operating income as a percentage of revenues decreased 2.1 percentage points to 19.0% for the year ended December 31, 2012, from 21.1% for the year ended December 31, 2011. The decrease as a percentage of revenues was due to the previously described 1.1 percentage point increase in SG&A expense, 0.6 percentage point increase in cost of operations, 0.4 percentage point increase in depreciation expense and 0.2 percentage point increase in amortization expense, partially offset by the 0.2 percentage point increase in gain from litigation settlement.

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**Interest Expense.** Interest expense increased \$8.5 million, or 19.1%, to \$53.0 million for the year ended December 31, 2012, from \$44.5 million for the year ended December 31, 2011, due to the following changes for the comparable periods in 2011 and 2012: an increase of \$3.3 million from the issuance of our \$800 million term loan facility to fund a portion of the consideration for the R360 acquisition, an increase of \$2.5 million from the April 2011 issuance of our 2016 Notes, 2018 Notes and 2021 Notes, an increase of \$1.2 million from the amortization of debt issuance costs and increased commitment fees on the increased unused portion of our senior revolving credit facility, an increase of \$1.2 million from an increase in the applicable margin above the base rate or LIBOR rate under our senior revolving credit facility that we entered into in July 2011, an increase of \$1.3 million resulting from interest accretion expense recorded on long-term liabilities recorded at fair value associated with acquisitions closed during, or subsequent to, the year ended December 31, 2011, and an increase of \$0.5 million due to the commencement of a \$150 million interest rate swap in April 2012 with a fixed rate of 0.80%, partially offset by a decrease of \$1.0 million due to a reduction in the average outstanding balance on our senior revolving credit facility during the comparable 12 month periods, a decrease of \$0.3 million due to the expiration of a \$50 million interest rate swap in June 2011 with a fixed rate of 4.29% and a decrease of \$0.2 million due to a reduction in the fixed interest rate paid on \$175 million of interest rate swaps. In February 2011, three interest rate swaps with a combined notional amount of \$175 million and a fixed interest rate of 4.37% expired and we commenced a new \$175 million interest rate swap with a fixed interest rate of 2.85%.

**Income Tax Provision.** Income taxes decreased \$1.6 million, or 1.4%, to \$105.4 million for the year ended December 31, 2012, from \$107.0 million for the year ended December 31, 2011, as a result of decreased pre-tax income.

Our effective tax rates for the years ended December 31, 2012 and 2011, were 39.8% and 39.2%, respectively.

During the year ended December 31, 2012, income tax expense and our effective tax rate were increased by \$2.6 million and 1.0 percentage points, respectively, associated with an adjustment in deferred tax liabilities resulting from changes in the geographical apportionment of our state income taxes primarily due to the R360 acquisition, and \$1.1 million and 0.4 percentage points, respectively, due to \$2.9 million of the \$3.6 million equity-based compensation granted to certain executive officers, incurred at the time the executives agreed to modifications to their employment contracts, being non-deductible expenses.

Additionally, the reconciliation of the income tax provision to the 2011 federal and state tax returns, which were filed during 2012, decreased tax expense by \$1.7 million and reduced our effective tax rate by 0.6 percentage points for the year ended December 31, 2012.

### Years Ended December 31, 2011 and 2010

**Revenues.** Total revenues increased \$185.6 million, or 14.1%, to \$1.51 billion for the year ended December 31, 2011, from \$1.32 billion for the year ended December 31, 2010.

Acquisitions closed during, or subsequent to, the year ended December 31, 2010, increased revenues by approximately \$128.1 million. Operations divested during, or subsequent to, the year ended December 31, 2010, decreased revenues by approximately \$3.4 million.

During the year ended December 31, 2011, the net increase in prices charged to our customers was \$47.0 million, consisting of \$36.7 million of core price increases and \$10.3 million of fuel, materials and environmental surcharges.

Volume decreases in our existing business during the year ended December 31, 2011, decreased revenues by approximately \$3.9 million. The net decrease in volume was primarily attributable to decreases in commercial hauling activity, partially offset by increases in landfill special waste volumes and roll off hauling activity.

Recyclable commodity price increases, which occurred during the nine months ended September 30, 2011, and increased recyclable commodity volumes collected, increased revenues by \$14.0 million. The increase in recyclable commodity prices during the nine months ended September 30, 2011 was primarily due to increased overseas demand for recyclable commodities. Recyclable commodity prices during the three months ended December 31, 2011 and 2010 were consistent, as the increased demand occurring during the nine months ended September 30, 2011 did not continue during the final three months of 2011.

Other revenues increased by \$3.8 million during the year ended December 31, 2011, primarily due to an increase in cargo volume at our intermodal operations.

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**Cost of Operations.** Total cost of operations increased \$108.1 million, or 14.4%, to \$857.6 million for the year ended December 31, 2011, from \$749.5 million for the year ended December 31, 2010. The increase was primarily attributable to \$67.4 million of additional operating costs associated with acquisitions closed during, or subsequent to, the year ended December 31, 2010, and the following changes at operations owned in comparable periods in 2010 and 2011: an increase in diesel fuel expense of \$13.8 million resulting from higher market prices for fuel, an increase in labor expenses of \$6.1 million due primarily to employee pay rate increases and an increase in temporary labor, an increase in franchise fees and taxes on revenues of \$5.0 million due to increased tax rates and increased landfill volumes, an increase in truck, equipment and container repair expenses of \$4.8 million due to increases in the prices for parts and services and variability in the timing and severity of major equipment repairs, an increase in third party trucking and transportation expenses of \$3.1 million due to increased waste disposal internalization, an increase in expenses associated with the cost of purchasing recyclable commodities of \$2.6 million due to recyclable commodity pricing increases, an increase in rail transportation expenses at our intermodal operations of \$2.5 million, an increase in employee medical benefit expenses of \$1.9 million resulting from increased claims cost and severity and \$0.9 million of other net increases.

Cost of operations as a percentage of revenues increased 0.2 percentage points to 57.0% for the year ended December 31, 2011, from 56.8% for the year ended December 31, 2010. The increase as a percentage of revenues was attributable to a 0.7 percentage point increase from increased diesel fuel expense, a 0.3 percentage point increase from acquisitions closed during, or subsequent to, the year ended December 31, 2010 having higher disposal costs as a percentage of revenue relative to our company average and a 0.2 percentage point increase from increased costs of purchasing recyclable commodities, partially offset by a 0.5 percentage point decrease from higher gross margins on landfill special waste volumes and a 0.5 percentage point decrease from leveraging existing personnel to support increases in landfill volumes, recyclable commodity revenue and intermodal revenue.

**SG&A.** SG&A expenses increased \$12.1 million, or 8.1%, to \$162.0 million for the year ended December 31, 2011, from \$149.9 million for the year ended December 31, 2010. The increase was primarily attributable to \$8.2 million of additional SG&A expenses from acquisitions closed during, or subsequent to, the year ended December 31, 2010, and the following changes at operations owned in comparable periods in 2010 and 2011: an increase in payroll and payroll-related expenses of \$3.3 million primarily related to annual compensation increases, an increase in equity compensation expense of \$0.8 million due to an increase in the total value of restricted stock units granted to our employees, an increase in contributions to community organizations and public programs in our operating markets of \$0.8 million, an increase in employee travel expenses of \$0.8 million, an increase in cash incentive compensation expense of \$0.6 million due to improved consolidated financial results and an increase in expenses for uncollectible accounts receivable of \$0.2 million, partially offset by a decrease in employee deferred compensation expense of \$0.8 million resulting from deferred compensation liabilities to employees being reduced as a result of declines in the market value of investments to which employee deferred compensation balances are tracked, a decrease in advertising expenses of \$0.8 million, a decrease in direct acquisition expenses of \$0.3 million and \$0.7 million of other net decreases.

SG&A expenses as a percentage of revenues decreased 0.5 percentage points to 10.8% for the year ended December 31, 2011, from 11.3% for the year ended December 31, 2010. The decrease was comprised of a 0.3 percentage point decrease from acquisitions closed during, or subsequent to, the year ended December 31, 2010 having lower SG&A expenses as a percentage of revenue than our company average, a 0.1 percentage point decrease from decreased employee deferred compensation expense and a 0.1 percentage point decrease from decreased advertising expenses.

**Depreciation.** Depreciation expense increased \$14.1 million, or 10.7%, to \$147.0 million for the year ended December 31, 2011, from \$132.9 million for the year ended December 31, 2010. The increase was primarily attributable to \$7.9 million of depreciation and \$1.5 million of depletion from acquisitions closed during, or subsequent to, the year ended December 31, 2010, and an increase in depreciation expense associated with additions to our fleet and equipment purchased to support our existing operations of \$3.9 million and an increase in depletion at our existing operations of \$0.8 million due to increases in landfill volumes.

Depreciation expense as a percentage of revenues decreased 0.3 percentage points to 9.8% for the year ended December 31, 2011, from 10.1% for the year ended December 31, 2010. The decrease as a percentage of revenues was attributable to a 0.1 percentage point decrease in depletion expense from landfills acquired during, or subsequent to, the year ended December 31, 2010, which have a lower depletion rate per ton relative to our company average, a 0.1 percentage point decrease in depreciation expense at our existing operations due primarily to leveraging existing property and equipment to support increases in landfill volumes, recyclable commodity revenue and intermodal revenue and a 0.1 percentage point decrease in depletion expense at our existing operations.

**Amortization of Intangibles.** Amortization of intangibles expense increased \$5.5 million, or 37.6%, to \$20.1 million for the year ended December 31, 2011, from \$14.6 million for the year ended December 31, 2010. Amortization expense as a percentage of revenues increased 0.2 percentage points to 1.3% for the year ended December 31, 2011, from 1.1% for the year ended December 31, 2010. The increases were due primarily to the amortization of contracts and customer lists acquired during, or subsequent to, the year ended December 31, 2010.

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**Operating Income.** Operating income increased \$44.7 million, or 16.4%, to \$317.1 million for the year ended December 31, 2011, from \$272.4 million for the year ended December 31, 2010. The increase was primarily attributable to increased revenues, partially offset by increased operating costs, increased SG&A expense, and increased depreciation expense and amortization of intangibles expense.

Operating income as a percentage of revenues increased 0.5 percentage points to 21.1% for the year ended December 31, 2011, from 20.6% for the year ended December 31, 2010. The increase as a percentage of revenues was primarily due to the previously described 0.5 percentage point decrease in SG&A expense and 0.3 percentage point decrease in depreciation expense, partially offset by the 0.2 percentage point increase in cost of operations and 0.2 percentage point increase in amortization expense.

**Interest Expense.** Interest expense increased \$4.4 million, or 10.9%, to \$44.5 million for the year ended December 31, 2011, from \$40.1 million for the year ended December 31, 2010. The increase was comprised of a \$7.5 million increase from the April 2011 issuance of our 2016 Notes, 2018 Notes and 2021 Notes, an increase of \$1.5 million from a higher average outstanding balance on our senior revolving credit facility during the comparable 12 month periods and an increase in the applicable margin above the base rate or LIBOR rate under our senior revolving credit facility that we entered into in July 2011, an increase of \$0.4 million resulting from interest accretion expense recorded on long-term liabilities recorded at fair value associated with acquisitions closed during the year ended December 31, 2011, a \$0.9 million increase in the amortization of debt issuance costs and increased commitment fees on the increased unused portion of our senior revolving credit facility and \$0.1 million of other net increases, partially offset by a decrease of \$1.4 million due to funding the redemption of our 2026 Notes with borrowings under our credit facility at lower interest rates, a decrease of \$1.3 million due to a reduction in the amortization of our debt discount and debt issuance costs on the redeemed 2026 Notes and a combined decrease of \$3.3 million due to the expiration of a \$50 million interest rate swap in June 2011 with a fixed rate of 4.29% and the reduction in the fixed interest rate paid on \$175 million of interest rate swaps. In February 2011, three interest rate swaps with a combined notional amount of \$175 million and fixed interest rate of 4.37% expired and we commenced a new \$175 million interest rate swap with a fixed interest rate of 2.85%.

**Loss on Extinguishment of Debt.** Loss on extinguishment of debt for the year ended December 31, 2010, consisted of an expense charge of \$9.7 million associated with the redemption of our 2026 Notes and an expense charge of \$0.5 million associated with the redemption of our Wasco Bonds.

**Income Tax Provision.** Income taxes increased \$17.7 million, or 19.7%, to \$107.0 million for the year ended December 31, 2011, from \$89.3 million for the year ended December 31, 2010.

Our effective tax rates for the years ended December 31, 2011 and 2010, were 39.2% and 39.6%, respectively.

During the year ended December 31, 2010, we recorded a \$1.5 million increase in the income tax provision associated with an adjustment in deferred tax liabilities resulting from a voter-approved increase in Oregon state income tax rates and changes to the geographic apportionment of our state income taxes.

## **Segment Reporting**

Our Chief Operating Decision Maker evaluates operating segment profitability and determines resource allocations based on several factors, of which the primary financial measure is operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement. Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement is not a measure of operating income, operating performance or liquidity under GAAP and may not be comparable to similarly titled measures reported by other companies. Our management uses operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement in the evaluation of segment operating performance as it is a profit measure that is generally within the control of the operating segments.

Prior to October 2012, we managed our operations through three geographic operating segments which were also our reportable segments. In October 2012, as a result of the R360 acquisition described in Note 3 of our consolidated financial statements included in Item 8 of this report, we realigned our reporting structure and created a fourth operating segment, the E&P group, which includes the majority of our E&P waste treatment and disposal operations; our three geographic operating segments and our E&P group are also our reportable segments. Each operating segment is responsible for managing several vertically integrated operations, which are comprised of districts. The segment information presented herein reflects the addition of the new E&P group. Under the current orientation, our Western Region is comprised of operating locations in Alaska, California, Idaho, Montana, Nevada, Oregon, Washington and western Wyoming; our Central Region is comprised of operating locations in Arizona, Colorado, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah and eastern Wyoming; and our Eastern Region is comprised of operating locations in Alabama, Illinois, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, North Carolina, South Carolina and Tennessee. The E&P group is comprised of our E&P operations in Louisiana, New Mexico, North Dakota, Oklahoma, Texas, Wyoming and along the Gulf of Mexico.

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Revenues, net of intercompany eliminations, for our reportable segments are shown in the following table for the periods indicated (in thousands):

	Years Ended December 31,					
	2012	% of Revenues	2011	% of Revenues	2010	% of Revenues
Western	\$ 782,134	47.1%	\$ 742,588	49.3%	\$ 709,821	53.8%
Central	472,469	28.4	430,177	28.6	386,697	29.3
Eastern	366,825	22.1	332,601	22.1	223,239	16.9
E&P	40,190	2.4	—	—	—	—
	<u>\$ 1,661,618</u>	<u>100.0%</u>	<u>\$ 1,505,366</u>	<u>100.0%</u>	<u>\$ 1,319,757</u>	<u>100.0%</u>

Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement for our reportable segments is shown in the following table for the periods indicated (in thousands):

	Years Ended December 31,					
	2012	% of Revenues	2011	% of Revenues	2010	% of Revenues
Western	\$ 229,427	13.8%	\$ 232,940	15.5%	\$ 218,254	16.5%
Central	171,616	10.3	152,059	10.1	127,861	9.7
Eastern	101,046	6.1	95,301	6.3	69,013	5.2
E&P	16,791	1.0	—	—	—	—
Corporate <sup>(a)</sup>	(11,073)	(0.6)	5,519	0.4	5,282	0.4
	<u>\$ 507,807</u>	<u>30.6%</u>	<u>\$ 485,819</u>	<u>32.3%</u>	<u>\$ 420,410</u>	<u>31.8%</u>

(a) Corporate functions include accounting, legal, tax, treasury, information technology, risk management, human resources, training and other administrative functions. Amounts reflected are net of allocations to the four operating segments.

A reconciliation of Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement to Income before income tax provision is included in Note 15 of our consolidated financial statements included in Item 8 of this report.

Significant changes in revenue and operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement for our reportable segments for the year ended December 31, 2012, compared to the year ended December 31, 2011 and for the year ended December 31, 2011, compared to the year ended December 31, 2010, are discussed below.

#### Segment Revenue

Revenue in our Western segment increased \$39.5 million, or 5.3%, to \$782.1 million for the year ended December 31, 2012, from \$742.6 million for the year ended December 31, 2011. The components of the increase consisted of revenue growth from acquisitions closed during, or subsequent to, the year ended December 31, 2011, of \$59.1 million, net price increases of \$17.8 million and intermodal revenue increases of \$1.0 million, partially offset by decreases of \$2.2 million from divested operations, volume decreases of \$21.6 million, recyclable commodity sales decreases of \$14.2 million and other revenue decreases of \$0.4 million.

Revenue in our Western segment increased \$32.8 million, or 4.6%, to \$742.6 million for the year ended December 31, 2011, from \$709.8 million for the year ended December 31, 2010. The components of the increase consisted of revenue growth from acquisitions closed during, or subsequent to, the year ended December 31, 2010, of \$0.7 million, net price increases of \$17.4 million, recyclable commodity sales increases of \$11.9 million, intermodal revenue increases of \$3.8 million and other revenue increases of \$0.4 million, partially offset by decreases of \$1.3 million from divested operations and volume decreases of \$0.1 million.

Revenue in our Central segment increased \$42.3 million, or 9.8%, to \$472.5 million for the year ended December 31, 2012, from \$430.2 million for the year ended December 31, 2011. The components of the increase consisted of revenue growth from acquisitions closed during, or subsequent to, the year ended December 31, 2011, of \$28.5 million and net price increases of \$19.7 million, partially offset by decreases of \$3.1 million from divested operations, recyclable commodity sales decreases of \$2.6 million and other revenue decreases of \$0.2 million.

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Revenue in our Central segment increased \$43.5 million, or 11.2%, to \$430.2 million for the year ended December 31, 2011, from \$386.7 million for the year ended December 31, 2010. The components of the increase consisted of revenue growth from acquisitions closed during, or subsequent to, the year ended December 31, 2010, of \$29.4 million, net price increases of \$20.0 million and recyclable commodity sales increases of \$1.4 million, partially offset by decreases of \$1.5 million from divested operations and volume decreases of \$5.8 million.

Revenue in our Eastern segment increased \$34.2 million, or 10.3%, to \$366.8 million for the year ended December 31, 2012, from \$332.6 million for the year ended December 31, 2011. The components of the increase consisted of revenue growth from acquisitions closed during, or subsequent to, the year ended December 31, 2011, of \$38.1 million, net price increases of \$10.0 million and other revenue increases of \$0.9 million, partially offset by decreases of \$1.8 million from divested operations, volume decreases of \$9.8 million and recyclable commodity sales decreases of \$3.2 million.

Revenue in our Eastern segment increased \$109.4 million, or 49.0%, to \$332.6 million for the year ended December 31, 2011, from \$223.2 million for the year ended December 31, 2010. The components of the increase consisted of revenue growth from acquisitions closed during, or subsequent to, the year ended December 31, 2010, of \$98.0 million, net price increases of \$9.6 million, volume increases of \$2.0 million and recyclable commodity sales increases of \$0.7 million, partially offset by decreases of \$0.6 million from divested operations and other revenue decreases of \$0.3 million.

Revenue in our E&P segment was \$40.2 million for the period from October 25, 2012 to December 31, 2012 due to the R360 acquisition, which created the new segment.

### Segment Operating Income before Depreciation, Amortization, Gain (Loss) on Disposal of Assets and Gain From Litigation Settlement

Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement in our Western segment decreased \$3.5 million, or 1.5%, to \$229.4 million for the year ended December 31, 2012, from \$232.9 million for the year ended December 31, 2011. The decrease was primarily due to decreased recyclable commodity revenue, decreased collection and landfill municipal solid waste and special waste volumes, increased allocation of expenses from corporate due to an increase in budgeted revenues, increased leachate disposal expenses, increased disposal expenses, increased third party trucking and transportation expenses and increased property and equipment rent expenses, partially offset by price increases charged to our customers, decreased taxes on revenues, decreased expenses associated with the cost of recyclable commodities, decreased professional fees, decreased expenses for uncollectible accounts receivable and income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2011.

Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement in our Western segment increased \$14.6 million, or 6.7%, to \$232.9 million for the year ended December 31, 2011, from \$218.3 million for the year ended December 31, 2010. The increase was primarily due to increased revenues, decreased disposal expenses and decreased third party trucking and transportation expenses at our collection and disposal operations, partially offset by increased rail transportation expenses at our intermodal operations, increased franchise fees and taxes on revenues, increased expenses associated with the cost of purchasing recyclable commodities, increased direct and administrative labor expenses, increased diesel fuel expense and increased truck, equipment and container repair expenses.

Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement in our Central segment increased \$19.5 million, or 12.9%, to \$171.6 million for the year ended December 31, 2012, from \$152.1 million for the year ended December 31, 2011. The increase was primarily due to increased E&P waste treatment and disposal revenue at operating locations owned prior to the R360 acquisition, price increases charged to our customers and income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2011, partially offset by decreased collection and landfill municipal solid waste volumes, decreased recyclable commodity revenue, increased allocation of expenses from corporate due to an increase in budgeted revenues, increased third party trucking and transportation expenses, increased truck, container and equipment maintenance and repair expenses, increased landfill monitoring and maintenance expenses, increased diesel fuel expenses and increased labor expenses.

Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement in our Central segment increased \$24.2 million, or 18.9%, to \$152.1 million for the year ended December 31, 2011, from \$127.9 million for the year ended December 31, 2010. The increase was primarily due to income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2011 and the following changes at operations owned in comparable periods in 2010 and 2011: increased revenues, decreased auto and workers' compensation insurance expenses and decreased advertising expenses, partially offset by increased disposal expenses, increased third party trucking and transportation expenses, increased taxes on revenues, increased diesel fuel expense and increased truck, equipment and container repair expenses.

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Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement in our Eastern segment increased \$5.7 million, or 6.0%, to \$101.0 million for the year ended December 31, 2012, from \$95.3 million for the year ended December 31, 2011. The increase was primarily due to price increases charged to our customers and income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2011 and decreased expenses for uncollectible accounts receivable, partially offset by decreased collection and landfill municipal solid waste volumes, decreased recyclable commodity revenue, increased allocation of expenses from corporate due to an increase in budgeted revenues, increased diesel fuel expenses, increased third party trucking and transportation expenses, increased truck, container and equipment maintenance and repair expenses, increased auto and workers' compensation expense under our high deductible insurance program and increased labor expenses.

Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement in our Eastern segment increased \$26.3 million, or 38.1%, to \$95.3 million for the year ended December 31, 2011, from \$69.0 million for the year ended December 31, 2010. The increase was primarily due to income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2010 and the following changes at operations owned in comparable periods in 2010 and 2011: increased revenues, partially offset by increased third party trucking and transportation expenses, increased taxes on revenues, increased direct labor expenses, increased diesel fuel expense, increased truck, equipment and container repair expenses and increased expenses for uncollectible accounts receivable.

Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement in our E&P segment was \$16.8 million for the period from October 25, 2012 to December 31, 2012, due to the R360 acquisition, which created this new segment.

Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement at Corporate decreased \$16.6 million, or 300.6%, to a loss of \$11.1 million for the year ended December 31, 2012, from income of \$5.5 million for the year ended December 31, 2011. The decrease was primarily due to an increase in direct acquisition expenses, increased deferred compensation expense resulting from deferred compensation liabilities to employees being increased as a result of increases in the market value of investments to which employee deferred compensation balances are tracked, expenses associated with the relocation of our corporate headquarters from Folsom, California to The Woodlands, Texas and increased equity-based compensation expense, including a grant of immediately vested restricted stock units to certain executive officers at the time the executives agreed to modifications to their employment contracts.

Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement at Corporate increased \$0.2 million, or 4.5%, to \$5.5 million for the year ended December 31, 2011, from \$5.3 million for the year ended December 31, 2010. Our estimated recurring corporate expenses, which can vary from the actual amount of incurred corporate expenses, are allocated to our three geographic operating segments based upon each geographic operating segment's pro rata portion of current year consolidated budgeted revenue.

## **Liquidity and Capital Resources**

The following table sets forth certain cash flow information for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net cash provided by operating activities	\$ 416,327	\$ 388,170	\$ 332,179
Net cash used in investing activities	(1,733,847)	(400,005)	(214,224)
Net cash provided by (used in) financing activities	1,328,089	14,605	(117,721)
Net increase in cash and equivalents	10,569	2,770	234
Cash and equivalents at beginning of year	12,643	9,873	9,639
Cash and equivalents at end of year	<u>\$ 23,212</u>	<u>\$ 12,643</u>	<u>\$ 9,873</u>

### Operating Activities Cash Flows

For the year ended December 31, 2012, net cash provided by operating activities was \$416.3 million. For the year ended December 31, 2011, net cash provided by operating activities was \$388.2 million. The \$28.1 million net increase in cash provided by operating activities was due primarily to the following:

- 1) A decrease in net income of \$6.5 million adjusted for:

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- 2) An increase in cash flows from operating assets and liabilities, net of effects from acquisitions, of \$22.7 million to cash provided by operating assets and liabilities of \$14.1 million for the year ended December 31, 2012, from cash used by operating assets and liabilities of \$8.6 million for the year ended December 31, 2011. The significant components of the \$14.1 million in net cash inflows from changes in operating assets and liabilities for the year ended December 31, 2012, include the following:
  - a) an increase in cash resulting from an increase in accrued liabilities of \$7.8 million due primarily to increased liabilities for auto and workers' compensation claims, increased liabilities for payroll related expenses and increased liabilities for employee benefit claims;
  - b) an increase in cash resulting from a \$2.8 million increase in accounts payable due primarily to the timing of payments;
  - c) an increase in cash resulting from a \$2.5 million increase in other long term liabilities due primarily to increased deferred compensation plan liabilities resulting from employee contributions and plan earnings;
  - d) an increase in cash resulting from a \$1.5 million decrease in accounts receivable due to improved collection timing at our existing operations; less
  - e) a decrease in cash resulting from a \$0.7 million increase in prepaid expenses and other current assets due primarily to an increase in parts inventory, partially offset by a decrease in prepaid income taxes;
- 3) An increase in depreciation and amortization expense of \$26.5 million due primarily to assets acquired in acquisitions closed during, or subsequent to, the year ended December 31, 2011;
- 4) An increase in equity-based compensation expense of \$5.4 million due to a \$3.6 million grant of immediately vested restricted stock units to certain executive officers at the time the executives agreed to modifications to their employment contracts during the three months ended March 31, 2012, a \$1.2 million increase associated with our annual grant of restricted stock units to our personnel, and a \$0.6 million increase in the fair value of warrants issued as compensation for acquisition-related services; less
- 5) A decrease in our provision for deferred taxes of \$21.3 million due primarily to the recognition during the year ended December 31, 2011, of tax benefits associated with a change in our tax method for deducting depreciation expense for certain landfills as well as other tax deductible timing differences associated with depreciation.

For the year ended December 31, 2011, net cash provided by operating activities was \$388.2 million. For the year ended December 31, 2010, net cash provided by operating activities was \$332.2 million. The \$56.0 million net increase in cash provided by operating activities was due primarily to the following:

- 1) An increase in net income of \$30.0 million adjusted for:
- 2) An increase in our provision for deferred taxes of \$24.6 million due primarily to the recognition during the year ended December 31, 2011, of tax benefits totaling \$16.4 million associated with an Internal Revenue Service approved change in our tax method for deducting depreciation expense for certain landfills as well as other tax deductible timing differences associated with depreciation;
- 3) An increase in depreciation and amortization expense of \$19.6 million due primarily to additions to our fleet and equipment purchased to support our existing operations and assets acquired in acquisitions closed during, or subsequent to, the year ended December 31, 2010;
- 4) An increase of \$7.2 million attributable to a decrease in the excess tax benefit associated with equity-based compensation, due to a decrease in stock option exercises resulting in decreased taxable income recognized by employees that is tax deductible to us; less
- 5) A decrease in cash flows from operating assets and liabilities, net of effects from acquisitions, of \$24.5 million to cash used by operating assets and liabilities of \$8.6 million for the year ended December 31, 2011, from cash provided by operating assets and liabilities of \$15.9 million for the year ended December 31, 2010. The significant components of the \$8.6 million in cash outflows from changes in operating assets and liabilities for the year ended December 31, 2011, include the following:
  - a) a decrease in cash resulting from a \$14.5 million increase in accounts receivable due to an increase in revenues;
  - b) a decrease in cash resulting from a \$4.2 million increase in prepaid expenses and other current assets due primarily to increases in prepaid insurance expenses, income taxes receivable, other prepaid expenses and parts inventory;
  - c) a decrease in cash resulting from a \$2.9 million decrease in accounts payable due primarily to the timing of payments; less
  - d) an increase in cash resulting from an increase in accrued liabilities of \$9.6 million due primarily to increased accrued interest expense due to increased debt balances and the timing of interest payments, increased liabilities for auto and workers' compensation claims, and increased liabilities for employee medical benefit expenses, increased liabilities for property taxes and increased liability for cash incentive compensation; less
  - e) an increase in cash resulting from an increase in deferred revenue of \$4.2 million due primarily to increased revenues and timing of billing for services.

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As of December 31, 2012, we had a working capital deficit of \$55.1 million, including cash and equivalents of \$23.2 million. Our working capital deficit increased \$20.6 million from a deficit of \$34.5 million at December 31, 2011. To date, we have experienced no loss or lack of access to our cash or cash equivalents; however, we can provide no assurances that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets. Our strategy in managing our working capital is generally to apply the cash generated from our operations that remains after satisfying our working capital and capital expenditure requirements, along with stock repurchase and dividend programs, to reduce the unhedged portion of our indebtedness under our credit facility and to minimize our cash balances.

### Investing Activities Cash Flows

Net cash used in investing activities increased \$1.334 billion to \$1.734 billion for the year ended December 31, 2012, from \$400.0 million for the year ended December 31, 2011. The significant components of the increase in net cash used include the following:

- 1) An increase in payments for acquisitions of \$1.322 billion primarily due to the cash consideration we paid in 2012 for the R360, Alaska Waste and SKB Environmental acquisitions exceeding the cash consideration we paid in 2011 for the acquisition of County Waste and for the Colonie Landfill transaction;
- 2) An increase in capital expenditures for property and equipment of \$11.6 million due to increases in expenditures for trucks, leasehold improvements, equipment and land, partially offset by a decrease in expenditures for buildings and site costs at various landfills;
- 3) An increase in other assets of \$1.2 million due to increases in notes receivable and deferred compensation plan investments; less
- 4) An increase in cash provided of \$2.6 million due to an increase in the liquidation of restricted asset accounts that were replaced with financial surety bonds during the year ended December 31, 2012.

Net cash used in investing activities increased \$185.8 million to \$400.0 million for the year ended December 31, 2011, from \$214.2 million for the year ended December 31, 2010. The significant components of the increase include the following:

- 1) An increase in payments for acquisitions of \$176.8 million primarily due to the acquisition of County Waste and for the Colonie Landfill transaction;
- 2) An increase in capital expenditures for property and equipment of \$7.1 million due to increases in expenditures for site costs at various landfills, equipment, computers and buildings, partially offset by a decrease in expenditures for land and trucks, and
- 3) A decrease in proceeds from the sale of property, plant and equipment of \$2.2 million.

### Financing Activities Cash Flows

Net cash provided by financing activities increased \$1.313 billion to \$1.328 billion for the year ended December 31, 2012, from \$14.6 million for the year ended December 31, 2011. The significant components of the increase include the following:

- 1) An increase in cash flows from the proceeds from our common stock offering of \$369.6 million, net, due to the March 2012 sale of 12,000,000 shares of our common stock in a public offering;
- 2) A decrease in payments to repurchase our common stock of \$98.2 million due to less shares repurchased;
- 3) An increase in net long-term borrowings of \$867.4 million due primarily to funding \$1.275 billion of the purchase price for the R360 acquisition with \$475 million of proceeds from borrowings under our credit facility and \$800 million of proceeds from our new term loan facility; partially offset by the repayment of debt with the \$369.6 million of proceeds from our common stock offering; less
- 4) An increase in cash dividends paid of \$8.9 million due to an increase in our dividend rate to an annual total of \$0.37 per share in 2012 and an increase in our total common shares outstanding; less
- 5) An increase in payments of contingent consideration of \$12.0 million due to the payout of \$8.4 million of contingent consideration assumed in the R360 acquisition and the payout of \$4.1 million of contingent consideration related to the achievement of earnings targets for acquisitions closed in 2011 and 2010; partially offset by the payout of \$0.5 million of contingent consideration in 2011 related to the achievement of earnings targets for an acquisition closed in 2010; less
- 6) A decrease in proceeds from option and warrant exercises of \$1.1 million due to a decrease in the number of options and warrants exercised in the year ended December 31, 2012.

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Net cash flows from financing activities increased \$132.3 million to a net cash provided by financing activities total of \$14.6 million for the year ended December 31, 2011, from a net cash used in financing activities total of \$117.7 million for the year ended December 31, 2010. The significant components of the increase include the following:

- 1) An increase in net long-term borrowings of \$155.0 million due primarily to the issuance of new debt to fund the acquisition of County Waste and for the Colonie Landfill transaction;
- 2) A decrease in payments to repurchase our common stock of \$49.5 million; less
- 3) A decrease in proceeds from option and warrant exercises of \$27.9 million due to a decrease in the number of options and warrants exercised in the year ended December 31, 2011; less
- 4) An increase in cash dividends paid of \$27.0 million with the initiation of a quarterly cash dividend in November 2010; less
- 5) A decrease in the excess tax benefit associated with equity-based compensation of \$7.2 million; less
- 6) An increase in debt issuance costs of \$6.6 million in conjunction with our new senior revolving credit facility entered into during the year ended December 31, 2011.

Our business is capital intensive. Our capital requirements include acquisitions and capital expenditures for landfill cell construction, landfill development, landfill closure activities and intermodal facility construction in the future.

On February 27, 2012, we entered into an underwriting agreement with Morgan Stanley & Co. LLC, in connection with the offer and sale by us of 12,000,000 shares of our common stock, par value \$0.01 per share. The shares of common stock were sold to Morgan Stanley & Co. LLC at a price of \$30.83 per share. The offering closed on March 2, 2012. We received net proceeds from this offering of \$369.6 million after deducting transaction expenses paid by us of approximately \$0.4 million. We used \$247.0 million of the net proceeds to repay the unhedged borrowings under our credit facility and the remaining proceeds to partially fund the acquisition of Alaska Waste (see Note 3 of our consolidated financial statements included in Item 8 of this report for further information on the Alaska Waste acquisition).

Our Board of Directors has authorized a common stock repurchase program for the repurchase of up to \$1.2 billion of our common stock through December 31, 2014. Under the program, stock repurchases may be made in the open market or in privately negotiated transactions from time to time at management's discretion. The timing and amounts of any repurchases will depend on many factors, including our capital structure, the market price of the common stock and overall market conditions. As of December 31, 2012 and 2011, we had repurchased in aggregate 39.9 million and 39.2 million shares, respectively, of our common stock at an aggregate cost of \$784.0 million and \$765.4 million, respectively. As of December 31, 2012, the remaining maximum dollar value of shares available for purchase under the program was approximately \$416.0 million.

On October 19, 2010, our Board of Directors authorized a three-for-two split of our common stock, in the form of a 50% stock dividend, payable to stockholders of record as of October 29, 2010. Shares resulting from the split were issued on November 12, 2010. All share and per share amounts for all periods presented have been retroactively adjusted to reflect the stock split.

In addition, in October 2010, our Board of Directors authorized the initiation of a quarterly cash dividend of \$0.075 per share, adjusted for the three-for-two stock split described above. In October 2011, our Board of Directors authorized an increase to our regular quarterly cash dividend from \$0.075 to \$0.09 per share. In October 2012, the Board of Directors authorized an increase to our regular quarterly cash dividend from \$0.09 to \$0.10 per share. Cash dividends of \$44.5 million and \$35.6 million were paid during the years ended December 31, 2012 and 2011, respectively. We cannot assure you as to the amounts or timing of future dividends.

We made \$153.5 million in capital expenditures during the year ended December 31, 2012. We expect to make capital expenditures of approximately \$185 million in 2013 in connection with our existing business. We intend to fund our planned 2013 capital expenditures principally through cash on hand, internally generated funds and borrowings under our credit facility. In addition, we may make substantial additional capital expenditures in acquiring MSW and E&P waste businesses. If we acquire additional landfill disposal facilities, we may also have to make significant expenditures to bring them into compliance with applicable regulatory requirements, obtain permits or expand our available disposal capacity. We cannot currently determine the amount of these expenditures because they will depend on the number, nature, condition and permitted status of any acquired landfill disposal facilities. We believe that our cash and equivalents, credit facility and the funds we expect to generate from operations will provide adequate cash to fund our working capital and other cash needs for the foreseeable future. However, disruptions in the capital and credit markets could adversely affect our ability to draw on our credit facility or raise other capital. Our access to funds under the credit facility is dependent on the ability of the banks that are parties to the facility to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time.

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On October 25, 2012, we completed the acquisition of the business of R360, through the acquisition of all of R360's principal operating subsidiaries, for total cash consideration of approximately \$1.34 billion. Additionally, we assumed approximately \$9.3 million of outstanding R360 debt and \$37.3 million of contingent consideration. The R360 business consists of E&P landfills, E&P liquid waste injection wells, E&P waste treatment and recovery facilities and oil recovery facilities at 24 operating locations across Louisiana, New Mexico, North Dakota, Oklahoma, Texas and Wyoming.

The R360 acquisition was funded with available cash and with borrowings of \$475 million under our existing senior revolving credit facility and \$800 million under a new uncollateralized term loan facility with Bank of America, N.A. and the other banks and lending institutions party thereto, as lenders, Bank of America, N.A., as administrative agent, and JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as co-syndication agents. The term loan is subject to principal payments commencing at \$10.0 million per quarter in April 2013, increasing to \$20.0 million per quarter in April 2014 and increasing again to \$30.0 million per quarter in April 2015. A final principal payment of \$390.0 million is due upon maturity of the term loan on October 25, 2017. The borrowings under the term loan facility are required to be used only to fund the R360 acquisition pursuant to the R360 purchase and sale agreement and to pay fees and expenses incurred in connection with the R360 acquisition and our entry into the term loan facility.

We may elect to draw amounts on the term loan facility in either base rate loans or LIBOR loans. At December 31, 2012, all amounts outstanding under the term loan facility were in LIBOR loans which bear interest at the LIBOR rate plus the applicable LIBOR margin (approximately 2.21% at December 31, 2012). The LIBOR rate is determined by the administrative agent in a customary manner as described in the term loan agreement. The applicable margins under the term loan agreement vary depending on our leverage ratio, as defined in the term loan agreement, and range from 1.375% per annum to 2.500% per annum for LIBOR loans. As of December 31, 2012, the margin was 2.0% for LIBOR loans. Borrowings under the term loan facility are not collateralized.

The term loan facility contains representations and warranties and places certain business, financial and operating restrictions on us relating to, among other things, indebtedness, liens, investments, mergers, consolidation and disposition of assets, sale and leaseback transactions, restricted payments and redemptions, burdensome agreements, business activities, transactions with affiliates, prepayments of indebtedness and accounting changes. The term loan facility requires that we maintain specified quarterly leverage and interest coverage ratios. The required leverage ratio cannot exceed 3.50x total debt to earnings before interest, taxes, depreciation and amortization, or EBITDA. The required interest coverage ratio must be at least 2.75x total interest expense to earnings before interest and taxes, or EBIT. As of December 31, 2012, our leverage and interest coverage ratios were 3.28x and 6.88x, respectively. We expect to be in compliance with all applicable covenants in the term loan facility for the next 12 months.

We have a \$1.2 billion senior revolving credit facility, or the credit facility, with a syndicate of banks for which Bank of America, N.A. acts as administrative agent and J.P. Morgan Chase Bank, N.A. and Wells Fargo Bank, National Association act as co-syndication agents. As of December 31, 2012, \$787.0 million was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$87.3 million. As of December 31, 2011, \$519.0 million was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$80.4 million. As of December 31, 2010, \$511.0 million was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$82.9 million.

Under the credit facility, there is no maximum amount of standby letters of credit that can be issued; however, the issuance of standby letters of credit reduces the amount of total borrowings available. The credit facility requires us to pay a commitment fee ranging from 0.200% per annum to 0.350% per annum of the unused portion of the facility. The borrowings under the credit facility bear interest, at our option, at either the base rate plus the applicable base rate margin on base rate loans, or the LIBOR rate plus the applicable margin on LIBOR loans. The base rate for any day is a fluctuating rate per annum equal to the highest of: (1) the federal funds rate plus one half of one percent (0.500%); (2) the LIBOR rate plus one percent (1.000%), and (3) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The LIBOR rate is determined by the administrative agent pursuant to a formula in the credit agreement. The applicable margins under the credit agreement vary depending on our leverage ratio, as defined in the credit agreement, and range from 1.150% per annum to 2.000% per annum for LIBOR loans and 0.150% per annum to 1.000% per annum for base rate loans. The credit facility matures in July 2016. The borrowings under the credit facility are not collateralized. The credit facility contains representations and warranties and places certain business, financial and operating restrictions on us relating to, among other things, indebtedness, liens and other encumbrances, investments, mergers and acquisitions, asset sales, sale and leaseback transactions, and dividends, distributions and redemptions of capital stock. The credit facility requires that we maintain specified quarterly leverage and interest coverage ratios. The required leverage ratio cannot exceed 3.50x total debt to EBITDA. The required interest coverage ratio must be at least 2.75x total interest expense to EBIT. As of December 31, 2012 and 2011, our leverage ratio was 3.28x and 2.33x, respectively. As of December 31, 2012 and 2011, our interest coverage ratio was 6.88x and 7.69x, respectively. We expect to be in compliance with all applicable covenants under the credit facility for the next 12 months. We use the credit facility for acquisitions, capital expenditures, working capital, standby letters of credit and general corporate purposes.

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On March 20, 2006, we completed the offering of \$200 million aggregate principal amount of our 3.75% Convertible Senior Notes due 2026, or the 2026 Notes, pursuant to a private placement. The 2026 Notes were convertible into cash and, if applicable, shares of our common stock based on an initial conversion rate of 44.1177 shares of common stock per \$1,000 principal amount of 2026 Notes (which was equal to an initial conversion price of approximately \$22.67 per share), subject to adjustment, and only under certain circumstances. Upon a surrender of the 2026 Notes for conversion, we were required to deliver cash equal to the lesser of the aggregate principal amount of notes to be converted or our total conversion obligation.

On April 1, 2010, we redeemed the \$200 million aggregate principal amount of the 2026 Notes. Holders of the notes chose to convert a total of \$22.7 million principal amount of the notes. In addition to paying the principal amount of these notes with proceeds from our credit facility, we issued 32,859 shares of our common stock in connection with the conversion and redemption. We redeemed the remaining \$177.3 million principal amount of the notes with proceeds from our credit facility. All holders of the notes also received accrued interest and an interest make-whole payment. As a result of the redemption, we recognized \$9.7 million of pre-tax expense (\$6.0 million net of taxes) in April 2010.

On July 15, 2008, we entered into a Master Note Purchase Agreement with certain accredited institutional investors pursuant to which we issued and sold to the investors at a closing on October 1, 2008, \$175 million of senior uncollateralized notes due October 1, 2015, or the 2015 Notes, in a private placement. The 2015 Notes bear interest at the fixed rate of 6.22% per annum with interest payable in arrears semi-annually on April 1 and October 1 beginning on April 1, 2009, and with principal payable at the maturity of the 2015 Notes on October 1, 2015.

On October 26, 2009, we entered into a First Supplement to the Master Note Purchase Agreement with certain accredited institutional investors pursuant to which we issued and sold to the investors on that date \$175 million of senior uncollateralized notes due November 1, 2019, or the 2019 Notes, in a private placement. The 2019 Notes bear interest at the fixed rate of 5.25% per annum with interest payable in arrears semi-annually on May 1 and November 1 beginning on May 1, 2010, and with principal payable at the maturity of the 2019 Notes on November 1, 2019.

On April 1, 2011, we entered into a Second Supplement to Master Note Purchase Agreement with certain accredited institutional investors, pursuant to which we issued and sold to the investors on that date \$250 million of senior uncollateralized notes at fixed interest rates with interest payable in arrears semi-annually on October 1 and April 1 beginning on October 1, 2011 in a private placement. Of these notes, \$100 million will mature on April 1, 2016 with an annual interest rate of 3.30% (the "2016 Notes"), \$50 million will mature on April 1, 2018 with an annual interest rate of 4.00% (the "2018 Notes"), and \$100 million will mature on April 1, 2021 with an annual interest rate of 4.64% (the "2021 Notes").

The 2015 Notes, 2016 Notes, 2018 Notes, 2019 Notes, and 2021 Notes (collectively, the "Senior Notes") are uncollateralized obligations and rank equally in right of payment with each of the Senior Notes, the obligations under our senior uncollateralized revolving credit facility and the obligations under our term loan facility. The Senior Notes are subject to representations, warranties, covenants and events of default. The Master Note Purchase Agreement requires that we maintain specified quarterly leverage and interest coverage ratios. The required leverage ratio cannot exceed 3.75x total debt to EBITDA. The required interest coverage ratio must be at least 2.75x total interest expense to EBIT. As of December 31, 2012 and 2011, our leverage ratio was 3.28x and 2.33x, respectively. As of December 31, 2012 and 2011, our interest coverage ratio was 6.88x and 7.69x, respectively. We expect to be in compliance with all applicable covenants under the Senior Notes for the next 12 months.

Upon the occurrence of an event of default, payment of the Senior Notes may be accelerated by the holders of the respective notes. The Senior Notes may also be prepaid at any time in whole or from time to time in any part (not less than 5% of the then-outstanding principal amount) by us at par plus a make-whole amount determined in respect of the remaining scheduled interest payments on the Senior Notes, using a discount rate of the then current market standard for United States treasury bills plus 0.50%. In addition, we will be required to offer to prepay the Senior Notes upon certain changes in control.

We may issue additional series of senior uncollateralized notes pursuant to the terms and conditions of the Master Note Agreement, provided that the purchasers of the Senior Notes shall not have any obligation to purchase any additional notes issued pursuant to the Master Note Agreement and the aggregate principal amount of the outstanding notes and any additional notes issued pursuant to the Master Note Agreement shall not exceed \$750 million. We currently have \$600 million of Notes outstanding under the Master Note Agreement.

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As of December 31, 2012, we had the following contractual obligations (in thousands):

Recorded Obligations	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Over 5 years
Long-term debt	\$2,238,935	\$33,968	\$334,441	\$1,509,465	\$361,061
Cash interest payments	295,613	68,002	126,089	63,307	38,215
Contingent consideration	97,507	49,622	6,978	4,580	36,327

Long-term debt payments include:

- 1) \$787.0 million in principal payments due July 2016 related to our credit facility. We may elect to draw amounts on our credit facility in either base rate loans or LIBOR loans. At December 31, 2012, all amounts outstanding under the credit facility were in LIBOR loans which bear interest at the LIBOR rate plus applicable LIBOR margin (approximately 1.48% at December 31, 2012). As of December 31, 2012, our credit facility allowed us to borrow up to \$1.2 billion.
- 2) \$800.0 million in principal payments related to our term loan facility. We may elect to draw amounts on the term loan facility in either base rate loans or LIBOR loans. At December 31, 2012, all amounts outstanding under the term loan facility were in LIBOR loans which bear interest at the LIBOR rate plus the applicable LIBOR margin (approximately 2.21% at December 31, 2012). Our term loan facility matures on October 25, 2017.
- 3) \$175.0 million in principal payments due 2015 related to our 2015 Notes. Holders of the 2015 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2015 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2015 Notes bear interest at a rate of 6.22%.
- 4) \$100.0 million in principal payments due 2016 related to our 2016 Notes. Holders of the 2016 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2016 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2016 Notes bear interest at a rate of 3.30%.
- 5) \$50.0 million in principal payments due 2018 related to our 2018 Notes. Holders of the 2018 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2018 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2018 Notes bear interest at a rate of 4.00%.
- 6) \$175.0 million in principal payments due 2019 related to our 2019 Notes. Holders of the 2019 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2019 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2019 Notes bear interest at a rate of 5.25%.
- 7) \$100.0 million in principal payments due 2021 related to our 2021 Notes. Holders of the 2021 Notes may require us to purchase their notes in cash at a purchase price of 100% of the principal amount of the 2021 Notes plus accrued and unpaid interest, if any, upon a change in control, as defined in the Master Note Purchase Agreement. The 2021 Notes bear interest at a rate of 4.64%.
- 8) \$35.7 million in principal payments related to our tax-exempt bonds, which bear interest at variable rates (between 0.17% and 0.24%) at December 31, 2012. The tax-exempt bonds have maturity dates ranging from 2014 to 2033.
- 9) \$16.3 million in principal payments related to our notes payable to sellers and other third parties. Our notes payable to sellers and other third parties bear interest at rates between 2.50% and 10.9% at December 31, 2012, and have maturity dates ranging from 2014 to 2036.

The following assumptions were made in calculating cash interest payments:

- 1) We calculated cash interest payments on the credit facility using the LIBOR rate plus the applicable LIBOR margin at December 31, 2012. We assumed the credit facility is paid off when it matures in July 2016.
- 2) We calculated cash interest payments on the term loan facility using the LIBOR rate plus the applicable LIBOR margin at December 31, 2012.
- 3) We calculated cash interest payments on our interest rate swaps using the stated interest rate in the swap agreement less the LIBOR rate through the earlier expiration of the term of the swaps or the term of the credit facility.

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Contingent consideration payments include \$79.4 million recorded as liabilities in our consolidated financial statements at December 31, 2012, and \$18.1 million of future interest accretion on the recorded obligations.

Unrecorded Obligations <sup>(1)</sup>	Amount of Commitment Expiration Per Period (amounts in thousands)				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years
Operating leases	\$ 148,559	\$ 19,121	\$ 33,615	\$ 25,398	\$ 70,425

(1) We are party to operating lease agreements as discussed in Note 11 to the consolidated financial statements. These lease agreements are established in the ordinary course of our business and are designed to provide us with access to facilities at competitive, market-driven prices. These arrangements have not materially affected our financial position, results of operations or liquidity during the year ended December 31, 2012, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

We have obtained standby letters of credit as discussed in Note 7 to the consolidated financial statements and financial surety bonds as discussed in Note 11 to the consolidated financial statements. These standby letters of credit and financial surety bonds are generally obtained to support our financial assurance needs and landfill and E&P operations. These arrangements have not materially affected our financial position, results of operations or liquidity during the year ended December 31, 2012, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

From time to time, we evaluate our existing operations and their strategic importance to us. If we determine that a given operating unit does not have future strategic importance, we may sell or otherwise dispose of those operations. Although we believe our reporting units would not be impaired by such dispositions, we could incur losses on them.

**New Accounting Pronouncements**

See Note 1 to the consolidated financial statements for a description of the new accounting standards that are applicable to us.

**Non-GAAP Financial Measures**

Reconciliation of Adjusted Free Cash Flow

We present adjusted free cash flow, a non-GAAP financial measure, supplementally because it is widely used by investors as a valuation and liquidity measure in the solid waste industry. Management uses adjusted free cash flow as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. We define adjusted free cash flow as net cash provided by operating activities, plus proceeds from disposal of assets, plus or minus change in book overdraft, plus excess tax benefit associated with equity-based compensation, less capital expenditures for property and equipment and distributions to noncontrolling interests. We further adjust this calculation to exclude the effects of items management believes impact the ability to assess the operating performance of our business. This measure is not a substitute for, and should be used in conjunction with, GAAP liquidity or financial measures. Other companies may calculate adjusted free cash flow differently. Our adjusted free cash flow for the years ended December 31, 2012, 2011 and 2010, are calculated as follows (amounts in thousands):

	Years Ended December 31,		
	2012	2011	2010
Net cash provided by operating activities	\$ 416,327	\$ 388,170	\$ 332,179
Plus/less: Change in book overdraft	398	(227)	279
Plus: Proceeds from disposal of assets	2,741	4,434	6,659
Plus: Excess tax benefit associated with equity-based compensation	5,033	4,763	11,997
Less: Capital expenditures for property and equipment	(153,517)	(141,924)	(134,829)
Less: Distributions to noncontrolling interests	(198)	(675)	—
Adjustment:			
Corporate office relocation, net of taxes <sup>(a)</sup>	4,975	251	—
Adjusted free cash flow	\$ 275,759	\$ 254,792	\$ 216,285

(a) Reflects the addback of third party expenses and reimbursable advances to employees associated with the relocation of our corporate headquarters from California to Texas.

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Reconciliation of Adjusted Operating Income Before Depreciation and Amortization

We present adjusted operating income before depreciation and amortization, a non-GAAP financial measure, supplementally because it is widely used by investors as a performance and valuation measure in the solid waste industry. Management uses adjusted operating income before depreciation and amortization as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. We define adjusted operating income before depreciation and amortization as operating income, plus depreciation and amortization expense, plus closure and post-closure accretion expense, plus or minus any gain or loss on disposal of assets. We further adjust this calculation to exclude the effects of items management believes impact the ability to assess the operating performance of our business. This measure is not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate adjusted operating income before depreciation and amortization differently. Our adjusted operating income before depreciation and amortization for the years ended December 31, 2012, 2011 and 2010, are calculated as follows (amounts in thousands):

	Years Ended December 31,		
	2012	2011	2010
Operating income	\$ 316,147	\$ 317,062	\$ 272,383
Plus: Depreciation and amortization	193,584	167,100	147,456
Plus: Closure and post-closure accretion	2,581	1,967	1,766
Plus: Loss on disposal of assets	1,627	1,657	571
Adjustments:			
Plus: Acquisition-related costs <sup>(a)</sup>	6,415	1,744	2,081
Plus: Corporate relocation expenses <sup>(b)</sup>	8,031	83	—
Plus: Named executive officers' one-time equity grants <sup>(c)</sup>	3,585	—	—
Less: Gain from litigation settlement <sup>(d)</sup>	(3,551)	—	—
Adjusted operating income before depreciation and amortization	<u>\$528,419</u>	<u>\$489,613</u>	<u>\$424,257</u>

- (a) Reflects the addback of acquisition-related transaction and severance costs.
- (b) Reflects the addback of costs associated with the relocation of our corporate headquarters from California to Texas.
- (c) Reflects the addback of one-time equity compensation expense incurred at the time our named executive officers' employment contracts were modified.
- (d) Reflects the elimination of a non-recurring gain from an arbitration award.

[Table of Contents](#)Reconciliation of Net Income to Adjusted Net Income and Adjusted Net Income per Diluted Share

We present adjusted net income and adjusted net income per diluted share, both non-GAAP financial measures, supplementally because they are widely used by investors as a valuation measure in the solid waste industry. Management uses adjusted net income and adjusted net income per diluted share as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. We provide adjusted net income to exclude the effects of items management believes impact the comparability of operating results between periods. Adjusted net income has limitations due to the fact that it may exclude items that have an impact on our financial condition and results of operations. Adjusted net income and adjusted net income per diluted share are not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate adjusted net income and adjusted net income per diluted share differently. Our adjusted net income and adjusted net income per diluted share for the years ended December 31, 2012, 2011 and 2010, are calculated as follows (amounts in thousands, except per share amounts):

	Years Ended December 31,		
	2012	2011	2010
Reported net income attributable to Waste Connections	\$ 159,093	\$ 165,239	\$ 135,104
Adjustments:			
Amortization of intangibles, net of taxes <sup>(a)</sup>	15,209	12,440	9,041
Acquisition-related costs, net of taxes <sup>(b)</sup>	4,052	1,327	1,290
Loss on disposal of assets, net of taxes <sup>(c)</sup>	1,006	1,027	776
Corporate relocation expenses, net of taxes <sup>(d)</sup>	4,975	51	—
Named executive officers' one-time equity grants, net of taxes <sup>(e)</sup>	3,315	—	—
Gain from litigation settlement, net of taxes <sup>(f)</sup>	(2,202)	—	—
Impact of deferred tax adjustment <sup>(g)</sup>	2,602	—	1,547
Loss on extinguishment of debt, net of taxes <sup>(h)</sup>	—	—	6,320
Adjusted net income attributable to Waste Connections	<u>\$ 188,050</u>	<u>\$ 180,084</u>	<u>\$ 154,078</u>
Diluted earnings per common share attributable to Waste Connections common stockholders:			
Reported net income	\$ 1.31	\$ 1.45	\$ 1.16
Adjusted net income	<u>\$ 1.54</u>	<u>\$ 1.59</u>	<u>\$ 1.32</u>

- (a) Reflects the elimination of the non-cash amortization of acquisition-related intangible assets.
- (b) Reflects the elimination of acquisition-related costs.
- (c) Reflects the elimination of a loss on disposal of assets.
- (d) Reflects the addback of costs associated with the relocation of our corporate headquarters from California to Texas.
- (e) Reflects the addback of one-time equity compensation expense incurred at the time our named executive officers' employment contracts were modified.
- (f) Reflects the elimination of a non-recurring gain from an arbitration award.
- (g) Reflects (1) the elimination in 2012 of an increase to the income tax provision associated with an increase in our deferred tax liabilities primarily resulting from the R360 acquisition and (2) the elimination in 2010 of an increase to the income tax provision associated with an adjustment in our deferred tax liabilities primarily resulting from a voter-approved increase in Oregon state income tax rates.
- (h) Reflects the elimination of costs associated with early redemption of outstanding debt.

**Inflation**

Other than volatility in fuel prices and labor costs in certain markets, inflation has not materially affected our operations in recent years. Consistent with industry practice, many of our contracts allow us to pass through certain costs to our customers, including increases in landfill tipping fees and, in some cases, fuel costs. Therefore, we believe that we should be able to increase prices to offset many cost increases that result from inflation in the ordinary course of business. However, competitive pressures or delays in the timing of rate increases under our contracts may require us to absorb at least part of these cost increases, especially if cost increases exceed the average rate of inflation. Management's estimates associated with inflation have an impact on our accounting for landfill liabilities.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

In the normal course of business, we are exposed to market risk, including changes in interest rates and prices of certain commodities. We use hedge agreements to manage a portion of our risks related to interest rates and fuel prices. While we are exposed to credit risk in the event of non-performance by counterparties to our hedge agreements, in all cases such counterparties are highly rated financial institutions and we do not anticipate non-performance. We do not hold or issue derivative financial instruments for trading purposes. We monitor our hedge positions by regularly evaluating the positions at market and by performing sensitivity analyses over the unhedged fuel and variable rate debt positions.

At December 31, 2012, our derivative instruments included three interest rate swap agreements that effectively fix the interest rate on the applicable notional amounts of our variable rate debt as follows (dollars in thousands):

<u>Date Entered</u>	<u>Notional Amount</u>	<u>Fixed Interest Rate Paid*</u>	<u>Variable Interest Rate Received</u>	<u>Effective Date</u>	<u>Expiration Date</u>
March 2009	\$ 175,000	2.85%	1-month LIBOR	February 2011	February 2014
August 2011	\$ 150,000	0.80%	1-month LIBOR	April 2012	January 2015
December 2011	\$ 175,000	1.60%	1-month LIBOR	February 2014	February 2017

\* plus applicable margin.

Under derivatives and hedging guidance, the interest rate swap agreements are considered cash flow hedges for a portion of our variable rate debt, and we apply hedge accounting to account for these instruments. The notional amounts and all other significant terms of the swap agreements are matched to the provisions and terms of the variable rate debt being hedged.

We have performed sensitivity analyses to determine how market rate changes will affect the fair value of our unhedged floating rate debt. Such an analysis is inherently limited in that it reflects a singular, hypothetical set of assumptions. Actual market movements may vary significantly from our assumptions. Fair value sensitivity is not necessarily indicative of the ultimate cash flow or earnings effect we would recognize from the assumed market rate movements. We are exposed to cash flow risk due to changes in interest rates with respect to the unhedged floating rate balances owed at December 31, 2012 and 2011, of \$1.298 billion and \$382.5 million, respectively, including floating rate debt under our credit facility, term loan facility and floating rate municipal bond obligations. A one percentage point increase in interest rates on our variable-rate debt as of December 31, 2012 and 2011, would decrease our annual pre-tax income by approximately \$13.0 million and \$3.8 million, respectively. All of our remaining debt instruments are at fixed rates, or effectively fixed under the interest rate swap agreements described above; therefore, changes in market interest rates under these instruments would not significantly impact our cash flows or results of operations, subject to counterparty default risk.

The market price of diesel fuel is unpredictable and can fluctuate significantly. We purchase approximately 30 million gallons of fuel per year; therefore, a significant increase in the price of fuel could adversely affect our business and reduce our operating margins. To manage a portion of this risk, we periodically entered into fuel hedge agreements related to forecasted diesel fuel purchases.

At December 31, 2012, our derivative instruments included one fuel hedge agreement as follows:

<u>Date Entered</u>	<u>Notional Amount (in gallons per month)</u>	<u>Diesel Rate Paid Fixed (per gallon)</u>	<u>Diesel Rate Received Variable</u>	<u>Effective Date</u>	<u>Expiration Date</u>
June 2012	300,000	\$ 3.60	DOE Diesel Fuel Index*	January 2014	December 2015

\* If the national U.S. on-highway average price for a gallon of diesel fuel ("average price"), as published by the Department of Energy, exceeds the contract price per gallon, we receive the difference between the average price and the contract price (multiplied by the notional number of gallons) from the counterparty. If the average price is less than the contract price per gallon, we pay the difference to the counterparty.

Under derivatives and hedging guidance, the fuel hedge is considered a cash flow hedge for a portion of our forecasted diesel fuel purchases, and we apply hedge accounting to account for this instrument.

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We have performed sensitivity analyses to determine how market rate changes will affect the fair value of our unhedged diesel fuel purchases. Such an analysis is inherently limited in that it reflects a singular, hypothetical set of assumptions. Actual market movements may vary significantly from our assumptions. Fair value sensitivity is not necessarily indicative of the ultimate cash flow or earnings effect we would recognize from the assumed market rate movements. For the year ending December 31, 2013, we expect to purchase approximately 30 million gallons of fuel at market prices, and a \$0.10 per gallon increase in the price of fuel over the year would decrease our pre-tax income during this period by approximately \$3.0 million.

We market a variety of recyclable materials, including cardboard, office paper, plastic containers, glass bottles and ferrous and aluminum metals. We own and operate 38 recycling processing operations and sell other collected recyclable materials to third parties for processing before resale. To reduce our exposure to commodity price risk with respect to recycled materials, we have adopted a pricing strategy of charging collection and processing fees for recycling volume collected from third parties. In the event of a decline in recycled commodity prices, a 10% decrease in average recycled commodity prices from the average prices that were in effect during the year ended December 31, 2012 and 2011, would have had a \$7.3 million and \$8.7 million impact on revenues for the year ended December 31, 2012 and 2011, respectively.

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of  
Waste Connections, Inc.

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Waste Connections, Inc. and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded the former principal operating subsidiaries of R360 Environmental Solutions, Inc. (the "R360 subsidiaries") from its assessment of internal control over financial reporting as of December 31, 2012 because they were acquired by the Company in a purchase business combination in 2012. We have also excluded the R360 subsidiaries from our audit of internal control over financial reporting. The R360 subsidiaries are wholly-owned subsidiaries whose total assets and total revenues represent 28.5% and 2.4%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2012.

/s/ PricewaterhouseCoopers LLP  
Houston, TX  
March 1, 2013

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WASTE CONNECTIONS, INC.  
CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	December 31,	
	2012	2011
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 23,212	\$ 12,643
Accounts receivable, net of allowance for doubtful accounts of \$6,548 and \$6,617 at December 31, 2012 and 2011, respectively	235,762	176,277
Deferred income taxes	45,798	20,630
Prepaid expenses and other current assets	57,714	39,708
Total current assets	362,486	249,258
Property and equipment, net	2,457,606	1,450,469
Goodwill	1,636,557	1,116,888
Intangible assets, net	541,908	449,581
Restricted assets	34,889	30,544
Other assets, net	42,580	31,265
	<u>\$ 5,076,026</u>	<u>\$ 3,328,005</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 130,260	\$ 95,097
Book overdraft	12,567	12,169
Accrued liabilities	121,829	97,020
Deferred revenue	69,930	64,694
Current portion of contingent consideration	49,018	8,923
Current portion of long-term debt and notes payable	33,968	5,899
Total current liabilities	417,572	283,802
Long-term debt and notes payable	2,204,967	1,172,758
Long-term portion of contingent consideration	30,346	22,573
Other long-term liabilities	75,129	52,051
Deferred income taxes	464,882	397,134
Total liabilities	3,192,896	1,928,318
Commitments and contingencies (Note 11)		
Equity:		
Preferred stock: \$0.01 par value per share; 7,500,000 shares authorized; none issued and outstanding	—	—
Common stock: \$0.01 par value per share; 250,000,000 shares authorized; 123,019,494 and 110,907,782 shares issued and outstanding at December 31, 2012 and 2011, respectively	1,230	1,109
Additional paid-in capital	779,904	408,721
Accumulated other comprehensive loss	(6,165)	(3,480)
Retained earnings	1,103,188	988,560
Total Waste Connections' equity	1,878,157	1,394,910
Noncontrolling interest in subsidiaries	4,973	4,777
Total equity	<u>1,883,130</u>	<u>1,399,687</u>
	<u>\$ 5,076,026</u>	<u>\$ 3,328,005</u>

The accompanying notes are an integral part of these consolidated financial statements.

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WASTE CONNECTIONS, INC.  
CONSOLIDATED STATEMENTS OF NET INCOME  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Years Ended December 31,		
	2012	2011	2010
Revenues	\$ 1,661,618	\$ 1,505,366	\$ 1,319,757
Operating expenses:			
Cost of operations	956,357	857,580	749,487
Selling, general and administrative	197,454	161,967	149,860
Depreciation	169,027	147,036	132,874
Amortization of intangibles	24,557	20,064	14,582
Loss on disposal of assets	1,627	1,657	571
Gain from litigation settlement	(3,551)	—	—
Operating income	316,147	317,062	272,383
Interest expense	(53,037)	(44,520)	(40,134)
Interest income	773	530	590
Loss on extinguishment of debt	—	—	(10,193)
Other income, net	1,220	57	2,830
Income before income tax provision	265,103	273,129	225,476
Income tax provision	(105,443)	(106,958)	(89,334)
Net income	159,660	166,171	136,142
Less: Net income attributable to noncontrolling interests	(567)	(932)	(1,038)
Net income attributable to Waste Connections	\$ 159,093	\$ 165,239	\$ 135,104
Earnings per common share attributable to Waste Connections' common stockholders:			
Basic	\$ 1.31	\$ 1.47	\$ 1.17
Diluted	\$ 1.31	\$ 1.45	\$ 1.16
Shares used in the per share calculations:			
Basic	121,172,381	112,720,444	115,646,173
Diluted	121,824,349	113,583,486	116,894,204
Cash dividends per common share	\$ 0.37	\$ 0.315	\$ 0.075

The accompanying notes are an integral part of these consolidated financial statements.

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WASTE CONNECTIONS, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Years Ended December 31,		
	2012	2011	2010
Net income	\$ 159,660	\$ 166,171	\$ 136,142
Other comprehensive income (loss), before tax:			
Interest rate swap amounts reclassified into interest expense	5,289	5,803	9,052
Fuel hedge amounts reclassified into cost of operations	(4,513)	(4,297)	3,932
Changes in fair value of interest rate swaps	(7,333)	(5,200)	(11,013)
Changes in fair value of fuel hedges	2,194	3,073	902
Other comprehensive income (loss) before tax	(4,363)	(621)	2,873
Income tax expense (benefit) related to items of other comprehensive income	1,678	236	(1,076)
Other comprehensive income (loss), net of tax	(2,685)	(385)	1,797
Comprehensive income	156,975	165,786	137,939
Less: Comprehensive income attributable to noncontrolling interests	(567)	(932)	(1,038)
Comprehensive income attributable to Waste Connections	<u>\$ 156,408</u>	<u>\$ 164,854</u>	<u>\$ 136,901</u>

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.  
CONSOLIDATED STATEMENTS OF EQUITY  
YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012  
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	WASTE CONNECTIONS' EQUITY							
	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	NONCONTROLLING INTERESTS	TOTAL	
	SHARES	AMOUNT						
<b>Balances at December 31, 2009</b>	117,898,624	\$ 786	\$ 625,173	\$ (4,892)	\$ 732,738	\$ 3,231	\$ 1,357,036	
Stock split	—	394	—	—	(394)	—	—	
Vesting of restricted stock units	511,196	5	(5)	—	—	—	—	
Tax withholdings related to net share settlements of restricted stock units	(175,776)	(2)	(3,781)	—	—	—	(3,783)	
Equity-based compensation	—	—	11,331	—	—	—	11,331	
Exercise of stock options and warrants	2,572,195	25	33,049	—	—	—	33,074	
Excess tax benefit associated with equity-based compensation	—	—	11,997	—	—	—	11,997	
Repurchase of common stock	(6,889,017)	(69)	(166,251)	—	—	—	(166,320)	
Cash dividends on common stock	—	—	—	—	(8,561)	—	(8,561)	
Reacquisition of equity component resulting from conversion of 2026 Convertible Senior Notes	—	—	(2,295)	—	—	—	(2,295)	
Issuance of shares in connection with conversion of 2026 Convertible Senior Notes	32,859	—	—	—	—	—	—	
Amounts reclassified into earnings, net of taxes	—	—	—	8,050	—	—	8,050	
Changes in fair value of cash flow hedges, net of taxes	—	—	—	(6,253)	—	—	(6,253)	
Net income	—	—	—	—	135,104	1,038	136,142	
<b>Balances at December 31, 2010</b>	113,950,081	1,139	509,218	(3,095)	858,887	4,269	1,370,418	
Vesting of restricted stock units	545,223	6	(6)	—	—	—	—	
Tax withholdings related to net share settlements of restricted stock units	(186,811)	(2)	(5,509)	—	—	—	(5,511)	
Equity-based compensation	—	—	11,879	—	—	—	11,879	
Exercise of stock options and warrants	407,012	4	5,155	—	—	—	5,159	
Excess tax benefit associated with equity-based compensation	—	—	4,763	—	—	—	4,763	
Repurchase of common stock	(3,807,723)	(38)	(116,779)	—	—	—	(116,817)	
Cash dividends on common stock	—	—	—	—	(35,566)	—	(35,566)	
Amounts reclassified into earnings, net of taxes	—	—	—	934	—	—	934	
Changes in fair value of cash flow hedges, net of taxes	—	—	—	(1,319)	—	—	(1,319)	
Distributions to noncontrolling interests	—	—	—	—	—	(675)	(675)	
Fair value of noncontrolling interest associated with business acquired	—	—	—	—	—	251	251	
Net income	—	—	—	—	165,239	932	166,171	
<b>Balances at December 31, 2011</b>	110,907,782	1,109	408,721	(3,480)	988,560	4,777	1,399,687	
Vesting of restricted stock units	591,165	6	(6)	—	—	—	—	
Tax withholdings related to net share settlements of restricted stock units	(189,939)	(2)	(6,060)	—	—	—	(6,062)	
Equity-based compensation	—	—	17,289	—	—	—	17,289	
Exercise of stock options and warrants	329,933	3	4,054	—	—	—	4,057	
Issuance of common stock, net of issuance costs of \$376	12,000,000	120	369,464	—	—	—	369,584	
Excess tax benefit associated with equity-based compensation	—	—	5,033	—	—	—	5,033	
Repurchase of common stock	(619,447)	(6)	(18,591)	—	—	—	(18,597)	
Cash dividends on common stock	—	—	—	—	(44,465)	—	(44,465)	
Amounts reclassified into earnings, net of taxes	—	—	—	481	—	—	481	
Changes in fair value of cash flow hedges, net of taxes	—	—	—	(3,166)	—	—	(3,166)	
Distributions to noncontrolling interests	—	—	—	—	—	(198)	(198)	
Divestiture of noncontrolling interest	—	—	—	—	—	(173)	(173)	
Net income	—	—	—	—	159,093	567	159,660	
<b>Balances at December 31, 2012</b>	123,019,494	\$ 1,230	\$ 779,904	\$ (6,165)	\$ 1,103,188	\$ 4,973	\$ 1,883,130	

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

	Years Ended December 31,		
	2012	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 159,660	\$ 166,171	\$ 136,142
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on disposal of assets	1,627	1,657	571
Depreciation	169,027	147,036	132,874
Amortization of intangibles	24,557	20,064	14,582
Deferred income taxes, net of acquisitions	29,689	50,989	26,431
Loss on redemption of 2026 Convertible Senior Notes, net of make-whole payment	—	—	2,255
Amortization of debt issuance costs	1,993	1,420	1,574
Amortization of debt discount	—	—	1,245
Equity-based compensation	17,289	11,879	11,331
Interest income on restricted assets	(603)	(454)	(511)
Interest accretion	4,000	2,771	1,778
Excess tax benefit associated with equity-based compensation	(5,033)	(4,763)	(11,997)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, net	1,549	(14,507)	(9,321)
Prepaid expenses and other current assets	(733)	(4,236)	3,304
Accounts payable	2,761	(2,912)	(853)
Deferred revenue	180	4,161	3,244
Accrued liabilities	7,835	9,551	19,074
Other long-term liabilities	2,529	(657)	456
Net cash provided by operating activities	<u>416,327</u>	<u>388,170</u>	<u>332,179</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payments for acquisitions, net of cash acquired	(1,579,869)	(257,852)	(81,010)
Capital expenditures for property and equipment	(153,517)	(141,924)	(134,829)
Proceeds from disposal of assets	2,741	4,434	6,659
Decrease (increase) in restricted assets, net of interest income	2,983	351	(2,552)
Other	(6,185)	(5,014)	(2,492)
Net cash used in investing activities	<u>(1,733,847)</u>	<u>(400,005)</u>	<u>(214,224)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from long-term debt	1,647,000	592,500	483,253
Principal payments on notes payable and long-term debt	(609,014)	(421,872)	(467,660)
Payment of contingent consideration	(12,473)	(500)	—
Change in book overdraft	398	(227)	279
Proceeds from option and warrant exercises	4,057	5,159	33,074
Excess tax benefit associated with equity-based compensation	5,033	4,763	11,997
Payments for repurchase of common stock	(18,597)	(116,817)	(166,320)
Payments for cash dividends	(44,465)	(35,566)	(8,561)
Tax withholdings related to net share settlements of restricted stock units	(6,062)	(5,511)	(3,783)
Distributions to noncontrolling interests	(198)	(675)	—
Debt issuance costs	(7,174)	(6,649)	—
Proceeds from common stock offering, net	369,584	—	—
Net cash provided by (used in) financing activities	<u>1,328,089</u>	<u>14,605</u>	<u>(117,721)</u>
Net increase in cash and equivalents	10,569	2,770	234
Cash and equivalents at beginning of year	12,643	9,873	9,639
Cash and equivalents at end of year	<u>\$ 23,212</u>	<u>\$ 12,643</u>	<u>\$ 9,873</u>

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

**SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION AND NON-CASH TRANSACTIONS:**

	Years Ended December 31,		
	2012	2011	2010
Cash paid for income taxes	\$ 69,954	\$ 52,729	\$ 50,111
Cash paid for interest	\$ 49,826	\$ 39,499	\$ 39,913
In connection with its acquisitions, the Company assumed liabilities as follows:			
Fair value of assets acquired	\$ 1,748,458	\$ 404,550	\$ 107,144
Cash paid for current year acquisitions	(1,579,869)	(257,852)	(81,010)
Liabilities assumed and notes payable issued to sellers of businesses acquired	\$ 168,589	\$ 146,698	\$ 26,134

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

**1. ORGANIZATION, BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Business**

Waste Connections, Inc. (“WCI” or the “Company”) was incorporated in Delaware on September 9, 1997, and commenced its operations on October 1, 1997, through the purchase of certain solid waste operations in the state of Washington. The Company is an integrated municipal solid waste services company that provides solid waste collection, transfer, disposal and recycling services in mostly exclusive and secondary markets in the U.S. and a leading provider of non-hazardous exploration and production (E&P) waste treatment, recovery and disposal services in several of the most active natural resource producing areas of the U.S. The Company also provides intermodal services for the rail haul movement of cargo and solid waste containers in the Pacific Northwest.

**Basis of Presentation**

These consolidated financial statements include the accounts of WCI and its wholly-owned and majority-owned subsidiaries. The consolidated entity is referred to herein as the Company. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less at purchase to be cash equivalents. As of December 31, 2012 and 2011, cash equivalents consisted of demand money market accounts.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and equivalents, restricted assets and accounts receivable. The Company maintains cash and equivalents with banks that at times exceed applicable insurance limits. The Company reduces its exposure to credit risk by maintaining such deposits with high quality financial institutions. The Company’s restricted assets are invested primarily in U.S. government and agency securities. The Company has not experienced any losses related to its cash and equivalents or restricted asset accounts. The Company generally does not require collateral on its trade receivables. Credit risk on accounts receivable is minimized as a result of the large and diverse nature of the Company’s customer base. The Company maintains allowances for losses based on the expected collectability of accounts receivable.

**Revenue Recognition and Accounts Receivable**

Revenues are recognized when persuasive evidence of an arrangement exists, the service has been provided, the price is fixed or determinable and collection is reasonably assured. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred until the services are provided. In accordance with revenue recognition guidance, any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer is presented in the statements of net income on a net basis (excluded from revenues).

The Company’s receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of the Company’s receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The Company estimates its allowance for doubtful accounts based on historical collection trends, type of customer such as municipal or non-municipal, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company’s internal collection efforts have been unsuccessful in collecting the amount due.

WASTE CONNECTIONS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

**Property and Equipment**

Property and equipment are stated at cost. Improvements or betterments, not considered to be maintenance and repair, which add new functionality or significantly extend the life of an asset are capitalized. Third-party expenditures related to pending development projects, such as legal and engineering expenses, are capitalized. Expenditures for maintenance and repair costs, including planned major maintenance activities, are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains and losses resulting from disposals of property and equipment are recognized in the period in which the property and equipment is disposed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the lease term, whichever is shorter.

The estimated useful lives are as follows:

Buildings	10 – 20 years
Land and leasehold improvements	3 – 20 years
Machinery and equipment	3 – 12 years
Rolling stock	2 – 10 years
Containers	5 – 12 years
Rail cars	20 years

**Landfill Accounting**

The Company utilizes the life cycle method of accounting for landfill costs. This method applies the costs to be capitalized associated with acquiring, developing, closing and monitoring the landfills over the associated consumption of landfill capacity. The Company utilizes the units of consumption method to amortize landfill development costs over the estimated remaining capacity of a landfill. Under this method, the Company includes future estimated construction costs using current dollars, as well as costs incurred to date, in the amortization base. When certain criteria are met, the Company includes expansion airspace, which has not been permitted, in the calculation of the total remaining capacity of the landfill.

- **Landfill development costs.** Landfill development costs include the costs of acquisition, construction associated with excavation, liners, site berms, groundwater monitoring wells, gas recovery systems and leachate collection systems. The Company estimates the total costs associated with developing each landfill site to its final capacity. This includes certain projected landfill site costs that are uncertain because they are dependent on future events and thus actual costs could vary significantly from estimates. The total cost to develop a site to its final capacity includes amounts previously expended and capitalized, net of accumulated depletion, and projections of future purchase and development costs, liner construction costs, and operating construction costs. Total landfill costs include the development costs associated with expansion airspace. Expansion airspace is addressed below.
- **Final capping, closure and post-closure obligations.** The Company accrues for estimated final capping, closure and post-closure maintenance obligations at the landfills it owns and five of the six landfills that it operates, but does not own under life-of-site agreements. Accrued final capping, closure and post-closure costs represent an estimate of the current value of the future obligation associated with final capping, closure and post-closure monitoring of non-hazardous solid waste landfills currently owned or operated under life-of-site agreements by the Company. Final capping costs represent the costs related to installation of clay liners, drainage and compacted soil layers and topsoil constructed over areas of the landfill where total airspace capacity has been consumed. Closure and post-closure monitoring and maintenance costs represent the costs related to cash expenditures yet to be incurred when a landfill facility ceases to accept waste and closes. Accruals for final capping, closure and post-closure monitoring and maintenance requirements in the U.S. consider site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operating and maintenance costs to be incurred during the period after the facility closes. Certain of these environmental costs, principally capping and methane gas control costs, are also incurred during the operating life of the site in accordance with the landfill operation requirements of Subtitle D and the air emissions standards. Daily maintenance activities, which include many of these costs, are expensed as incurred during the operating life of the landfill. Daily maintenance activities include leachate disposal; surface water, groundwater, and methane gas monitoring and maintenance; other pollution control activities; mowing and fertilizing the landfill final cap; fence and road maintenance; and third party inspection and reporting costs. Site specific final capping, closure and post-closure engineering cost estimates are prepared annually for landfills owned or landfills operated under life-of-site agreements by the Company for which it is responsible for final capping, closure and post-closure.

WASTE CONNECTIONS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

The net present value of landfill final capping, closure and post-closure liabilities are calculated by estimating the total obligation in current dollars, inflating the obligation based upon the expected date of the expenditure and discounting the inflated total to its present value using a credit-adjusted risk-free rate. Any changes in expectations that result in an upward revision to the estimated undiscounted cash flows are treated as a new liability and are inflated and discounted at rates reflecting current market conditions. Any changes in expectations that result in a downward revision (or no revision) to the estimated undiscounted cash flows result in a liability that is inflated and discounted at rates reflecting the market conditions at the time the cash flows were originally estimated. This policy results in the Company's final capping, closure and post-closure liabilities being recorded in "layers." The Company's discount rate assumption for purposes of computing 2012 and 2011 "layers" for final capping, closure and post-closure obligations was 5.75% for each year, which reflects the Company's long-term cost of borrowing as of the end of 2011 and 2010. The Company's inflation rate assumption was 2.5% for the years ended December 31, 2012 and 2011.

In accordance with the accounting guidance on asset retirement obligations, the final capping, closure and post-closure liability is recorded on the balance sheet along with an offsetting addition to site costs which is amortized to depletion expense on a units-of-consumption basis as remaining landfill airspace is consumed. The impact of changes determined to be changes in estimates, based on an annual update, is accounted for on a prospective basis. Depletion expense resulting from final capping, closure and post-closure obligations recorded as a component of landfill site costs will generally be less during the early portion of a landfill's operating life and increase thereafter. Owned landfills and landfills operated under life-of-site agreements have estimated remaining lives, based on remaining permitted capacity, probable expansion capacity and projected annual disposal volumes, that range from approximately 5 to 240 years, with an average remaining life of approximately 48 years. The costs for final capping, closure and post-closure obligations at landfills the Company owns or operates under life-of-site agreements are generally estimated based on interpretations of current requirements and proposed or anticipated regulatory changes.

The estimates for landfill final capping, closure and post-closure costs consider when the costs would actually be paid and factor in inflation and discount rates. Interest is accreted on the recorded liability using the corresponding discount rate. When using discounted cash flow techniques, reliable estimates of market premiums may not be obtainable. In the waste industry, there is no market for selling the responsibility for final capping, closure and post-closure obligations independent of selling the landfill in its entirety. Accordingly, the Company does not believe that it is possible to develop a methodology to reliably estimate a market risk premium and has therefore excluded any such market risk premium from its determination of expected cash flows for landfill asset retirement obligations. The possibility of changing legal and regulatory requirements and the forward-looking nature of these types of costs make any estimation or assumption less certain.

The following is a reconciliation of the Company's final capping, closure and post-closure liability balance from December 31, 2010 to December 31, 2012:

Final capping, closure and post-closure liability at December 31, 2010	\$28,537
Adjustments to final capping, closure and post-closure liabilities	(1,038)
Liabilities incurred	2,088
Accretion expense	1,967
Closure payments	(2,100)
Assumption of closure liabilities from acquisitions	1,429
Final capping, closure and post-closure liability at December 31, 2011	30,883
Adjustments to final capping, closure and post-closure liabilities	3,535
Liabilities incurred	2,926
Accretion expense	2,581
Closure payments	(22)
Assumption of closure liabilities from acquisitions	6,570
Final capping, closure and post-closure liability at December 31, 2012	<u>\$ 46,473</u>

The Adjustments to final capping, closure and post-closure liabilities for the year ended December 31, 2012, primarily consisted of increases in estimated closure costs and changes in timing of closure activities at some of the Company's landfills, partially offset by a decrease in closure liabilities from third parties due to changes in timing of closure activities and reduced closure expenses. The Adjustments to final capping, closure and post-closure liabilities for the year ended December 31, 2011, primarily consisted of an increase in estimated airspace at one of the Company's landfills at which an expansion is being pursued. The final capping, closure and post-closure liability is included in Other long-term liabilities in the Consolidated Balance Sheets. The Company performs its annual review of its cost and capacity estimates in the first quarter of each year.

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At December 31, 2012, \$32,457 of the Company's restricted assets balance was for purposes of securing its performance of future final capping, closure and post-closure obligations.

- **Disposal capacity.** The Company's internal and third-party engineers perform surveys at least annually to estimate the remaining disposal capacity at its landfills. This is done by using surveys and other methods to calculate, based on the terms of the permit, height restrictions and other factors, how much airspace is left to fill and how much waste can be disposed of at a landfill before it has reached its final capacity. The Company's landfill depletion rates are based on the remaining disposal capacity, considering both permitted and probable expansion airspace, at the landfills it owns, and certain landfills it operates, but does not own, under life-of-site agreements. The Company's landfill depletion rate is based on the term of the operating agreement at its operated landfill that has capitalized expenditures. Expansion airspace consists of additional disposal capacity being pursued through means of an expansion that has not yet been permitted. Expansion airspace that meets the following criteria is included in the estimate of total landfill airspace:
  - 1) whether the land where the expansion is being sought is contiguous to the current disposal site, and the Company either owns the expansion property or has rights to it under an option, purchase, operating or other similar agreement;
  - 2) whether total development costs, final capping costs, and closure/post-closure costs have been determined;
  - 3) whether internal personnel have performed a financial analysis of the proposed expansion site and have determined that it has a positive financial and operational impact;
  - 4) whether internal personnel or external consultants are actively working to obtain the necessary approvals to obtain the landfill expansion permit; and
  - 5) whether the Company considers it probable that the Company will achieve the expansion (for a pursued expansion to be considered probable, there must be no significant known technical, legal, community, business, or political restrictions or similar issues existing that the Company believes are more likely than not to impair the success of the expansion).

It is possible that the Company's estimates or assumptions could ultimately be significantly different from actual results. In some cases, the Company may be unsuccessful in obtaining an expansion permit or the Company may determine that an expansion permit that the Company previously thought was probable has become unlikely. To the extent that such estimates, or the assumptions used to make those estimates, prove to be significantly different than actual results, or the belief that the Company will receive an expansion permit changes adversely in a significant manner, the costs of the landfill, including the costs incurred in the pursuit of the expansion, may be subject to impairment testing, as described below, and lower profitability may be experienced due to higher amortization rates, higher capping, closure and post-closure rates, and higher expenses or asset impairments related to the removal of previously included expansion airspace.

The Company periodically evaluates its landfill sites for potential impairment indicators. The Company's judgments regarding the existence of impairment indicators are based on regulatory factors, market conditions and operational performance of its landfills. Future events could cause the Company to conclude that impairment indicators exist and that its landfill carrying costs are impaired.

#### **Cell Processing Reserves**

The Company records a cell processing reserve related to its E&P group for certain locations in Louisiana and Texas for the estimated amount of expenses to be incurred upon the treatment and excavation of oilfield waste received. The cell processing reserve is the future cost to properly treat and dispose of existing waste within the cells at the various facilities. The reserve generally covers estimated costs to be incurred over a period of time up to 24 months, with the current portion representing costs estimated to be incurred in the next 12 months. The estimate is calculated based on current estimated volume in the cells, estimated percentage of waste treated, and historical average costs to treat and excavate the waste. The processing reserve represents the estimated costs to process the volumes of oilfield waste on-hand for which revenue has been recognized. At December 31, 2012, the current portion of cell processing reserves was \$6,442, which is included in Accrued liabilities in the Consolidated Balance Sheets. At December 31, 2012, the long-term portion of cell processing reserves was \$2,043, which is included in Other long-term liabilities in the Consolidated Balance Sheets.

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**Business Combination Accounting**

The Company accounts for business combinations as follows:

- The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. The Company measures and recognizes goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of net assets acquired and liabilities assumed.
- At the acquisition date, the Company measures the fair values of all assets acquired and liabilities assumed that arise from contractual contingencies. The Company measures the fair values of all noncontractual contingencies if, as of the acquisition date, it is more likely than not that the contingency will give rise to an asset or liability.

**Finite-Lived Intangible Assets**

The amounts assigned to franchise agreements, contracts, customer lists and non-competition agreements are being amortized on a straight-line basis over the expected term of the related agreements (ranging from 1 to 56 years).

**Goodwill and Indefinite-Lived Intangible Assets**

The Company acquired indefinite-lived intangible assets in connection with certain of its acquisitions. The amounts assigned to indefinite-lived intangible assets consist of the value of certain perpetual rights to provide solid waste collection and transportation services in specified territories and to operate exploration and production waste treatment and disposal facilities. The Company measures and recognizes acquired indefinite-lived intangible assets at their estimated acquisition date fair values. Indefinite-lived intangible assets are not amortized. Goodwill represents the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of assets acquired and liabilities assumed. Goodwill and intangible assets, deemed to have indefinite lives, are subject to annual impairment tests as described below.

Goodwill and indefinite-lived intangible assets are tested for impairment on at least an annual basis in the fourth quarter of the year. In the first step of testing for goodwill impairment, the Company estimates the fair value of each reporting unit, which the Company has determined to be its three geographic operating segments and its E&P group, and compares the fair value with the carrying value of the net assets assigned to each reporting unit. If the fair value of a reporting unit is greater than the carrying value of the net assets assigned to the reporting unit, including goodwill, then no impairment results. If the fair value is less than the carrying value, then the Company would perform a second step and determine the fair value of the goodwill. In this second step, the fair value of goodwill is determined by deducting the fair value of a reporting unit's identifiable assets and liabilities from the fair value of the reporting unit as a whole, as if that reporting unit had just been acquired and the purchase price were being initially allocated. If the fair value of the goodwill is less than its carrying value for a reporting unit, an impairment charge would be recorded to earnings in the Company's Consolidated Statements of Net Income. In testing indefinite-lived intangible assets for impairment, the Company compares the estimated fair value of each indefinite-lived intangible asset to its carrying value. If the fair value of the indefinite-lived intangible asset is less than its carrying value, an impairment charge would be recorded to earnings in the Company's Consolidated Statements of Net Income.

To determine the fair value of each of the Company's reporting units as a whole and each indefinite-lived intangible asset, the Company uses discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit and the future discrete cash flows related to each indefinite-lived intangible asset. Significant judgments inherent in these analyses include the determination of appropriate discount rates, the amount and timing of expected future cash flows and growth rates. The cash flows employed in the Company's 2012 discounted cash flow analyses were based on ten-year financial forecasts, which in turn were based on the 2013 annual budget developed internally by management. These forecasts reflect operating profit margins that were consistent with 2012 results and perpetual revenue growth rates of 3.5%. The Company's discount rate assumptions are based on an assessment of the Company's weighted average cost of capital which approximated 5.7%. In assessing the reasonableness of the Company's determined fair values of its reporting units, the Company evaluates its results against its current market capitalization.

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In addition, the Company would evaluate a reporting unit for impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances include the following:

- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator;
- a more likely than not expectation that a segment or a significant portion thereof will be sold; or
- the testing for recoverability of a significant asset group within the segment.

As a result of performing the tests for potential impairment of goodwill and indefinite-lived intangible assets, the Company determined that no impairment existed as of December 31, 2012 or 2011, and, therefore, there were no write-downs to any of its goodwill or indefinite-lived intangible assets.

**Impairments of Property, Plant and Equipment and Other Intangible Assets**

Property, plant, equipment and other intangible assets are carried on the Company's consolidated financial statements based on their cost less accumulated depreciation or amortization. Other intangible assets consist of long-term franchise agreements, contracts, customer lists and non-competition agreements. The recoverability of these assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Typical indicators that an asset may be impaired include:

- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator;
- a more likely than not expectation that a segment or a significant portion thereof will be sold; or
- the testing for recoverability of a significant asset group within a segment.

If any of these or other indicators occur, a test of recoverability is performed by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. If the carrying value is in excess of the undiscounted expected future cash flows, impairment is measured by comparing the fair value of the asset to its carrying value. Fair value is determined by an internally developed discounted projected cash flow analysis of the asset. Cash flow projections are sometimes based on a group of assets, rather than a single asset. If cash flows cannot be separately and independently identified for a single asset, the Company will determine whether an impairment has occurred for the group of assets for which the projected cash flows can be identified. If the fair value of an asset is determined to be less than the carrying amount of the asset or asset group, an impairment in the amount of the difference is recorded in the period that the impairment indicator occurs. Several impairment indicators are beyond the Company's control, and whether or not they will occur cannot be predicted with any certainty. Estimating future cash flows requires significant judgment and projections may vary from cash flows eventually realized. There are other considerations for impairments of landfills, as described below.

Landfills – There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion projects.

A regulator or court may deny or overturn a landfill development or landfill expansion permit application before the development or expansion permit is ultimately granted. For example, see Note 11 for discussion of the Chaparral, New Mexico Landfill Permit Litigation, the Harper County, Kansas Landfill Permit Litigation and the Solano County, California Measure E/Landfill Expansion Litigation.

Management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace.

Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

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**Restricted Assets**

Restricted assets held by trustees consist principally of funds deposited in connection with landfill final capping, closure and post-closure obligations and other financial assurance requirements. Proceeds from these financing arrangements are directly deposited into trust funds, and the Company does not have the ability to utilize the funds in regular operating activities. See Note 8 for further information on restricted assets.

**Fair Value of Financial Instruments**

The Company's financial instruments consist primarily of cash and equivalents, trade receivables, restricted assets, trade payables, debt instruments, contingent consideration obligations, interest rate swaps and fuel hedges. As of December 31, 2012 and 2011, the carrying values of cash and equivalents, trade receivables, restricted assets, trade payables and contingent consideration are considered to be representative of their respective fair values. The carrying values of the Company's debt instruments, excluding certain notes as listed in the table below, approximate their fair values as of December 31, 2012 and 2011, based on current borrowing rates, current remaining average life to maturity and borrower credit quality for similar types of borrowing arrangements, and are therefore classified as Level 2 within the fair value hierarchy. The carrying values and fair values of the Company's debt instruments where the carrying values do not approximate their fair values as of December 31, 2012 and 2011, are as follows:

	Carrying Value at December 31,		Fair Value* at December 31,	
	2012	2011	2012	2011
6.22% Senior Notes due 2015	\$ 175,000	\$ 175,000	\$ 193,949	\$ 186,305
3.30% Senior Notes due 2016	\$ 100,000	\$ 100,000	\$ 103,068	\$ 98,980
4.00% Senior Notes due 2018	\$ 50,000	\$ 50,000	\$ 52,476	\$ 51,220
5.25% Senior Notes due 2019	\$ 175,000	\$ 175,000	\$ 195,584	\$ 174,125
4.64% Senior Notes due 2021	\$ 100,000	\$ 100,000	\$ 107,418	\$ 104,250

\* Senior Notes are classified as Level 2 within the fair value hierarchy. Fair value is based on quotes of bonds with similar ratings in similar industries.

For details on the fair value of the Company's interest rate swaps, fuel hedge and restricted assets, refer to Note 8.

**Derivative Financial Instruments**

The Company recognizes all derivatives on the balance sheet at fair value. All of the Company's derivatives have been designated as cash flow hedges; therefore, the effective portion of the changes in the fair value of derivatives will be recognized in accumulated other comprehensive loss ("AOCL") until the hedged item is recognized in earnings. The ineffective portion of the changes in the fair value of derivatives will be immediately recognized in earnings. The Company classifies cash inflows and outflows from derivatives within operating activities on the statement of cash flows.

One of the Company's objectives for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the variable interest rates of certain borrowings issued under its revolving credit facility. The Company's strategy to achieve that objective involves entering into interest rate swaps that are specifically designated to the Company's revolving credit facility and accounted for as cash flow hedges.

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At December 31, 2012, the Company's derivative instruments included three interest rate swap agreements as follows:

<u>Date Entered</u>	<u>Notional Amount</u>	<u>Fixed Interest Rate Paid*</u>	<u>Variable Interest Rate Received</u>	<u>Effective Date</u>	<u>Expiration Date</u>
March 2009	\$ 175,000	2.85%	1-month LIBOR	February 2011	February 2014
August 2011	\$ 150,000	0.80%	1-month LIBOR	April 2012	January 2015
December 2011	\$ 175,000	1.60%	1-month LIBOR	February 2014	February 2017

\* plus applicable margin.

Another of the Company's objectives for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the price of diesel fuel. The Company's strategy to achieve that objective involves periodically entering into fuel hedges that are specifically designated to certain forecasted diesel fuel purchases and accounted for as cash flow hedges.

At December 31, 2012, the Company's derivative instruments included one fuel hedge agreement as follows:

<u>Date Entered</u>	<u>Notional Amount (in gallons per month)</u>	<u>Diesel Rate Paid Fixed (per gallon)</u>	<u>Diesel Rate Received Variable</u>	<u>Effective Date</u>	<u>Expiration Date</u>
June 2012	300,000	\$ 3.60	DOE Diesel Fuel Index*	January 2014	December 2015

\* If the national U.S. on-highway average price for a gallon of diesel fuel ("average price"), as published by the Department of Energy, exceeds the contract price per gallon, the Company receives the difference between the average price and the contract price (multiplied by the notional number of gallons) from the counterparty. If the average price is less than the contract price per gallon, the Company pays the difference to the counterparty.

The fair values of derivative instruments designated as cash flow hedges as of December 31, 2012, were as follows:

<u>Derivatives Designated as Cash Flow Hedges</u>	<u>Asset Derivatives</u>		<u>Liability Derivatives</u>	
	<u>Balance Sheet Location</u>	<u>Fair Value</u>	<u>Balance Sheet Location</u>	<u>Fair Value</u>
Interest rate swaps			Accrued liabilities <sup>(a)</sup>	\$ (5,374)
			Other long-term liabilities	(5,789)
Fuel hedge	Other assets, net	\$ 1,187		
Total derivatives designated as cash flow hedges		\$ 1,187		\$ (11,163)

(a) Represents the estimated amount of the existing unrealized losses on interest rate swaps as of December 31, 2012 (based on the interest rate yield curve at that date), included in AOCL expected to be reclassified into pre-tax earnings within the next 12 months. The actual amounts reclassified into earnings are dependent on future movements in interest rates.

The fair values of derivative instruments designated as cash flow hedges as of December 31, 2011, were as follows:

<u>Derivatives Designated as Cash Flow Hedges</u>	<u>Asset Derivatives</u>		<u>Liability Derivatives</u>	
	<u>Balance Sheet Location</u>	<u>Fair Value</u>	<u>Balance Sheet Location</u>	<u>Fair Value</u>
Interest rate swaps			Accrued liabilities	\$ (4,476)
			Other long-term liabilities	(4,642)
Fuel hedge	Prepaid expenses and other current assets	\$ 3,506		
Total derivatives designated as cash flow hedges		\$ 3,506		\$ (9,118)

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The following table summarizes the impact of the Company's cash flow hedges on the results of operations, comprehensive income and AOCL for the years ended December 31, 2012, 2011 and 2010:

Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized as AOCL on Derivatives, Net of Tax (Effective Portion) <sup>(a)</sup>			Statement of Income Classification	Amount of (Gain) or Loss Reclassified from AOCL into Earnings, Net of Tax (Effective Portion) <sup>(b), (c)</sup>		
	Years Ended December 31,				Years Ended December 31,		
	2012	2011	2010		2012	2011	2010
Interest rate swaps	\$ (4,524)	\$ (3,224)	\$ (6,812)	Interest expense	\$ 3,279	\$ 3,598	\$ 5,612
Fuel hedge	1,358	1,905	559	Cost of operations	(2,798)	(2,664)	2,438
<b>Total</b>	<b><u>\$ (3,166)</u></b>	<b><u>\$ (1,319)</u></b>	<b><u>\$ (6,253)</u></b>		<b><u>\$ 481</u></b>	<b><u>\$ 934</u></b>	<b><u>\$ 8,050</u></b>

- (a) In accordance with the derivatives and hedging guidance, the effective portions of the changes in fair values of interest rate swaps and the fuel hedge have been recorded in equity as a component of AOCL. As the critical terms of the interest rate swaps match the underlying debt being hedged, no ineffectiveness is recognized on these swaps and, therefore, all unrealized changes in fair value are recorded in AOCL. Because changes in the actual price of diesel fuel and changes in the DOE index price do not offset exactly each reporting period, the Company assesses whether the fuel hedge is highly effective using the cumulative dollar offset approach.
- (b) Amounts reclassified from AOCL into earnings related to realized gains and losses on interest rate swaps are recognized when interest payments or receipts occur related to the swap contracts, which correspond to when interest payments are made on the Company's hedged debt.
- (c) Amounts reclassified from AOCL into earnings related to realized gains and losses on the fuel hedge are recognized when settlement payments or receipts occur related to the hedge contract, which correspond to when the underlying fuel is consumed.

The Company measures and records ineffectiveness on the fuel hedge in Cost of operations in the Consolidated Statements of Net Income on a monthly basis based on the difference between the DOE index price and the actual price of diesel fuel purchased, multiplied by the notional number of gallons on the contracts. There was no significant ineffectiveness recognized on the fuel hedges during the years ended December 31, 2012, 2011 and 2010.

See Note 13 for further discussion on the impact of the Company's hedge accounting to its consolidated Comprehensive income and AOCL.

#### Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company records valuation allowances to reduce net deferred tax assets to the amount considered more likely than not to be realized.

The Company is required to evaluate whether the tax positions taken on its federal and state income tax returns will more likely than not be sustained upon examination by the appropriate taxing authority. If the Company determines that such tax positions will not be sustained, it records a liability for the related unrecognized tax benefits. The Company classifies its liability for unrecognized tax benefits as a current liability to the extent it anticipates making a payment within one year.

#### Equity-Based Compensation

The fair value of restricted stock and restricted stock units is determined based on the number of shares granted and the closing price of the Company's common stock.

All share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized on a straight-line basis as expense over the employee's requisite service period. The Company calculates potential income tax windfalls and shortfalls under the treasury stock method by including the impact of pro forma deferred tax assets in the calculation of diluted earnings per common share. Under the stock-based compensation guidance, the Company elected to use the short-cut method to calculate the historical pool of windfall tax benefits. The Company elected to use the tax law ordering approach for purposes of determining whether an excess of tax benefit has been realized.

Warrants are valued using the Black-Scholes pricing model with a contractual life of five years, a risk free interest rate based on the 5-year U.S. treasury yield curve and expected volatility. The Company uses the historical volatility of its common stock over a period equivalent to the contractual life of the warrants to estimate the expected volatility. Warrants issued to consultants are recorded as an element of the related cost of landfill development projects or to expense for warrants issued in connection with acquisitions.

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Equity-based compensation expense recognized during the years ended December 31, 2012, 2011 and 2010, was approximately \$17,289 (\$11,803 net of taxes), \$11,879 (\$7,365 net of taxes) and \$11,331 (\$7,033 net of taxes), respectively, and consisted of stock option, restricted stock unit and warrant expense. The Company records equity-based compensation expense in Selling, general and administrative expenses in the Consolidated Statements of Net Income. The total unrecognized compensation cost at December 31, 2012, related to unvested restricted stock unit awards was \$22,475 and that future expense will be recognized over the remaining vesting period of the restricted stock unit awards, which extends to 2016. The weighted average remaining vesting period of those awards is 1.1 years.

**Per Share Information**

Basic net income per share attributable to Waste Connections' common stockholders is computed using the weighted average number of common shares outstanding and vested and unissued restricted stock units deferred for issuance into the deferred compensation plan. Diluted net income per share attributable to Waste Connections' common stockholders is computed using the weighted average number of common and potential common shares outstanding. Potential common shares are excluded from the computation if their effect is anti-dilutive.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2012, 2011 and 2010, was \$3,737, \$3,679 and \$4,171, respectively, which is included in Selling, general and administrative expense in the Consolidated Statements of Net Income.

**Insurance Liabilities**

As a result of its high deductible insurance policies, the Company is effectively self-insured for automobile liability, general liability, employer's liability, environmental liability, directors' and officers' liability as well as for employee group health claims, property and workers' compensation. The Company's insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by the Company's management with assistance from its third-party actuary and its third-party claims administrator. The insurance accruals are influenced by the Company's past claims experience factors, which have a limited history, and by published industry development factors. At December 31, 2012 and 2011, the Company's total accrual for self-insured liabilities was \$43,935 and \$40,137, respectively, which is included in Accrued liabilities in the Consolidated Balance Sheets.

**Reclassification**

Certain amounts reported in the Company's prior year's financial statements have been reclassified to conform with the 2012 presentation.

**New Accounting Pronouncements**

Fair Value Measurement. In May 2011, the FASB issued additional guidance on fair value disclosures. This guidance contains certain updates to the measurement guidance as well as enhanced disclosure requirements. The most significant change in disclosures is an expansion of the information required for "Level 3" measurements including enhanced disclosure for: (1) the valuation processes used by the reporting entity; and (2) the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs, if any. This guidance was effective for interim and annual periods beginning on or after December 15, 2011. As of December 31, 2012, the only assets or liabilities which require Level 3 measurements are the Company's diesel fuel hedge. The Company adopted this guidance as of January 1, 2012. See Note 8 for further information.

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**Presentation of Comprehensive Income.** In September 2011, the FASB issued guidance on the presentation of comprehensive income. This guidance eliminates the option to report other comprehensive income and its components in the statement of changes in equity. The guidance allows two presentation alternatives: present items of net income and other comprehensive income (1) in one continuous statement, referred to as the statement of comprehensive income; or (2) in two separate, but consecutive, statements of net income and other comprehensive income. This guidance was effective as of the beginning of a fiscal year that begins after December 15, 2011. Full retrospective application is required. The guidance also previously required the presentation of adjustments for items that are reclassified from other comprehensive income to net income in the statement where the components of net income and the components of other comprehensive income are presented; however, this portion of the guidance has been deferred. The Company adopted this guidance as of January 1, 2012 and elected to present items of net income and other comprehensive income in two separate, but consecutive, statements of net income and comprehensive income.

**Impairment of Indefinite-lived Intangible Assets.** In July 2012, the FASB issued guidance on testing indefinite-lived intangible assets for impairment. The guidance provides entities an option to perform a “qualitative” assessment to determine whether further impairment testing is necessary. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. However, an entity can choose to early adopt, provided that the entity has not yet performed its 2012 annual impairment test or issued its financial statements. The Company performed the quantitative assessment for testing indefinite-lived intangible assets for impairment for the year ended December 31, 2012. See “Goodwill and Indefinite-Lived Intangible Assets” within this Note 1 for further details.

**Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.** In February 2013, the FASB issued guidance requiring entities to provide information about the amounts reclassified out of accumulated other comprehensive income (“AOCI”) by component. In addition, it requires entities to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income if the amount reclassified is required under U.S. generally accepted accounting principles to be reclassified to net income in its entirety in the same reporting period. This guidance is effective prospectively for annual and interim reporting periods beginning after December 15, 2012, with early adoption permitted. The amounts required to be disclosed under this guidance are disclosed in “Derivative Financial Instruments” within this Note 1 and in Note 13.

## 2. USE OF ESTIMATES AND ASSUMPTIONS

In preparing the Company’s consolidated financial statements, several estimates and assumptions are made that affect the accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and assumptions must be made because certain of the information that is used in the preparation of the Company’s consolidated financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available or is simply not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Company must exercise significant judgment. The most difficult, subjective and complex estimates and the assumptions that deal with the greatest amount of uncertainty are related to the Company’s accounting for landfills, self-insurance accruals, income taxes, allocation of acquisition purchase price and asset impairments, which are discussed in Note 1. An additional area that involves estimation is when the Company estimates the amount of potential exposure it may have with respect to litigation, claims and assessments in accordance with the accounting guidance on contingencies. Actual results for all estimates could differ materially from the estimates and assumptions that the Company uses in the preparation of its consolidated financial statements.

## 3. ACQUISITIONS

The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. The Company measures and recognizes goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company’s previously held equity interest in the acquiree (if any), over (b) the fair value of assets acquired and liabilities assumed. If information about facts and circumstances existing as of the acquisition date is incomplete by the end of the reporting period in which a business combination occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once the Company receives the information it was seeking; however, this period will not exceed one year from the acquisition date. Any material adjustments recognized during the measurement period will be reflected retrospectively in the consolidated financial statements of the subsequent period. The Company recognizes acquisition-related costs as expense.

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**R360 Acquisition**

On October 25, 2012, the Company completed the acquisition of all of the outstanding equity interests in certain entities that, together with the operating subsidiaries of such entities, hold the business of R360 Environmental Solutions, Inc. ("R360") for total cash consideration of \$1,338,344, net of cash acquired, the assumption of outstanding debt totaling \$9,306 and the assumption of contingent consideration totaling \$37,293. The acquisition was funded with available cash and with borrowings of \$475,000 under the Company's existing senior revolving credit facility and of \$800,000 under a new uncollateralized term loan facility. The R360 business consists of E&P landfills, E&P liquid waste injection wells, E&P waste treatment and recovery facilities and oil recovery facilities at 24 operating locations across Louisiana, New Mexico, North Dakota, Oklahoma, Texas and Wyoming. The R360 acquisition enabled the Company to significantly expand its scope of E&P waste services and contributed towards the achievement of the Company's strategy to expand through acquisitions.

The results of operations of the R360 business have been included in the Company's consolidated financial statements from its acquisition date. Total revenues during the period from October 25, 2012 to December 31, 2012, generated from the R360 operations and included within consolidated revenues were \$40,190. Total pre-tax earnings during the period from October 25, 2012 to December 31, 2012, generated from the R360 operations and included within consolidated income before income taxes, were \$8,669.

The following table summarizes the consideration transferred to acquire the R360 business and the amounts of identifiable assets acquired and liabilities assumed:

Fair value of consideration transferred:	
Cash	\$ 1,338,344
Debt assumed	9,306
Contingent consideration	37,293
	<u>1,384,943</u>
Recognized amounts of identifiable assets acquired and liabilities assumed associated with businesses acquired:	
Accounts receivable	50,161
Other current assets	19,716
Property and equipment	894,651
Indefinite-lived intangibles	27,096
Customer lists	21,016
Accounts payable	(31,702)
Accrued liabilities	(19,286)
Other long-term liabilities	(8,066)
Deferred income taxes	(14,568)
Total identifiable net assets	<u>939,018</u>
Goodwill	<u>\$ 445,925</u>

Debt assumed was paid at close of acquisition.

Contingent consideration consists of obligations assumed by the Company related to previous acquisitions completed by R360, and consists of the following:

Prairie Disposal contingent consideration	\$24,376
Oilfield Holdings contingent consideration	8,000
Calpet contingent consideration	4,176
Claco Services contingent consideration	741
	<u>\$37,293</u>

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The Prairie Disposal contingent consideration represents the fair value of up to \$25,000 of contingent consideration payable to the former owners of Prairie Disposal, LLC and Prairie Liquids, LLC ("Prairie") based on the future achievement of certain milestones over a two-year period ending in June 2014. The fair value of the contingent consideration was determined using probability assessments of the expected future cash flows over the two-year period in which the obligation is expected to be settled, and applied a discount rate of 2.0%. Any changes in the fair value of the contingent consideration subsequent to the acquisition date will be charged or credited to expense until the contingency is settled.

The Oilfield Holdings contingent consideration represents the fair value of up to \$8,000 payable to the former owners of Oilfield Holdings if R360 completed a qualifying cash event, as defined in the Oilfield Holdings purchase agreement. A qualifying cash event included the sale of R360. Payment of the contingent consideration required the qualifying cash event to generate a return on investment above a certain minimum threshold. The Company's R360 acquisition generated a return on investment that resulted in the payment of the \$8,000 liability to the former owners of Oilfield Holdings in November 2012.

The Calpet contingent consideration represents the fair value of up to \$4,221 payable to the former owners of Calpet, LLC based on the future achievement of revenue targets through June 2013. The fair value of the contingent consideration was determined using probability assessments of the expected future cash flows over the one-year period in which the obligations is expected to be settled, and applied a discount rate of 2.0%. Any changes in the fair value of the contingent consideration subsequent to the acquisition date will be charged or credited to expense until the contingency is settled.

The Claco Services contingent consideration represents the fair value of up to \$750 payable to the former owners of Claco Services through December 2013. The Company paid \$374 of this assumed liability in December 2012.

The R360 acquisition resulted in goodwill acquired totaling \$395,339, which is expected to be deductible for tax purposes. The goodwill is attributable to growth opportunities, at existing R360 operations as well additional acquisitions of companies providing non-hazardous oilfield waste treatment and disposal services, and synergies that are expected to arise as a result of the acquisition.

The fair value of acquired working capital related to R360 is provisional pending receipt of information from the acquiree to support the fair value of the assets acquired and liabilities assumed. The fair value related to certain other assets and liabilities is provisional as well. The preliminary allocation of the purchase price is based on information existing at the acquisition date and is subject to change. Measurement period adjustments will be evaluated to determine whether they relate to facts and circumstances that existed at the acquisition date. Any measurement period adjustments recorded will be an adjustment to goodwill and are not expected to be material to the Company's financial position.

The gross amount of trade receivables due under contracts is \$52,777, of which \$2,616 is expected to be uncollectible. The Company did not acquire any other class of receivable as a result of the R360 acquisition.

The Company paid \$8,374 of contingent consideration assumed with the R360 acquisition during the year ended December 31, 2012, which represented the payout of \$8,000 related to Oilfield Holdings and \$374 related to Claco Services, as described above.

The Company incurred \$2,655, of acquisition-related costs for the R360 acquisition. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

#### **Other Acquisitions**

In July 2012, the Company completed the acquisition of 100% of the interests in the operations of SKB Environmental, Inc. ("SKB"), a provider of solid waste transfer and disposal services in Minnesota, in exchange for total consideration of \$86,763. Pursuant to the stock purchase agreement, the Company is required to remit additional consideration to the former shareholders of SKB if the acquired operations exceed earnings targets specified in the stock purchase agreement over a one-year period ending June 30, 2013. The Company computed the fair value of the contingent consideration at the purchase date to be \$20,711, based upon probability assessments of the expected future cash flows over the one-year period in which the obligation is expected to be settled, to which the Company applied a discount rate of 2.0%. As of December 31, 2012, the obligation recognized at the purchase date has not materially changed. Any changes in the fair value of the contingent consideration subsequent to the acquisition date will be charged or credited to expense until the contingency is settled.

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On March 1, 2012, the Company completed the acquisition of 100% of the interests in the operations of Alaska Pacific Environmental Services Anchorage, LLC and Alaska Green Waste Solutions, LLC (together, "Alaska Waste"). Alaska Waste provides solid waste collection, transfer and composting services in Anchorage, the Mat-Su Valley, Fairbanks, the Kenai Peninsula and Kodiak Island. The Company paid \$133,402 for the purchased operations. Pursuant to the asset purchase agreement, the Company is required to remit up to \$4,000 of additional consideration to the former owners of Alaska Waste if new business is generated through the privatization of certain markets currently serviced by municipalities. The Company computed the fair value of the contingent consideration at the purchase date to be \$602, based upon probability assessments of the expected future cash flows over the two-year period in which the obligation is expected to be settled, to which the Company applied a discount rate of 2.8%. As of December 31, 2012, the obligation recognized at the purchase date has not materially changed. Any changes in the fair value of the contingent consideration subsequent to the acquisition date will be charged or credited to expense until the contingency is settled.

In addition to the acquisitions of SKB and Alaska Waste, the Company acquired 10 individually immaterial non-hazardous solid waste collection, transfer, disposal and E&P businesses during the year ended December 31, 2012. The total acquisition-related costs incurred for these acquisitions was \$2,658. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

In August 2011, the Company's subsidiary, Capital Region Landfills, Inc. ("CRL"), entered into an agreement with the Town of Colonie, a municipal corporation of the state of New York, to operate a municipal solid waste disposal facility (the "Colonie Landfill") for an initial term of 25 years. The agreement became effective on September 19, 2011. As consideration for operating equipment and the right to operate the Colonie Landfill, CRL remitted an initial payment of \$23,860. CRL is also required to remit up to \$55,470 of additional consideration over the term of the agreement, comprised of \$11,500 payable over a five-year period ending September 2016 and up to \$43,970 payable over the term of the agreement if certain expansion criteria are met and certain annual tonnage targets are exceeded as specified in the operating agreement. The Company computed the fair value of the additional consideration using probability assessments of the expected future cash flows over estimated payment terms of four to 25 years, to which the Company applied discount rates ranging from 2.5% to 5.0%, resulting in a total obligation recognized at the effective date of \$32,928, which consisted of \$10,656 recorded as Notes issued to sellers and \$22,272 recorded as contingent consideration in Long-term contingent consideration. CRL is also responsible for all final capping, closure and post-closure liabilities and estimates the total obligation in current dollars to be \$21,287, the net present value of which is \$1,429. This obligation was recorded in Other long-term liabilities. As of December 31, 2012, the obligation for contingent consideration recognized at the purchase date increased \$1,386 due to the accretion of interest on the liability. Any changes in the fair value of the contingent consideration subsequent to the acquisition date will be charged or credited to income until the contingency is settled.

On April 1, 2011, the Company completed the acquisition of a 100% interest in Hudson Valley Waste Holding, Inc., and its wholly-owned subsidiary, County Waste and Recycling Service, Inc. (collectively, "County Waste"). As part of this acquisition, the Company acquired a 50% interest in Russell Sweepers, LLC, a provider of sweeper services, resulting in a 50% noncontrolling interest that was recognized at fair value on the purchase date. The operations include six collection operations, three transfer stations and one recycling facility across six markets in New York and Massachusetts. The Company paid \$299,000 for the purchased operations plus amounts paid for the purchase of accounts receivable and other prepaid assets and estimated working capital, which amounts were subject to post-closing adjustments. No other consideration, including contingent consideration, was transferred by the Company to acquire these operations. Total revenues during the year ended December 31, 2011, generated from the County Waste operations and included within consolidated revenues were \$93,713. Total pre-tax earnings during the year ended December 31, 2011, generated from the County Waste operations and included within consolidated income before income taxes were \$7,276.

In addition to the County Waste acquisition and Colonie Landfill transaction, the Company acquired 11 individually immaterial non-hazardous solid waste collection and transfer businesses during the year ended December 31, 2011. The total acquisition-related costs incurred for these acquisitions was \$1,744. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

During the year ended December 31, 2010, the Company acquired 18 non-hazardous solid waste collection, disposal and recycling businesses and one exploration and production waste treatment and disposal business. The total acquisition-related costs incurred for these acquisitions was \$2,081. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

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The results of operations of the acquired businesses have been included in the Company's consolidated financial statements from their respective acquisition dates. The Company expects these acquired businesses to contribute towards the achievement of the Company's strategy to expand through acquisitions. Goodwill acquired is attributable to the synergies and ancillary growth opportunities expected to arise after the Company's acquisition of these businesses.

The following table summarizes the consideration transferred to acquire these businesses and the amounts of identifiable assets acquired, liabilities assumed and noncontrolling interests associated with businesses acquired at the acquisition date for acquisitions consummated in the years ended December 31, 2012, 2011 and 2010:

	2012	2011	2010
	<u>Acquisitions</u>	<u>Acquisitions</u>	<u>Acquisitions</u>
Fair value of consideration transferred:			
Cash	\$ 241,525	\$ 257,852	\$ 81,010
Debt assumed	12,986	84,737	20,633
Notes issued to sellers	—	10,656	—
Contingent consideration	21,314	22,486	3,928
	<u>275,825</u>	<u>375,731</u>	<u>105,571</u>
Recognized amounts of identifiable assets acquired, liabilities assumed and noncontrolling interests associated with businesses acquired:			
Accounts receivable	10,874	9,613	3,864
Other current assets	1,062	1,056	742
Restricted assets	6,725	—	—
Property and equipment	127,023	114,463	37,881
Long-term franchise agreements and contracts	10,307	3,269	4,208
Indefinite-lived intangibles	35,344	42,283	32,759
Customer lists	21,837	34,463	5,373
Other intangibles	2,295	10,367	—
Other long-term assets	185	—	—
Deferred revenue	(5,056)	(6,376)	(775)
Accounts payable	(3,393)	(6,183)	(248)
Accrued liabilities	(2,139)	(2,398)	(404)
Noncontrolling interests	—	(251)	—
Other long-term liabilities	(3,480)	(2,145)	(146)
Deferred income taxes	—	(11,466)	—
Total identifiable net assets	<u>201,584</u>	<u>186,695</u>	<u>83,254</u>
Goodwill	<u>\$ 74,241</u>	<u>\$ 189,036</u>	<u>\$ 22,317</u>

Debt assumed as part of 2011 and 2012 acquisitions was paid at close of acquisition.

The 2012 acquisitions of SKB, Alaska Waste and other individually immaterial non-hazardous solid waste collection, transfer, disposal and E&P businesses resulted in goodwill acquired in 2012 totaling \$74,241, which is expected to be deductible for tax purposes. Goodwill acquired in 2011 and 2010 totaling \$24,242 and \$21,948, respectively, is expected to be deductible for tax purposes.

The fair value of acquired working capital related to five individually immaterial acquisitions completed during the year ended December 31, 2012, is provisional pending receipt of information from the acquirees to support the fair value of the assets acquired and liabilities assumed. Any adjustments recorded relating to finalizing the working capital for these five acquisitions are not expected to be material to the Company's financial position.

The gross amount of trade receivables due under contracts acquired with the acquisitions of SKB, Alaska Waste and other individually immaterial non-hazardous solid waste collection, transfer, disposal and E&P businesses during the year ended December 31, 2012, is \$10,984, of which \$110 is expected to be uncollectible. The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2011, is \$10,232, of which \$619 is expected to be uncollectible. The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2010, is \$4,317, of which \$453 is expected to be uncollectible. The Company did not acquire any other class of receivable as a result of the acquisition of these businesses.

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The Company paid \$4,099 of contingent consideration during the year ended December 31, 2012, related to the achievement of earnings targets for certain acquisitions closed in 2011 and 2010. The Company paid \$500 of contingent consideration during the year ended December 31, 2011, which primarily represented the achievement of earnings targets for an acquisition closed in 2010.

#### Pro Forma Results of Operations

The following pro forma results of operations assume that the Company's significant acquisitions occurring in 2012 and 2011, including the R360 acquisition, were acquired as of January 1, 2011 (unaudited):

	Year Ended December 31,	
	2012	2011
Total revenue	\$ 1,866,458	\$ 1,792,220
Net income	164,176	184,109
Basic income per share	1.35	1.63
Diluted income per share	1.35	1.62

The unaudited pro forma results of operations do not purport to be indicative of the results of operations which actually would have resulted had the acquisitions occurred on January 1, 2011, nor are they necessarily indicative of future operating results. The above unaudited pro forma financial information includes adjustments to acquisition expenses incurred by the Company and the acquired businesses, interest expense for additional financing and repayments of debt as part of the acquisitions, depreciation expense on acquired property, plant and equipment, amortization of identifiable intangible assets acquired, accretion of closure and post-closure interest expense on acquired landfills and provision for income taxes.

#### 4. INTANGIBLE ASSETS, NET

Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2012:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<b>Amortizable intangible assets:</b>			
Long-term franchise agreements and contracts	\$ 198,779	\$ (38,447)	\$ 160,332
Customer lists	139,354	(43,457)	95,897
Non-competition agreements	9,374	(6,815)	2,559
Other	32,098	(2,621)	29,477
	<u>379,605</u>	<u>(91,340)</u>	<u>288,265</u>
<b>Nonamortized intangible assets:</b>			
Solid waste collection and transportation permits	151,505	—	151,505
Material recycling facility permits	42,283	—	42,283
E&P facility permits	59,855	—	59,855
	<u>253,643</u>	<u>—</u>	<u>253,643</u>
Intangible assets, exclusive of goodwill	<u>\$ 633,248</u>	<u>\$ (91,340)</u>	<u>\$ 541,908</u>

The weighted-average amortization period of long-term franchise agreements and contracts acquired during the year ended December 31, 2012 was 12.3 years. The weighted-average amortization period of customer lists acquired during the year ended December 31, 2012 was 9.7 years. The weighted-average amortization period of other intangibles acquired during the year ended December 31, 2012 was 40.0 years.

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Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2011:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
<b>Amortizable intangible assets:</b>			
Long-term franchise agreements and contracts	\$ 190,532	\$ (31,592)	\$ 158,940
Customer lists	96,501	(28,475)	68,026
Non-competition agreements	9,374	(6,389)	2,985
Other	31,603	(3,175)	28,428
	<u>328,010</u>	<u>(69,631)</u>	<u>258,379</u>
<b>Nonamortized intangible assets:</b>			
Solid waste collection and transportation permits	116,160	—	116,160
Material recycling facility permits	42,283	—	42,283
E&P facility permits	32,759	—	32,759
	<u>191,202</u>	<u>—</u>	<u>191,202</u>
Intangible assets, exclusive of goodwill	<u>\$519,212</u>	<u>\$(69,631)</u>	<u>\$449,581</u>

The weighted-average amortization period of long-term franchise agreements and contracts acquired during the year ended December 31, 2011 was 22.3 years. The weighted-average amortization period of customer lists acquired during the year ended December 31, 2011 was 6.8 years. The weighted-average amortization period of other intangibles acquired during the year ended December 31, 2011 was 40.0 years.

The amounts assigned to indefinite-lived intangible assets consist of the value of certain perpetual rights to provide solid waste collection and transportation services in specified territories and to operate exploration and production waste treatment and disposal facilities.

Estimated future amortization expense for the next five years relating to amortizable intangible assets is as follows:

For the year ending December 31, 2013	\$25,066
For the year ending December 31, 2014	\$ 24,412
For the year ending December 31, 2015	\$ 23,761
For the year ending December 31, 2016	\$ 19,804
For the year ending December 31, 2017	\$ 17,832

## 5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	<u>Year Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Landfill site costs	\$1,974,994	\$1,066,282
Rolling stock	555,680	497,984
Land, buildings and improvements	349,567	247,907
Containers	247,440	217,401
Machinery and equipment	266,196	216,749
Construction in progress	27,346	19,617
	<u>3,421,223</u>	<u>2,265,940</u>
Less accumulated depreciation and depletion	(963,617)	(815,471)
	<u>\$2,457,606</u>	<u>\$1,450,469</u>

The Company's landfill depletion expense, recorded in Depreciation in the Consolidated Statements of Net Income, for the years ended December 31, 2012, 2011 and 2010, was \$53,429, \$43,217 and \$40,884, respectively.

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**6. ACCRUED LIABILITIES**

Accrued liabilities consist of the following:

	Year Ended December 31,	
	2012	2011
Insurance claims	\$ 43,935	\$ 40,137
Payroll and payroll-related	35,601	30,181
Interest payable	8,555	8,395
Cell processing reserve—current portion	6,442	—
Unrealized interest rate losses	5,374	4,476
Environmental remediation reserve—current portion	4,097	—
Other	17,825	13,831
	<u>\$ 121,829</u>	<u>\$ 97,020</u>

**7. LONG-TERM DEBT**

Long-term debt consists of the following:

	Year Ended December 31,	
	2012	2011
Revolver under Credit Facility	\$ 787,000	\$ 519,000
Term Loan Facility	800,000	—
2015 Notes	175,000	175,000
2016 Notes	100,000	100,000
2018 Notes	50,000	50,000
2019 Notes	175,000	175,000
2021 Notes	100,000	100,000
Tax-exempt bonds	35,655	38,460
Notes payable to sellers and other third parties, bearing interest at 2.50% to 10.9%, principal and interest payments due periodically with due dates ranging from 2014 to 2036	16,280	21,197
	<u>2,238,935</u>	<u>1,178,657</u>
Less – current portion	<u>(33,968)</u>	<u>(5,899)</u>
	<u>\$ 2,204,967</u>	<u>\$ 1,172,758</u>

**Revolver under Credit Facility**

The Company has a senior revolving credit facility with a syndicate of banks for which Bank of America, N.A. acts as administrative agent and J.P. Morgan Chase Bank, N.A. and Wells Fargo Bank, National Association act as co-syndication agents. The maximum borrowings available under the Company's credit facility were \$1,200,000 as of December 31, 2012 and 2011. The Company has the ability to increase commitments under the revolving credit facility from \$1,200,000 to \$1,500,000, subject to conditions including that no default, as defined in the credit agreement, has occurred, although no existing lender has any obligation to increase its commitment. There is no maximum amount of standby letters of credit that can be issued under the credit facility; however, the issuance of standby letters of credit reduces the amount of total borrowings available. As of December 31, 2012, \$787,000 was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$87,252. As of December 31, 2011, \$519,000 was outstanding under the credit facility, exclusive of outstanding standby letters of credit of \$80,395. The credit facility matures in July 2016. The Company is amortizing the \$5,160 debt issuance costs through the maturity date, or July 2016.

The borrowings under the credit facility bear interest, at the Company's option, at either the base rate plus the applicable base rate margin (approximately 3.53% and 3.65% at December 31, 2012 and 2011, respectively) on base rate loans, or the LIBOR rate plus the applicable LIBOR margin (approximately 1.48% and 1.70% at December 31, 2012 and 2011, respectively) on LIBOR loans. The applicable margins under the credit facility vary depending on the Company's leverage ratio, as defined in the credit agreement. As of December 31, 2012 and 2011, the margins were 1.28% and 1.40%, respectively, for LIBOR loans and 0.28% and 0.40%, respectively, for base rate loans. As of December 31, 2012 and 2011, all outstanding borrowings under the credit facility were in LIBOR loans.

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The credit facility requires the Company to pay an annual commitment fee on the unused portion of the facility. The commitment fee was 0.23% and 0.25% as of December 31, 2012 and 2011, respectively.

The borrowings under the credit facility are not collateralized. The credit facility contains representations and warranties and places certain business, financial and operating restrictions on the Company relating to, among other things, indebtedness, liens and other encumbrances, investments, mergers and acquisitions, asset sales, sale and leaseback transactions, and dividends, distributions and redemptions of capital stock. The credit facility requires that the Company maintain specified quarterly leverage and interest coverage ratios. The required leverage ratio cannot exceed 3.50x total debt to earnings before interest, taxes, depreciation and amortization, or EBITDA. The required interest coverage ratio must be at least 2.75x total interest expense to earnings before interest and taxes, or EBIT. As of December 31, 2012 and 2011, the Company's leverage ratio was 3.28x and 2.33x, respectively. As of December 31, 2012 and 2011, the Company's interest coverage ratio was 6.88x and 7.69x, respectively.

#### **Term Loan Facility**

On October 25, 2012, the Company entered into a term loan facility in the original principal amount of \$800,000 with Bank of America, N.A. and the other banks and lending institutions party thereto, as lenders, Bank of America, N.A., as administrative agent, and JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as co-syndication agents. The term loan is subject to principal payments commencing at \$10,000 per quarter in April 2013, increasing to \$20,000 per quarter in April 2014 and increasing again to \$30,000 per quarter in April 2015. A final principal payment of \$390,000 is due upon maturity of the term loan facility on October 25, 2017. The Borrowings under the term loan facility are required to be used only to fund the R360 acquisition pursuant to the R360 purchase and sale agreement and to pay fees and expenses incurred in connection with the R360 acquisition and the Company's entry into the term loan facility. The Company is amortizing the \$7,245 debt issuance costs through the maturity date, or October 2017.

The Company may elect to draw amounts on the term loan facility in either base rate loans or LIBOR loans. At December 31, 2012, all amounts outstanding under the term loan facility were in LIBOR loans which bear interest at the LIBOR rate plus the applicable LIBOR margin (approximately 2.21% at December 31, 2012). The LIBOR rate is determined by the administrative agent in a customary manner as described in the term loan agreement. The applicable margins under the term loan agreement vary depending on the Company's leverage ratio, as defined in the term loan agreement, and range from 1.375% per annum to 2.500% per annum for LIBOR loans. As of December 31, 2012, the margin was 2.0% for LIBOR loans. Borrowings under the term loan facility are uncollateralized.

The term loan facility contains representations and warranties and places certain business, financial and operating restrictions on the Company relating to, among other things, indebtedness, liens, investments, mergers, consolidation and disposition of assets, sale and leaseback transactions, restricted payments and redemptions, burdensome agreements, business activities, transactions with affiliates, prepayments of indebtedness and accounting changes. The term loan facility requires that the Company maintain specified quarterly leverage and interest coverage ratios. The required leverage ratio cannot exceed 3.50x total debt to EBITDA. The required interest coverage ratio must be at least 2.75x total interest expense to EBIT. As of December 31, 2012, the Company's leverage and interest coverage ratios were 3.28x and 6.88x, respectively.

#### **Master Note Purchase Agreement**

##### **Senior Notes due 2015**

On July 15, 2008, the Company entered into a Master Note Purchase Agreement with certain accredited institutional investors pursuant to which the Company issued and sold to the investors at a closing on October 1, 2008, \$175,000 of senior uncollateralized notes due October 1, 2015 in a private placement. The 2015 Notes bear interest at the fixed rate of 6.22% per annum with interest payable in arrears semi-annually on April 1 and October 1 beginning on April 1, 2009, and with principal payable at the maturity of the 2015 Notes on October 1, 2015. The Company is amortizing the \$1,026 debt issuance costs over a seven-year term through the maturity date, or October 1, 2015.

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**Senior Notes due 2019**

On October 26, 2009, the Company entered into a First Supplement to the Master Note Purchase Agreement with certain accredited institutional investors pursuant to which the Company issued and sold to the investors on that date \$175,000 of senior uncollateralized notes due November 1, 2019 in a private placement. The 2019 Notes bear interest at the fixed rate of 5.25% per annum with interest payable in arrears semi-annually on May 1 and November 1 beginning on May 1, 2010, and with principal payable at the maturity of the 2019 Notes on November 1, 2019. The Company is amortizing the \$152 debt issuance costs over a 10-year term through the maturity date, or November 1, 2019.

**Senior Notes due 2016, 2018 and 2021**

On April 1, 2011, the Company entered into a Second Supplement to the Master Note Purchase Agreement with certain accredited institutional investors, pursuant to which the Company issued and sold to the investors on that date \$250,000 of senior uncollateralized notes at fixed interest rates with interest payable in arrears semi-annually on October 1 and April 1 beginning on October 1, 2011 in a private placement. Of these notes, \$100,000 will mature on April 1, 2016 with an annual interest rate of 3.30% (the "2016 Notes"), \$50,000 will mature on April 1, 2018 with an annual interest rate of 4.00% (the "2018 Notes"), and \$100,000 will mature on April 1, 2021 with an annual interest rate of 4.64% (the "2021 Notes"). The Company is amortizing the \$1,489 debt issuance costs through the maturity dates of the respective notes.

The 2015 Notes, 2016 Notes, 2018 Notes, 2019 Notes, and 2021 Notes (collectively, the "Senior Notes") are uncollateralized obligations and rank equally in right of payment with each of the Senior Notes, the obligations under the Company's senior uncollateralized revolving credit facility and the obligations under the Company's term loan facility. The Senior Notes are subject to representations, warranties, covenants and events of default. The Master Note Purchase Agreement requires that the Company maintain specified quarterly leverage and interest coverage ratios. The required leverage ratio cannot exceed 3.75x total debt to EBITDA. The required interest coverage ratio must be at least 2.75x total interest expense to EBIT. As of December 31, 2012 and 2011, the Company's leverage ratio was 3.28x and 2.33x, respectively. As of December 31, 2012 and 2011, the Company's interest coverage ratio was 6.88x and 7.69x, respectively.

Upon the occurrence of an event of default, payment of the Senior Notes may be accelerated by the holders of the respective notes. The Senior Notes may also be prepaid at any time in whole or from time to time in any part (not less than 5% of the then-outstanding principal amount) by the Company at par plus a make-whole amount determined in respect of the remaining scheduled interest payments on the Senior Notes, using a discount rate of the then current market standard for United States treasury bills plus 0.50%. In addition, the Company will be required to offer to prepay the Senior Notes upon certain changes in control.

The Company may issue additional series of senior uncollateralized notes pursuant to the terms and conditions of the Master Note Purchase Agreement, as amended, provided that the purchasers of the Senior Notes shall not have any obligation to purchase any additional notes issued pursuant to the Master Note Purchase Agreement and the aggregate principal amount of the outstanding notes and any additional notes issued pursuant to the Master Note Purchase Agreement shall not exceed \$750,000.

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**Tax-Exempt Bonds**

The Company's tax-exempt bond financings are as follows:

Name of Bond	Type of Interest Rate	Interest Rate on Bond at	Maturity Date of Bond	Outstanding Balance at		Backed by Letter of Credit (Amount)
		December 31, 2012		December 31,		
				2012	2011	
Madera Bond	Variable	— %	May 1, 2016	\$ —	\$ 1,800	\$ —
Tehama Bond	Variable	0.24	June 1, 2014	290	370	294
San Jose Bond – Series 1997A	Variable	—	August 1, 2012	—	160	—
San Jose Bond – Series 2001A	Variable	0.24	September 1, 2016	1,815	2,580	2,062
West Valley Bond	Variable	0.17	August 1, 2018	15,500	15,500	15,678
LeMay Washington Bond	Variable	0.19	April 1, 2033	15,930	15,930	16,126
LeMay Olympia Bond	Variable	0.19	April 1, 2019	2,120	2,120	2,151
				<u>\$35,655</u>	<u>\$ 38,460</u>	<u>\$ 36,311</u>

In January 2010, the Company gave notice to redeem two of its tax-exempt bonds (the Wasco Bond 2012 and the Wasco Bond 2021) with a remaining principal balance of \$10,275. The Company paid the principal, accrued interest and call premium on these bonds on March 1, 2010, recording \$459 to Loss on extinguishment of debt in the Consolidated Statements of Net Income.

In October 2012, the Company gave notice to redeem its Madera tax-exempt bond with a remaining principal balance of \$1,800. The Company paid the principal and accrued interest on this bond on December 5, 2012.

The variable-rate bonds are all remarketed weekly by a remarketing agent to effectively maintain a variable yield. If the remarketing agent is unable to remarket the bonds, then the remarketing agent can put the bonds to the Company. The Company has obtained standby letters of credit, issued under its senior revolving credit facility, to guarantee repayment of the bonds in this event. The Company classified these borrowings as long-term at December 31, 2012, because the borrowings are supported by standby letters of credit issued under the Company's senior revolving credit facility which matures in July 2016.

As of December 31, 2012, aggregate contractual future principal payments by calendar year on long-term debt are due as follows:

2013	\$ 33,968
2014	75,357
2015	259,084
2016	999,028
2017	510,437
Thereafter	361,061
	<u>\$2,238,935</u>

**Convertible Senior Notes due 2026**

On March 20, 2006, the Company completed its offering of \$200,000 aggregate principal amount of its 3.75% Convertible Senior Notes due 2026 in an offering pursuant to Rule 144A of the Securities Act of 1933, as amended. The terms and conditions of the 2026 Notes were set forth in the Indenture, dated as of March 20, 2006, between the Company and U.S. Bank National Association, as trustee. The 2026 Notes were convertible into cash and, if applicable, shares of common stock based on an initial conversion rate of 44.1177 shares of common stock per \$1 principal amount of 2026 Notes (which was equal to an initial conversion price of approximately \$22.67 per share), subject to adjustment, and only under certain circumstances. Upon surrender of the 2026 Notes for conversion, the Company was required to deliver cash equal to the lesser of the aggregate principal amount of notes to be converted and its total conversion obligation.

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On April 1, 2010, the Company redeemed the \$200,000 aggregate principal amount of its 2026 Notes. Holders of the notes chose to convert a total of \$22,700 principal amount of the notes. In addition to paying the principal amount of these notes with proceeds from its credit facility, the Company issued 32,859 shares of its common stock in connection with the conversion and redemption. The Company redeemed the remaining \$177,300 principal amount of the notes with proceeds from its credit facility. All holders of the notes that were redeemed also received accrued interest of \$0.01875 per \$1 principal amount of the notes and an interest make-whole payment of \$0.037396 per \$1 principal amount of the notes. As a result of the redemption, the Company recognized \$9,734 of pre-tax expense (\$6,035 net of taxes) in April 2010, which was included in Loss on extinguishment of debt in the Consolidated Statements of Net Income.

For the year ended December 31, 2010, the total interest expense recognized by the Company relating to both the contractual interest coupon and amortization of the non-cash debt discount on the 2026 Notes was \$3,120 (\$1,935, net of taxes). The portion of total interest expense related to the contractual interest coupon on the 2026 Notes during the year ended December 31, 2010 was \$1,875 (\$1,163, net of taxes). The portion of total interest expense related to amortizing the non-cash debt discount during the year ended December 31, 2010 was \$1,245 (\$772, net of taxes). The effective interest rate on the liability component for the year ended December 31, 2010 was 6.4%.

Under the guidance for accounting for convertible debt, upon conversion of the 2026 Notes, the Company was required to allocate the fair value of the consideration transferred and any transaction costs incurred between the equity and liability components. This was done by first allocating to the liability component an amount equal to the fair value of the liability component immediately prior to its conversion, with the residual consideration allocated to the equity component. A loss equal to the difference between the consideration allocated to the liability component and the carrying value of the liability component, including any unamortized debt discount or issuance costs, was recorded in Loss on extinguishment of debt in the Consolidated Statements of Net Income.

#### 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

The Company's financial assets and liabilities recorded at fair value on a recurring basis include derivative instruments and restricted assets. The Company's derivative instruments are pay-fixed, receive-variable interest rate swaps and a pay-fixed, receive-variable diesel fuel hedge. The Company's interest rate swaps are recorded at their estimated fair values based on quotes received from financial institutions that trade these contracts. The Company verifies the reasonableness of these quotes using similar quotes from another financial institution as of each date for which financial statements are prepared. The Company uses a discounted cash flow ("DCF") model to determine the estimated fair value of the diesel fuel hedge. The assumptions used in preparing the DCF model include: (i) estimates for the forward DOE index curve; and (ii) the discount rate based on risk-free interest rates over the term of the agreements. The DOE index curve used in the DCF model was obtained from financial institutions that trade these contracts and ranged from \$3.68 to \$3.87 at December 31, 2012. The weighted average DOE index curve used in the DCF model was \$3.77 at December 31, 2012. Significant increases (decreases) in the forward DOE index curve would result in a significantly higher (lower) fair value measurement. For the Company's interest rate swaps and fuel hedge, the Company also considers its creditworthiness in its determination of the fair value measurement of these instruments in a net liability position and the banks' creditworthiness in its determination of the fair value measurements of these instruments in a net asset position. The Company's restricted assets are valued at quoted market prices in active markets for identical assets, which the Company receives from the financial institutions that hold such investments on its behalf. The Company's restricted assets measured at fair value are invested primarily in U.S. government and agency securities.

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The Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2012 and 2011, were as follows:

	Fair Value Measurement at December 31, 2012 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap derivative instruments – net liability position	\$(11,163)	\$ —	\$(11,163)	\$ —
Fuel hedge derivative instruments – net asset position	\$ 1,187	\$ —	\$ —	\$ 1,187
Restricted assets	\$ 33,425	\$ 33,425	\$ —	\$ —

	Fair Value Measurement at December 31, 2011 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap derivative instruments – net liability position	\$(9,118)	\$ —	\$(9,118)	\$ —
Fuel hedge derivative instruments – net asset position	\$ 3,506	\$ —	\$ —	\$ 3,506
Restricted assets	\$30,728	\$ 30,728	\$ —	\$ —

The following table summarizes the change in the fair value for Level 3 derivatives for the years ended December 31, 2012 and 2011:

	Level 3 Derivatives
Balance as of December 31, 2010	\$ 4,730
Realized gains included in earnings	(4,297)
Unrealized gains included in AOCL	3,073
Balance as of December 31, 2011	3,506
Realized gains included in earnings	(4,513)
Unrealized gains included in AOCL	2,194
Balance as of December 31, 2012	<u>\$ 1,187</u>

**9. CORPORATE OFFICE RELOCATION**

In December 2011, the Company commenced a relocation of its corporate headquarters from Folsom, California to The Woodlands, Texas. The relocation is expected to be completed in 2013. In connection with the relocation, the Company has incurred in aggregate \$8,114 and \$83 as of December 31, 2012 and 2011, respectively, related to personnel and office relocation expenses, and expects to incur an estimated \$500 to \$1,500 of related costs during 2013. These costs are recorded in Selling, general and administrative expenses in the Consolidated Statements of Net Income. In addition, the Company will incur a loss on lease in either the second or third quarter of 2013, the timing of which is dependent on the cessation of use of its former corporate headquarters in Folsom, California. The Company estimates the loss could range between \$8,000 and \$10,000.

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**10. GAIN FROM LITIGATION SETTLEMENT**

In November 2010, the Company's subsidiary, Potrero Hills Landfill, Inc. ("PHLF"), which owns and operates the Potrero Hills Landfill in Solano County, California, initiated contractual arbitration proceedings with Judicial Arbitration and Mediation Services, Inc. in San Francisco against The Ratto Group of Companies, Inc. ("Ratto") alleging Ratto's breach of the parties' Solid Waste Disposal Agreement.

The case was arbitrated in February and March 2012 before the Honorable Fern Smith (ret.). On August 13, 2012, Judge Smith issued her Final Award finding that Ratto had breached the Solid Waste Disposal Agreement by failing to include PHLF in its 2010 bid to Sonoma County and awarding PHLF lost profits, attorney's fees and costs. Pursuant to this Final Award, on September 13, 2012, Ratto remitted to PHLF \$3,551, which was recorded as Gain from litigation settlement in the Consolidated Statements of Net Income.

**11. COMMITMENTS AND CONTINGENCIES**

**COMMITMENTS**

**Leases**

The Company leases its facilities and certain equipment under non-cancelable operating leases for periods ranging from one to 34 years, with renewal options for certain leases. The Company's total rent expense under operating leases during the years ended December 31, 2012, 2011 and 2010, was \$19,424, \$13,519 and \$12,222, respectively.

As of December 31, 2012, future minimum lease payments, by calendar year, are as follows:

2013	\$ 19,121
2014	17,922
2015	15,693
2016	13,929
2017	11,469
Thereafter	70,425
	<u>\$148,559</u>

**Financial Surety Bonds**

The Company uses financial surety bonds for a variety of corporate guarantees. The two largest uses of financial surety bonds are for municipal contract performance guarantees and asset closure and retirement requirements under certain environmental regulations. Environmental regulations require demonstrated financial assurance to meet final capping, closure and post-closure requirements for landfills. In addition to surety bonds, these requirements may also be met through alternative financial assurance instruments, including insurance, letters of credit and restricted asset deposits.

At December 31, 2012 and 2011, the Company had provided customers and various regulatory authorities with surety bonds in the aggregate amount of approximately \$277,841 and \$243,323, respectively, to secure its asset closure and retirement requirements and \$83,738 and \$68,698, respectively, to secure performance under collection contracts and landfill operating agreements.

The Company owns a 9.9% interest in a company that, among other activities, issues financial surety bonds to secure landfill final capping, closure and post-closure obligations for companies operating in the solid waste industry. The Company accounts for this investment under the cost method of accounting. There have been no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. This investee company and the parent company of the investee have written financial surety bonds for the Company, of which \$153,337 and \$141,272 were outstanding as of December 31, 2012 and 2011, respectively. The Company's reimbursement obligations under these bonds are secured by a pledge of its stock in the investee company.

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**CONTINGENCIES**

**Environmental Risks**

The Company expenses costs incurred to investigate and remediate environmental issues unless they extend the economic useful life of related assets. The Company records liabilities when it is probable that an obligation has been incurred and the amounts can be reasonably estimated. The remediation reserves cover anticipated costs, including remediation of environmental damage that waste facilities may have caused to neighboring landowners or residents as a result of contamination of soil, groundwater or surface water, including damage resulting from conditions existing prior to the acquisition of such facilities by the Company. The Company's estimates are based primarily on investigations and remediation plans established by independent consultants, regulatory agencies and potentially responsible third parties. The Company does not discount remediation obligations. At December 31, 2012, the current portion of remediation reserves was \$4,097, which is included in Accrued liabilities in the Consolidated Balance Sheets. At December 31, 2012, the long-term portion of remediation reserves was \$1,214, which is included in Other long-term liabilities in the Consolidated Balance Sheets. The Company's liabilities for remediation reserves were assumed in the R360 acquisition. The Company did not have liabilities for remediation reserves recorded at December 31, 2011 or 2010. Any substantial increase in the liabilities for remediation of environmental damage incurred by the Company could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

**Legal Proceedings**

In the normal course of its business and as a result of the extensive governmental regulation of the solid waste and oilfield waste industries, the Company is subject to various judicial and administrative proceedings involving federal, state or local agencies. In these proceedings, an agency may seek to impose fines on the Company or to revoke or deny renewal of an operating permit held by the Company. From time to time, the Company may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills, transfer stations, and oilfield waste recycling, treatment and disposal operations, or alleging environmental damage or violations of the permits and licenses pursuant to which the Company operates.

In addition, the Company is a party to various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the normal operation of the waste management business. Except as noted in the matters described below, as of December 31, 2012, there is no current proceeding or litigation involving the Company or its property that the Company believes could have a material adverse impact on its business, financial condition, results of operations or cash flows.

Chaparral, New Mexico Landfill Permit Litigation

The Company's subsidiary, High Desert Solid Waste Facility, Inc. (formerly known as Rhino Solid Waste, Inc.) ("HDSWF"), owns undeveloped property in Chaparral, New Mexico, for which it sought a permit to operate a municipal solid waste landfill. After a public hearing, the New Mexico Environment Department (the "Department") approved the permit for the facility on January 30, 2002. Colonias Development Council ("CDC"), a nonprofit organization, opposed the permit at the public hearing and appealed the Department's decision to the courts of New Mexico, primarily on the grounds that the Department failed to consider the social impact of the landfill on the community of Chaparral, and failed to consider regional planning issues. On July 18, 2005, in *Colonias Dev. Council v. Rhino Env'tl. Servs., Inc. (In re Rhino Env'tl. Servs.)*, 2005 NMSC 24, 117 P.3d 939, the New Mexico Supreme Court remanded the matter back to the Department to conduct a limited public hearing on certain evidence that CDC claimed was wrongfully excluded from consideration by the hearing officer, and to allow the Department to reconsider the evidence already proffered concerning the impact of the landfill on the surrounding community's quality of life. In July 2007, the Department, CDC, the Company and Otero County signed a stipulation requesting a postponement of the limited public hearing to allow the Company time to explore a possible relocation of the landfill to a new site. Since 2007, the Department has issued several orders postponing the limited public hearing, and on October 17, 2012, it granted a request by the parties to hold the limited public hearing in abeyance until further notice.

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In July 2009, HDSWF purchased approximately 325 acres of undeveloped land comprising a proposed new site from the State of New Mexico. HDSWF filed a formal landfill permit application for the new site with the Department on September 17, 2010. On September 12, 2011, the Department deemed the permit application complete and a public hearing on the matter had been tentatively scheduled for April 9, 2012 in Chaparral, New Mexico. On November 9, 2011, HDSWF filed a motion with the Department to hold in abeyance indefinitely the notice for public hearing and the permit hearing. As part of its motion, HDSWF agreed to provide the Department with at least 120 days' prior notice of any desired, future permit hearing. The Department issued a response in which it did not oppose the motion and agreed to the 120-day notice provision. HDSWF requested the abeyance to defer capital expenditures related to permitting the new site until mid to late 2014, when HDSWF expects to have a better understanding of several current market conditions and regulatory factors that affect the timing and feasibility of the project. These conditions and factors include: the status of the Company's Solid Waste Disposal and Operating Agreement for the collection and disposal of solid waste generated within the City of El Paso, effective April 28, 2004, which has a 10-year term; the status of El Paso Disposal, LP's Solid Waste Franchise Agreement for the collection of solid waste generated within the City of El Paso, effective September 1, 2011, which has a 40-month term; whether the City of El Paso implements flow control in September 2014 directing waste collected within its boundaries to City-owned disposal facilities; and whether certain closed or non-operating disposal facilities in the El Paso market area are reopened and whether those facilities are operated by private or public entities.

At December 31, 2012, the Company had \$11,778 of capitalized expenditures related to this landfill development project. Depending on the outcome of the market conditions and regulatory factors described above, the Company may decide in mid to late 2014 to abandon the project and expense the \$11,778 of capitalized expenditures, less the recoverable value of the undeveloped properties and other amounts recovered, which would likely have a material adverse effect on the Company's results of operations for that period. Alternatively, if the outcome of the market conditions and regulatory factors described above is such that the Company believes the market for disposal of solid waste generated in the City of El Paso will remain competitive, HDSWF may decide in mid to late 2014 to resume its permitting process for the new site. Under those circumstances, if the Department ultimately denies the landfill permit application for the new site, HDSWF intends to actively resume its efforts to enforce the previously issued landfill permit for the original site in Chaparral. If the Company is ultimately issued a permit to operate the landfill at the new site purchased in July 2009, the Company will be required to expense in a future period \$10,324 of capitalized expenditures related to the original Chaparral property, less the recoverable value of that undeveloped property and other amounts recovered, which would likely have a material adverse effect on the Company's results of operations for that period. If the Company instead is ultimately issued a permit to operate the landfill at the original Chaparral property, the Company will be required to expense in a future period \$1,454 of capitalized expenditures related to the new site purchased in July 2009, less the recoverable value of that undeveloped property and other amounts recovered. If the Company is not ultimately issued a permit to operate the landfill at either one of the two sites, the Company will be required to expense in a future period the \$11,778 of capitalized expenditures, less the recoverable value of the undeveloped properties and other amounts recovered, which would likely have a material adverse effect on the Company's results of operations for that period.

Harper County, Kansas Landfill Permit Litigation

The Company opened a municipal solid waste landfill in Harper County, Kansas in January 2006, following the issuance by the Kansas Department of Health and Environment ("KDHE") of a permit to operate the landfill. The landfill has operated continuously since that time. In 2005, landfill opponents (the "Plaintiffs") filed a suit (Board of Comm'rs of Sumner County, Kansas, Tri-County Concerned Citizens and Dalton Holland v. Roderick Bremby, Sec'y of the Kansas Dep't of Health and Env't, et al.) in the District Court of Shawnee County, Kansas, seeking a judicial review of KDHE's decision to issue the permit, alleging that a site analysis prepared for the Company and submitted to KDHE as part of the process leading to the issuance of the permit was deficient in several respects. The action sought to stay the effectiveness of the permit and to nullify it. The Company intervened in this lawsuit shortly after it was filed. After years of challenging the Plaintiffs' standing, and the limiting of those matters properly before it, in June 2012 the District Court ruled on the merits of the matter. The Honorable Larry D. Hendricks, District Judge, entered a Memorandum Decision and Order denying the Plaintiffs' demand for revocation of the permit, and affirming KDHE's decision that the issuance of the permit met all applicable regulatory requirements. The Plaintiffs filed an appeal with the Kansas Court of Appeals and the parties' briefing on the appeal is currently scheduled to be completed in April 2013. The Company believes that it will prevail in this matter, and the Company will continue to have the right to operate the landfill during the pendency of the appeal. Only in the event that a final, materially adverse determination with respect to the permit is received would there likely be a material adverse effect on the Company's reported results of operations in the future. If as a result of this litigation, after exhausting all appeals, the Company was unable to continue to operate the landfill, the Company estimates that it would be required to record a pre-tax impairment charge of approximately \$18,700 to reduce the carrying value of the landfill to its estimated fair value. In addition, the Company estimates the current annual impact to its pre-tax earnings that would result if it was unable to continue to operate the landfill would be approximately \$6,700 per year.

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Solano County, California Measure E/Landfill Expansion Litigation

The Company and one of its subsidiaries, Potrero Hills Landfill, Inc. (“PHLF”), were named as real parties in interest in an amended complaint captioned Sustainability, Parks, Recycling and Wildlife Legal Defense Fund v. County of Solano, which was filed in the Superior Court of California, County of Solano, on July 9, 2009 (the original complaint was filed on June 12, 2009). This lawsuit seeks to compel Solano County to comply with Measure E, a ballot initiative and County ordinance passed in 1984 that the County has not enforced against PHLF since at least 1992. Measure E directs in part that Solano County shall not allow the importation into the County of any solid waste which originated or was collected outside the County in excess of 95,000 tons per year. PHLF accepts for disposal, beneficial reuse and recycling approximately 935,000 tons of solid waste annually, approximately 787,000 tons of which originate from sources outside of Solano County. The Sustainability, Parks, Recycling and Wildlife Legal Defense Fund (“SPRAWLDEF”) lawsuit also seeks to overturn Solano County’s approval of the use permit for the expansion of the Potrero Hills Landfill and the related Environmental Impact Report (“EIR”), arguing that both violate Measure E and that the EIR violates the California Environmental Quality Act (“CEQA”). Two similar actions seeking to enforce Measure E, captioned Northern California Recycling Association v. County of Solano and Sierra Club v. County of Solano, were filed in the same court on June 10, 2009, and August 10, 2009, respectively. The Northern California Recycling Association (“NCRA”) case does not name the Company or any of its subsidiaries as parties and does not contain any CEQA claims. The Sierra Club case names PHLF as a real party in interest, and seeks to overturn the use permit for the expansion of the landfill on Measure E grounds (but does not raise CEQA claims).

In December 2009, the Company and PHLF filed briefs vigorously opposing enforcement of Measure E on constitutional and other grounds. The Company’s position is supported by Solano County, a co-defendant in the Measure E litigation. It is also supported by the Attorney General of the State of California, the National Solid Wastes Management Association (“NSWMA”) and the California Refuse Recycling Council (“CRRC”), each of which filed supporting friend of court briefs or letters. In addition, numerous waste hauling companies in California, Oregon and Nevada intervened on the Company’s side in the state cases, subsequent to their participation in the federal action challenging Measure E discussed below.

On May 12, 2010, the Solano County Superior Court issued a written opinion addressing all three cases. The Court upheld Measure E in part by judicially rewriting the law, and then issued a writ of mandamus directing Solano County to enforce Measure E as rewritten. The Court decided that it could cure the law’s discrimination against out-of-county waste by revising Measure E to only limit the importation of waste into Solano County from other counties in California, but not from other states. In the same opinion, the Court rejected the requests from petitioners in the cases for a writ of administrative mandamus to overturn the use permit approved by Solano County in June 2009 for the expansion of PHLF’s landfill, thereby leaving the expansion permit in place.

In December 2010, the Court entered final judgments and writs of mandamus in the three cases, and Solano County, the Company, PHLF and the waste hauling company intervenors filed notices of appeal, which stayed the judgments and writs pending the outcome of the appeal. Petitioners Sierra Club and SPRAWLDEF cross-appealed the Court’s ruling denying their petitions for writs to overturn PHLF’s use permit for the expansion. Seventeen separate entities filed friend of court briefs on behalf of the Company and Solano County in September 2011, including the California Attorney General on behalf of the California Department of Resources Recycling and Recovery; the City and County of San Francisco; solid waste joint powers authorities serving the areas of Napa County, the City of Vallejo, the South Lake Tahoe Basin, Central Contra Costa County and the Salinas Valley; the California Association of Sanitation Agencies; sanitation districts serving Los Angeles County and Orange County; the NSWMA; the National Association of Manufacturers; the CRRC; the Los Angeles County Waste Management Association; the Solid Waste Association of Orange County; the Inland Empire Disposal Association; and the California Manufacturers and Technology Association. No friend of court briefs were filed on behalf of the petitioners. The case is now fully briefed and all parties have requested oral argument.

As part of the final judgments, the Solano County Superior Court retained jurisdiction over any motions for attorneys’ fees under California’s Private Attorney General statute. Petitioners NCRA, SPRAWLDEF and Sierra Club each filed a bill of costs and a motion for attorney fees totaling \$771. On May 31, 2011, the court issued a final order awarding petitioners \$452 in attorneys’ fees, \$411 of which relates to the SPRAWLDEF and Sierra Club cases in which the Company or PHLF is a named party. The court allocated 50% of the fee amount to PHLF, none of which the Company recorded as a liability at December 31, 2012. The Company and Solano County appealed this attorneys’ fees order in July 2011. The Court of Appeal has not yet issued a briefing schedule. Once

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this procedural step is completed, the Company will request a stay of this appeal until the merits of the underlying Measure E cases have been finally determined. If the Company prevails on the appeals of the three underlying cases, then none of the Petitioners would be entitled to attorneys' fees and costs. If the Company is unsuccessful on these appeals and its future appeals of the attorneys' fees judgment, PHLF and the County would each ultimately be severally liable for \$206 in attorneys' fees for the SPRAWLDEF and Sierra Club cases. However, in all three cases, the Company may reimburse the County for any such attorneys' fees under the indemnification provision in PHLF's use permit.

On February 9, 2012, the California Department of Resources Recycling and Recovery (CalRecycle) concurred in the solid waste facilities permit related to the Potrero Hills Landfill's expansion, and the permit was approved and issued by the Solano County Department of Resource Management on February 14, 2012.

On September 25, 2012, Governor Jerry Brown signed into law Assembly Bill 845 ("AB 845"), an act of the California Legislature, effective January 1, 2013. AB 845 expressly prohibits counties from restricting or limiting the importation of solid waste into a privately owned facility in a county based on the waste's place of origin. Because the Company believes that neither the Court of Appeal nor the trial court can grant Petitioners any relief in light of AB 845, it filed a motion with the Court of Appeal on September 27, 2012. The motion seeks to dismiss the cross appeals and reverse and remand the portions of the judgments rendered in Petitioners' favor regarding enforcement and implementation of Measure E by Solano County, including Petitioners' recovery of costs, for mootness in light of AB 845, with instructions to the trial court to dismiss the underlying writ petitions with prejudice. Sierra Club and SPRAWLDEF filed oppositions to the Company's motion. The Court of Appeal has not yet ruled on this pending motion or set an argument date for the appeal.

At this point, the Company is not able to determine the likelihood of any outcome in this matter. If the court grants the Company's motion to dismiss the appeals, the judgments requiring Solano County to enforce Measure E and for the Company to pay attorney's fees related to the Measure E litigation will be dismissed as moot. However, in the event that after all appeals are exhausted the Superior Court's writ of mandamus enforcing Measure E as rewritten is upheld, the Company estimates that the current annual impact to its pre-tax earnings resulting from the restriction on imports into Solano County would be approximately \$6,000 per year. The Company's estimate could be impacted by various factors, including the County's allocation of the 95,000 tons per year import restriction among PHLF and the other disposal and composting facilities in Solano County. In addition, if the final rulings on Measure E do not limit the importation of waste into Solano County from other states, the Company could potentially offset a portion of the estimated reduction to its pre-tax earnings by internalizing waste for disposal at PHLF from other states in which the Company operates, or by accepting waste volumes from third party haulers operating outside of California.

SPRAWLDEF additionally filed a lawsuit seeking a writ of mandate in Sacramento County Superior Court on August 20, 2009, captioned *SPRAWLDEF v. California Integrated Waste Management Board ("CIWMB"), County of Solano, et al.*, challenging a CIWMB decision to dismiss SPRAWLDEF's administrative appeal to the CIWMB seeking to set aside a 2006 solid waste facilities permit issued to Potrero Hills Landfill by the Solano County Local Enforcement Agency. The case names the Company and PHLF as real parties in interest. The appeal was dismissed by the CIWMB for failure to raise a substantial issue. The 2006 facilities permit authorizes operational modifications and enhanced environmental control measures. The case was tried in Sacramento County Superior Court in October 2010, and the Superior Court rejected all of SPRAWLDEF's claims and ordered the writ petition dismissed. SPRAWLDEF appealed the dismissal to the Third District Court of Appeal. The case has been fully briefed. On March 8, 2012, the Court of Appeal asked for supplemental briefing on two questions, one of which implicates the standing of SPRAWLDEF relative to a claim against the former CIWMB, and the Company responded with a letter brief. Both CIWMB and the County also filed letter briefs. The Company believes (and so advised the Court of Appeal) the case may be moot in light of the February 14, 2012 issuance of the new solid waste facilities permit for the landfill, which supersedes the 2006 permit at issue in the appeal. While the Company believes that the respondent agencies will prevail in this case, in the unlikely event that the 2006 permit was set aside, PHLF would continue to operate the Potrero Hills Landfill under the site's new 2012 solid waste facilities permit.

On December 17, 2010, SPRAWLDEF and one its members filed a petition for writ of mandate in San Francisco Superior Court seeking to overturn the October 2010 approval of the marsh development permit issued by the San Francisco Bay Conservation and Development Commission ("BCDC") for PHLF's landfill expansion, alleging that the approval is contrary to the Suisun Marsh Protection Act (the "Marsh Act"). Petitioners claim that BCDC abused its discretion by issuing the marsh development permit in contravention of the Marsh Act. The petition, captioned *SPRAWLDEF v. San Francisco Bay Conservation and Development Commission*, names BCDC as a respondent and the Company as the real party in interest. On its own motion, the San Francisco Superior Court stayed the action and, on April 5, 2012, transferred the case to Solano County Superior Court, citing that court's

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experience in the related CEQA case and judicial economy. On June 5, 2012, Solano County Superior Court assigned the case to Judge Beeman, who held a hearing for oral argument on October 4, 2012. On November 29, 2012, the court issued an order finding that the administrative record before BCDC did not contain sufficient evidence regarding net profits for the proposed project or the alternative to support the agency's finding that the alternative was economically infeasible. The court therefore issued a writ of mandamus and final judgment on January 14, 2013 setting aside the BCDC permit and remanding it back to the agency for further consideration. On January 15, 2013, the Company filed a notice of appeal, staying execution of the writ and judgment pending the appeal. On January 28, 2013, BCDC also filed a notice of appeal to the writ and judgment. At this point the Company is not able to determine the likelihood of any outcome in this matter.

On June 10, 2011, June Guidotti, a property owner adjacent to PHLF, and SPRAWLDEF and one of its members, each filed administrative petitions for review with the State Water Resources Control Board ("State Board") seeking to overturn a May 11, 2011 Order No. 2166-(a) approving waste discharge requirements issued by the San Francisco Bay Regional Water Quality Control Board ("Regional Board") for PHLF's landfill expansion, alleging that the order is contrary to the State Board's Title 27 regulations authorizing waste discharge requirements for landfills, and in the case of the SPRAWLDEF petition, further alleging that the Regional Board's issuance of a Clean Water Act section 401 certification is not supported by an adequate alternatives analysis as required by the federal Clean Water Act. The Regional Board is preparing the administrative record of its decision to issue Order 2166-(a) to be filed with the State Board as well as its response to the petitions for review. It is anticipated that the Regional Board will vigorously defend its actions and seek dismissal of the petitions for review. A hearing date has not yet been set on either petition, and the State Board has held both the Guidotti and SPRAWLDEF petitions in abeyance at the petitioners' requests. At this point the Company is not able to determine the likelihood of any outcome in this matter.

If as a result of any of the matters described above, after exhausting all appeals, PHLF's use permit or marsh development permit is permanently rescinded, and the Superior Court's writ of mandamus enforcing Measure E as rewritten is ultimately upheld, the Company estimates that it would be required to recognize a pre-tax impairment charge of approximately \$39,000 to reduce the carrying value of PHLF to its estimated fair value, in addition to the approximately \$6,000 annual impact to its pre-tax earnings described above. If PHLF's use permit or marsh development permit is permanently rescinded but Measure E is ultimately ruled to be unenforceable, the Company estimates that it would be required to recognize a pre-tax impairment charge of approximately \$33,000 to reduce the carrying value of PHLF to its estimated fair value.

Colonie, New York Landfill Privatization Litigation

In August 2011, one of the Company's wholly-owned subsidiaries, Capital Region Landfills, Inc. ("CRL") and the Town of Colonie, New York ("Colonie"), entered into a Solid Waste Facility Operating Agreement ("Agreement"). CRL was selected to operate Colonie's solid waste management operations, which include the Colonie Landfill, pursuant to a request for proposals initiated under New York State General Municipal Law ("GML") section 120-w. CRL commenced solid waste management operations under the Agreement on September 19, 2011.

On September 29, 2011, seven individuals filed a petition in New York State Supreme Court (Albany County) against Colonie, its Town Board and its Supervisor ("Town Respondents") to challenge the Agreement. The case is captioned, *Conners, et al. v. Town of Colonie, et al.*, Index No. 006312/2011 (Sup. Ct., Albany Co.). On October 17, 2011, the petition was amended to add CRL and the Company as respondents. The petition alleged that the Agreement is the functional equivalent of a lease and therefore should have been subject to the permissive referendum requirements of New York State Town Law sections 64(2) and 90. The petition specifically alleged that Colonie failed to post and publish a notice that the Colonie Board's resolution authorizing execution of the Agreement was subject to a permissive referendum. The Town Respondents, CRL and the Company filed motions to dismiss on various procedural and substantive grounds.

By decision, order and judgment dated April 5, 2012, the Supreme Court dismissed the petition, finding that, even if the Agreement was construed as a lease, (i) a lease entered into pursuant to GML section 120-w is not subject to Town Law's permissive referendum requirements, and (ii) the petitioners' claims did not fall within those permitted under GML section 120-w. On May 3, 2012, petitioners filed a notice of appeal with the Appellate Division of the New York State Supreme Court, Third Department. The petitioners perfected their appeal on January 30, 2013, and CRL's responsive brief is due in March 2013.

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If the petitioners ultimately prevail on appeal such that the Agreement is nullified and CRL is unable to continue to operate Colonie's solid waste management operations, the Agreement requires Colonie to repay to CRL an amount equal to a prorated amount of \$23,000 of the initial payment made by CRL to Colonie plus the amount of any capital that CRL has invested in the Colonie Landfill. The prorated amount owed to CRL by Colonie would be calculated by dividing the \$23,000 plus the amount of invested capital by the number of years of remaining airspace at the Colonie Landfill, as measured from the effective date of the Agreement, and then multiplying the result by the number of years of remaining airspace at the Colonie Landfill, as measured from the date the Agreement is nullified. Furthermore, if the Agreement is nullified as a result of the litigation, Colonie would resume responsibility for all final capping, closure and post-closure liabilities for the Colonie Landfill.

Madera County, California Materials Recovery Facility Contract Litigation

The Company's subsidiary, Madera Disposal Systems, Inc. ("MDSI") was named in a complaint captioned County of Madera vs. Madera Disposal Systems, Inc., et al, which was filed in Madera County Superior Court (Case No. MCV 059402) on March 5, 2012, and subsequently transferred to Fresno County Superior Court. In its complaint, Madera County alleges that from 2007 through 2010, MDSI breached a contract with the County for the operation of a materials recovery facility by withholding profits from facility operations in excess of those authorized by the contract. The County further alleges that the breach gives the County the unilateral right to terminate all of its contracts with MDSI, including contracts for (1) the collection of residential and commercial waste in the unincorporated parts of the County, (2) operation of the materials recovery facility, (3) operation of the North Fork Transfer Station and (4) operation of the Fairmead Landfill. The County seeks monetary damages of \$2,962 from MDSI, plus pre-judgment interest at 10% per annum.

MDSI had been under contract with the County to collect residential and commercial waste and operate the county-owned Fairmead Landfill continuously since at least 1981. In 1994, MDSI contracted with the County to construct and operate a materials recovery facility for the County on the premises of the Fairmead Landfill. At the time it entered into the materials recovery facility contract, MDSI entered into new contracts with the County for waste collection and landfill operation that were to run concurrently with the materials recovery facility contract. In 1998, MDSI and the County agreed to extend the term of the materials recovery facility and the terms of the other County contracts until November 10, 2012, with MDSI holding a unilateral option to extend all of the contracts for an additional five-year term.

In March 2011, the County issued a Notice of Default to MDSI under the materials recovery facility contract and gave MDSI 30 days to cure the default. MDSI provided information that it believed demonstrated that it was not in default under the contract and had not withheld profits that it was obligated to deliver to the County under the terms of the contract.

On February 7, 2012, the County issued a Notice of Termination to MDSI terminating all of its contracts effective November 1, 2012. The lawsuit followed on March 5, 2012. MDSI has answered the complaint and has asserted a claim against the County for wrongful termination of the contracts. On October 31, 2012, MDSI ceased providing services and vacated the County premises.

At this point, the Company is not able to determine the likelihood of any outcome in this matter. The Company disputes Madera County's right to terminate the MDSI contracts effective November 1, 2012, and seeks damages for the profits lost as a result of the wrongful termination. The Company estimates that the current annual impact to its pre-tax earnings resulting from the termination of MDSI's contracts with Madera County will be approximately \$2,300 per year, not including any monetary damages and interest the Court could order MDSI to pay the County.

**Collective Bargaining Agreements**

Thirteen of the Company's collective bargaining agreements have expired or are set to expire in 2013. The Company does not expect any significant disruption in its overall business in 2013 as a result of labor negotiations, employee strikes or organizational efforts.

**12. STOCKHOLDERS' EQUITY**

**Sale of Common Stock**

On February 27, 2012, the Company entered into an underwriting agreement with Morgan Stanley & Co. LLC, in connection with the offer and sale by the Company of 12,000,000 shares of its common stock, par value \$0.01 per share. The shares of common stock were sold to Morgan Stanley & Co. LLC at a price of \$30.83 per share. The offering closed on March 2, 2012. The Company received net proceeds from this offering of \$369,584 after deducting transaction expenses paid by the Company of approximately \$376.

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**Stock Split**

On October 19, 2010, the Company's Board of Directors authorized a three-for-two split of its common stock, in the form of a 50% stock dividend, payable to stockholders of record as of October 29, 2010. Shares resulting from the split were issued on November 12, 2010. In connection therewith, the Company transferred \$394 from retained earnings to common stock, representing the par value of additional shares issued. As a result of the stock split, fractional shares equal to 2,479 whole shares were repurchased for \$101. All share and per share amounts for all periods presented have been retroactively adjusted to reflect the stock split.

**Cash Dividend**

In October 2010, the Company's Board of Directors declared the initiation of a quarterly cash dividend of \$0.075 per share, as adjusted for the three-for-two stock split described above. In October 2011, the Company announced that its Board of Directors increased its regular quarterly cash dividend by \$0.015, from \$0.075 to \$0.09 per share. In October 2012, the Company announced that its Board of Directors increased its regular quarterly cash dividend by \$0.01, from \$0.09 to \$0.10 per share. Cash dividends of \$44,465, \$35,566 and \$8,561 were paid during the years ended December 31, 2012, 2011 and 2010, respectively.

**Share Repurchase Program**

The Company's Board of Directors has authorized a common stock repurchase program for the repurchase of up to \$1,200,000 of common stock through December 31, 2014. Under the program, stock repurchases may be made in the open market or in privately negotiated transactions from time to time at management's discretion. The timing and amounts of any repurchases will depend on many factors, including the Company's capital structure, the market price of the common stock and overall market conditions. As of December 31, 2012 and 2011, the Company had repurchased in aggregate 39,865,266 and 39,245,819 shares, respectively, of its common stock at an aggregate cost of \$784,040 and \$765,443, respectively. As of December 31, 2012, the remaining maximum dollar value of shares available for purchase under the program was approximately \$415,960. The Company's policy related to repurchases of its common stock is to charge any excess of cost over par value entirely to additional paid-in capital.

**Common Stock**

Of the 126,980,506 shares of common stock authorized but unissued as of December 31, 2012, the following shares were reserved for issuance:

Stock option and restricted stock unit plans	4,979,110
Consultant Incentive Plan	326,480
2002 Restricted Stock Plan	15,752
	<u>5,321,342</u>

**Restricted Stock, Stock Options and Restricted Stock Units**

During 2002, the Company's Board of Directors adopted the 2002 Restricted Stock Plan in which selected employees, other than officers and directors, may participate. Restricted stock awards under the 2002 Restricted Stock Plan may or may not require a cash payment from a participant to whom an award is made. The awards become free of the stated restrictions over periods determined at the date of the grant, subject to continuing employment, the achievement of particular performance goals and/or the satisfaction of certain vesting provisions applicable to each award of shares. The Board of Directors authorizes the grant of any stock awards and determines the employees to whom shares are awarded, number of shares to be awarded, award period and other terms and conditions of the awards. Unvested shares of restricted stock may be forfeited and revert to the Company if a plan participant resigns from the Company and its subsidiaries, is terminated for cause or violates the terms of any noncompetition or nonsolicitation agreements to which that plan participant is bound (if such plan participant has been terminated without cause). A total of 320,625 shares of the Company's common stock were reserved for issuance under the 2002 Restricted Stock Plan. As of December 31, 2012, 15,752 shares of common stock were available for future grants of restricted stock under the 2002 Restricted Stock Plan. There were no restricted shares granted or outstanding under the 2002 Restricted Stock Plan during the years ended December 31, 2012, 2011 and 2010.

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In 2002, the Company's Board of Directors authorized two additional equity-based compensation plans: the 2002 Stock Option Plan and 2002 Senior Management Equity Incentive Plan. A total of 8,244,546 shares of the Company's common stock were reserved for future issuance under the 2002 Stock Option Plan. Participation in the 2002 Stock Option Plan is limited to consultants and employees, other than officers and directors. Options granted under the 2002 Stock Option Plan are nonqualified stock options and have a term of no longer than 10 years from the date they are granted. Options generally become exercisable in installments pursuant to a vesting schedule set forth in each option agreement. The Board of Directors authorizes the granting of options and determines the employees and consultants to whom options are to be granted, the number of shares subject to each option, the exercise price, option term, vesting schedule and other terms and conditions of the options. A total of 9,216,710 shares of the Company's common stock were reserved for future issuance under the 2002 Senior Management Equity Incentive Plan. The Company's stockholders approved the 2002 Senior Management Equity Incentive Plan on May 16, 2002. Participation in the 2002 Senior Management Equity Incentive Plan is limited to officers and directors of the Company and its subsidiaries. Options granted under the 2002 Senior Management Equity Incentive Plan may be either incentive stock options or nonqualified stock options and have a term of no longer than 10 years from the date they are granted. Options generally become exercisable in installments pursuant to a vesting schedule set forth in each option agreement. The Board of Directors authorizes the granting of options and determines the officers and directors to whom options are to be granted, the number of shares subject to each option, the exercise price, option term, vesting schedule and other terms and conditions of the options. In the case of incentive stock options, the exercise price will be at least 100% or 110% of the fair market value of the Company's common stock on the date of grant as provided for in the 2002 Senior Management Equity Incentive Plan. As of December 31, 2012, no options were available for future grants under the 2002 Stock Option Plan and 1,500,000 shares of common stock were available for future grants under the 2002 Senior Management Equity Incentive Plan.

In 2004, the Company's Board of Directors authorized the 2004 Equity Incentive Plan. On May 7, 2010, the Company's stockholders approved the latest amendment to the plan, now the Third Amended and Restated 2004 Equity Incentive Plan (the "2004 Equity Incentive Plan"). A total of 7,162,500 shares of the Company's common stock were reserved for future issuance under the 2004 Equity Incentive Plan, all of which may be used for grants of stock options, restricted stock, and/or restricted stock units. Participation in the 2004 Equity Incentive Plan is limited to consultants and employees, including officers and directors. Options granted under the 2004 Equity Incentive Plan are nonqualified stock options and have a term of no longer than five years from the date they are granted. Restricted stock, restricted stock units, and options generally vest in installments pursuant to a vesting schedule set forth in each option or restricted stock or unit agreement. The Board of Directors authorizes the granting of options, restricted stock and restricted stock units, and determines the employees and consultants to whom options, restricted stock, and restricted stock units are to be granted, the number of shares subject to each option, restricted stock, or restricted stock unit, the exercise price, term, vesting schedule and other terms and conditions of the options, restricted stock, or restricted stock units. The exercise prices of the options shall not be less than the fair market value of the Company's common stock on the date of grant. Restricted stock awards under the plan may or may not require a cash payment from a participant to whom an award is made; restricted stock unit awards under the plan do not require any cash payment from the participant to whom an award is made. The fair value of restricted stock units granted during the years ended December 31, 2012, 2011 and 2010, was determined based on the number of restricted stock units granted and the quoted price of the Company's common stock on the date of grant. As of December 31, 2012, 1,572,181 shares of common stock were available to be issued pursuant to future awards granted under the 2004 Equity Incentive Plan.

The following table summarizes restricted stock units activity for the 2004 Equity Incentive Plan:

	Year Ended December 31,		
	2012	2011	2010
Restricted stock units granted	635,266	500,048	596,463
Weighted average grant-date fair value of restricted stock units granted	\$ 31.52	\$ 29.28	\$ 21.32
Total fair value of restricted stock units granted	\$ 20,025	\$ 14,643	\$ 12,750
Restricted stock units becoming free of restrictions	662,909	576,522	511,196
Weighted average restriction period (in years)	3.2	3.9	3.8

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A summary of activity related to restricted stock units under the 2004 Equity Incentive Plan during the year ended December 31, 2012, is presented below:

	<u>Unvested Shares</u>	<u>Weighted-Average Grant Date Fair Value Per Share</u>
Outstanding at December 31, 2011	1,393,009	\$ 22.79
Granted	635,266	31.52
Forfeited	(47,568)	26.92
Vested and Issued	(591,165)	23.10
Vested and Unissued	(71,744)	26.35
Outstanding at December 31, 2012	<u>1,317,798</u>	26.34

A summary of the Company's stock option activity and related information during the year ended December 31, 2012, is presented below:

	<u>Number of Shares (Options)</u>	<u>Weighted Average Exercise Price</u>
Outstanding as of December 31, 2011	813,767	\$ 12.89
Granted	—	—
Forfeited	—	—
Exercised	(328,973)	12.33
Outstanding as of December 31, 2012	<u>484,794</u>	13.26

The following table summarizes information about stock options outstanding as of December 31, 2012:

<u>Exercise Price</u>	<u>Options Outstanding</u>			<u>Options Vested and Exercisable</u>		
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>
\$9.00 to \$12.00	197,980	\$ 10.85	0.9	197,980	\$ 10.85	0.9
\$12.01 to \$15.00	184,126	14.63	2.1	184,126	14.63	2.1
\$15.01 to \$17.00	<u>102,688</u>	15.45	3.1	<u>102,688</u>	15.45	3.1
	<u>484,794</u>	13.26	1.8	<u>484,794</u>	13.26	1.8

The aggregate intrinsic value for both options outstanding and options exercisable at December 31, 2012, was \$9,952. During the year ended December 31, 2010, the final 164,314 of unvested options to purchase common stock became vested.

The total intrinsic value of stock options exercised during the years ended December 31, 2012, 2011 and 2010, was \$6,239, \$7,597 and \$30,059, respectively. The total fair value of stock options vested during the year ended December 31, 2010, was \$726. As of December 31, 2012, 2011 and 2010, a total of 484,794, 813,767 and 1,217,146 options to purchase common stock were exercisable under all stock option plans, respectively.

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**Stock Purchase Warrants**

In 2002, the Company's Board of Directors authorized the 2002 Consultant Incentive Plan, under which warrants to purchase the Company's common stock may be issued to certain consultants to the Company. Warrants awarded under the Consultant Incentive Plan are subject to a vesting schedule set forth in each warrant agreement. Historically, warrants issued have been fully vested and exercisable at the date of grant. The Board of Directors authorizes the issuance of warrants and determines the consultants to whom warrants are to be issued, the number of shares subject to each warrant, the purchase price, exercise date and period, warrant term and other terms and conditions of the warrants. The Board reserved 675,000 shares of the Company's common stock for future issuance under the Consultant Incentive Plan. As of December 31, 2012, 205,991 shares of common stock were available for future grants of warrants under the 2002 Consultant Incentive Plan.

A summary of warrant activity during the year ended December 31, 2012, is presented below:

	Warrants	Weighted-Average Exercise Price
Outstanding at December 31, 2011	50,200	\$ 25.83
Granted	75,006	31.94
Forfeited	(960)	21.25
Exercised	(3,757)	21.73
Outstanding at December 31, 2012	<u>120,489</u>	<u>29.80</u>

The following table summarizes information about warrants outstanding as of December 31, 2012 and 2011:

<u>Grant Date</u>	<u>Warrants Issued</u>	<u>Exercise Price</u>	<u>Fair Value of Warrants Issued</u>	<u>Outstanding at December 31,</u>	
				<u>2012</u>	<u>2011</u>
Throughout 2007	21,206	\$ 19.80 to \$22.68	\$ 123	—	1,391
Throughout 2008	13,901	\$ 18.97 to \$22.70	79	—	—
Throughout 2009	5,589	14.67 to \$ 19.61	22	713	1,735
Throughout 2010	51,627	\$ 20.64 to \$27.41	351	35,446	37,750
Throughout 2011	9,324	\$ 27.53 to \$33.14	79	9,324	9,324
Throughout 2012	75,006	\$ 30.52 to \$33.79	628	75,006	—
				<u>120,489</u>	<u>50,200</u>

The warrants are exercisable when granted and expire between 2014 and 2017.

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**13. OTHER COMPREHENSIVE INCOME (LOSS)**

Other comprehensive income (loss) includes changes in the fair value of interest rate swaps and fuel hedges that qualify for hedge accounting. The components of other comprehensive income (loss) and related tax effects for the years ended December 31, 2012, 2011 and 2010, are as follows:

	Year Ended December 31, 2012		
	Gross	Tax effect	Net of tax
Interest rate swap amounts reclassified into interest expense	\$ 5,289	\$ (2,010)	\$ 3,279
Fuel hedge amounts reclassified into cost of operations	(4,513)	1,715	(2,798)
Changes in fair value of interest rate swaps	(7,333)	2,809	(4,524)
Changes in fair value of fuel hedge	2,194	(836)	1,358
	<u>\$ (4,363)</u>	<u>\$ 1,678</u>	<u>\$ (2,685)</u>

	Year Ended December 31, 2011		
	Gross	Tax effect	Net of tax
Interest rate swap amounts reclassified into interest expense	\$ 5,803	\$ (2,205)	\$ 3,598
Fuel hedge amounts reclassified into cost of operations	(4,297)	1,633	(2,664)
Changes in fair value of interest rate swaps	(5,200)	1,976	(3,224)
Changes in fair value of fuel hedges	3,073	(1,168)	1,905
	<u>\$ (621)</u>	<u>\$ 236</u>	<u>\$ (385)</u>

	Year Ended December 31, 2010		
	Gross	Tax effect	Net of tax
Interest rate swap amounts reclassified into interest expense	\$ 9,052	\$ (3,440)	\$ 5,612
Fuel hedge amounts reclassified into cost of operations	3,932	(1,494)	2,438
Changes in fair value of interest rate swaps	(11,013)	4,201	(6,812)
Changes in fair value of fuel hedges	902	(343)	559
	<u>\$ 2,873</u>	<u>\$ (1,076)</u>	<u>\$ 1,797</u>

A rollforward of the amounts included in AOCL, net of taxes, is as follows:

	Fuel Hedges	Interest Rate Swaps	Accumulated Other Comprehensive Loss
Balance at December 31, 2010	\$ 2,931	\$ (6,026)	\$ (3,095)
Amounts reclassified into earnings	(2,664)	3,598	934
Changes in fair value	1,905	(3,224)	(1,319)
Balance at December 31, 2011	2,172	(5,652)	(3,480)
Amounts reclassified into earnings	(2,798)	3,279	481
Changes in fair value	1,358	(4,524)	(3,166)
Balance at December 31, 2012	<u>\$ 732</u>	<u>\$ (6,897)</u>	<u>\$ (6,165)</u>

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**14. INCOME TAXES**

The provision for income taxes for the years ended December 31, 2012, 2011 and 2010, consists of the following:

	Years Ended December 31,		
	2012	2011	2010
Current:			
Federal	\$65,099	\$ 45,922	\$54,652
State	10,655	10,047	8,251
Deferred:			
Federal	24,795	48,011	24,315
State	4,894	2,978	2,116
Provision for income taxes	<u>\$105,443</u>	<u>\$106,958</u>	<u>\$ 89,334</u>

The significant components of deferred income tax assets and liabilities as of December 31, 2012 and 2011 are as follows:

	2012	2011
Deferred income tax assets:		
Accounts receivable reserves	\$ 2,504	\$ 2,514
Accrued expenses	30,926	23,320
Compensation	9,625	8,288
Interest rate and fuel hedges	3,811	2,133
Leases	1,181	1,355
State taxes	3,482	2,952
Contingent liabilities	28,390	8,578
Gross deferred income tax assets	79,919	49,140
Less: Valuation allowance	—	—
Net deferred income tax assets	79,919	49,140
Deferred income tax liabilities:		
Goodwill and other intangibles	(213,564)	(184,573)
Property and equipment	(246,091)	(207,681)
Landfill closure/post-closure	(26,363)	(21,321)
Prepaid expenses	(12,493)	(10,775)
Other	(492)	(1,294)
Total deferred income tax liabilities	(499,003)	(425,644)
Net deferred income tax liability	<u>\$ (419,084)</u>	<u>\$ (376,504)</u>

During the years ended December 31, 2012, 2011 and 2010, the Company reduced its taxes payable by \$9,603, \$8,990 and \$15,609 respectively, as a result of the exercise of non-qualified stock options, the vesting of restricted stock units, and the disqualifying disposition of incentive stock options. The excess tax benefit associated with equity-based compensation of \$5,033, \$4,763 and \$11,997 for the years ended December 31, 2012, 2011 and 2010, respectively, was recorded in additional paid-in capital.

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The differences between the Company's income tax provision as presented in the accompanying statements of net income and income tax provision computed at the federal statutory rate consist of the items shown in the following table as a percentage of pre-tax income:

	Years Ended December 31,		
	2012	2011	2010
Income tax provision at the statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	3.6	3.7	3.4
Deferred income tax liability adjustments	1.0	—	0.4
Noncontrolling interests	(0.1)	(0.1)	(0.2)
Other	0.3	0.6	1.0
	<u>39.8%</u>	<u>39.2%</u>	<u>39.6%</u>

During the year ended December 31, 2012, the Deferred income tax liability adjustments, due primarily to changes in the geographical apportionment of the Company's state income taxes associated with the R360 acquisition, resulted in an increase to tax expense of \$2,602. During the year ended December 31, 2010, the Deferred income tax liability adjustments, due primarily to a voter-approved increase in Oregon state income tax rates and changes in the geographical apportionment of the Company's state income taxes, resulted in an increase to tax expense of \$1,547. Additionally, the Company recorded an increase to tax expense of \$1,580 associated with the reconciliation of the income tax provision to the 2009 federal and state tax returns, which were filed during 2010, and the disposal of certain assets that had no tax basis. During the year ended December 31, 2010, the Company also recorded a reduction to tax expense of \$563 due primarily to the reversal of certain tax contingences for which the statutes of limitations expired in 2010.

At December 31, 2012 and 2011, the Company did not have any significant federal or state net operating loss carryforwards.

The Company and its subsidiaries are subject to U.S. federal income tax as well as to income tax of multiple state jurisdictions. The Company has concluded all U.S. federal income tax matters for years through 2008. All material state and local income tax matters have been concluded for years through 2007.

The Company did not have any unrecognized tax benefits recorded at December 31, 2012 or 2011. The Company does not anticipate the total amount of unrecognized tax benefits will significantly change by December 31, 2013. The Company recognizes interest and/or penalties related to income tax matters in income tax expense. The Company released, net of recognition, approximately \$29 for interest, net of tax, and recognized no expense for penalties during the year ended December 31, 2011.

The following is a rollforward of the Company's unrecognized tax benefits from January 1, 2010 to December 31, 2012:

	2012	2011	2010
Unrecognized tax benefits at beginning of period	\$—	\$ 341	\$ 942
Gross increases – tax positions in prior periods	—	—	—
Gross decreases – tax positions in prior periods	—	—	—
Lapse of statutes of limitations	—	(341)	(601)
Unrecognized tax benefits at end of period	<u>\$—</u>	<u>\$—</u>	<u>\$ 341</u>

## 15. SEGMENT REPORTING

The Company's revenues include the collection, transfer, recycling and disposal of non-hazardous solid waste and the treatment, recovery and disposal of non-hazardous E&P waste. No single contract or customer accounted for more than 10% of the Company's total revenues at the consolidated or reportable segment level during the periods presented.

Prior to October 2012, the Company managed its operations through three geographic operating segments which were also its reportable segments. In October 2012, as a result of the R360 acquisition described in Note 3, the Company realigned its reporting structure and created a fourth operating segment, the E&P group, which includes the majority of the Company's E&P waste treatment and disposal operations; the Company's three geographic operating segments and its E&P group are also the Company's reportable segments. Each operating segment is responsible for managing several vertically integrated operations, which are comprised of

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districts. The segment information presented herein reflects the addition of the new E&P group. Under the current orientation, the Company's Western Region is comprised of operating locations in Alaska, California, Idaho, Montana, Nevada, Oregon, Washington and western Wyoming; the Company's Central Region is comprised of operating locations in Arizona, Colorado, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah and eastern Wyoming; and the Company's Eastern Region is comprised of operating locations in Eastern Region is comprised of operating locations in Alabama, Illinois, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, North Carolina, South Carolina and Tennessee. The E&P group is comprised of the Company's E&P operations in Louisiana, New Mexico, North Dakota, Oklahoma, Texas, Wyoming and along the Gulf of Mexico.

The Company's Chief Operating Decision Maker ("CODM") evaluates operating segment profitability and determines resource allocations based on several factors, of which the primary financial measure is operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement. Operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement is not a measure of operating income, operating performance or liquidity under GAAP and may not be comparable to similarly titled measures reported by other companies. The Company's management uses operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement in the evaluation of segment operating performance as it is a profit measure that is generally within the control of the operating segments. A reconciliation of operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement to income before income tax provision is included at the end of this Note 15.

Summarized financial information concerning the Company's reportable segments for the years ended December 31, 2012, 2011 and 2010, is shown in the following tables:

Year Ended December 31, 2012	Gross Revenues	Intercompany Revenues <sup>(b)</sup>	Net Revenues	Operating Income Before Depreciation, Amortization, Gain (Loss) on Disposal of Assets and Gain From Litigation Settlement <sup>(c)</sup>	Depreciation and Amortization	Capital Expenditures	Total Assets <sup>(e)</sup>
Western	\$ 882,228	\$ (100,094)	\$ 782,134	\$ 229,427	\$ 78,191	\$ 64,583	\$ 1,507,081
Central	528,510	(56,041)	472,469	171,616	55,614	51,480	1,159,107
Eastern	441,907	(75,082)	366,825	101,046	49,289	32,037	826,687
E&P	41,732	(1,542)	40,190	16,791	8,147	1,791	1,449,065
Corporate <sup>(a), (d)</sup>	—	—	—	(11,073)	2,343	3,626	134,086
	<u>\$1,894,377</u>	<u>\$(232,759)</u>	<u>\$1,661,618</u>	<u>\$ 507,807</u>	<u>\$ 193,584</u>	<u>\$153,517</u>	<u>\$5,076,026</u>

Year Ended December 31, 2011	Gross Revenues	Intercompany Revenues <sup>(b)</sup>	Net Revenues	Operating Income Before Depreciation, Amortization, Gain (Loss) on Disposal of Assets and Gain From Litigation Settlement <sup>(c)</sup>	Depreciation and Amortization	Capital Expenditures	Total Assets <sup>(e)</sup>
Western	\$ 841,006	\$ (98,418)	\$ 742,588	\$ 232,940	\$ 74,628	\$ 57,037	\$ 1,370,098
Central	481,835	(51,658)	430,177	152,059	49,490	46,463	1,040,962
Eastern	401,137	(68,536)	332,601	95,301	41,135	35,139	841,251
Corporate <sup>(a), (d)</sup>	—	—	—	5,519	1,847	3,285	75,694
	<u>\$1,723,978</u>	<u>\$(218,612)</u>	<u>\$1,505,366</u>	<u>\$ 485,819</u>	<u>\$ 167,100</u>	<u>\$141,924</u>	<u>\$ 3,328,005</u>

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Year Ended December 31, 2010	Gross Revenues	Intercompany Revenues <sup>(b)</sup>	Net Revenues	Operating Income Before Depreciation, Amortization, Gain (Loss) on Disposal of Assets and Gain From Litigation Settlement <sup>(c)</sup>	Depreciation and Amortization	Capital Expenditures	Total Assets <sup>(e)</sup>
Western	\$ 801,854	\$ (92,033)	\$ 709,821	\$ 218,254	\$ 72,563	\$ 54,697	\$ 1,378,920
Central	436,630	(49,933)	386,697	127,861	44,247	46,573	1,007,173
Eastern	275,058	(51,819)	223,239	69,013	28,979	32,272	466,329
Corporate <sup>(a), (d)</sup>	—	—	—	5,282	1,667	1,287	63,562
	<u>\$ 1,513,542</u>	<u>\$ (193,785)</u>	<u>\$ 1,319,757</u>	<u>\$ 420,410</u>	<u>\$ 147,456</u>	<u>\$ 134,829</u>	<u>\$ 2,915,984</u>

- (a) Corporate functions include accounting, legal, tax, treasury, information technology, risk management, human resources, training and other administrative functions. Amounts reflected are net of allocations to the four operating segments.
- (b) Intercompany revenues reflect each segment's total intercompany sales, including intercompany sales within a segment and between segments. Transactions within and between segments are generally made on a basis intended to reflect the market value of the service.
- (c) For those items included in the determination of operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement, the accounting policies of the segments are the same as those described in Note 1.
- (d) Corporate assets include cash, net deferred tax assets, debt issuance costs, equity investments, and corporate facility leasehold improvements and equipment.
- (e) Goodwill is included within total assets for each of the Company's four operating segments.

The following table shows changes in goodwill during the years ended December 31, 2011 and 2012, by reportable segment:

	Western	Central	Eastern	E&P	Total
Balance as of December 31, 2010	\$313,038	\$ 305,774	\$ 309,040	\$ —	\$ 927,852
Goodwill transferred <sup>(a)</sup>	—	111,806	(111,806)	—	—
Goodwill acquired	—	6,643	182,393	—	189,036
Balance as of December 31, 2011	313,038	424,223	379,627	—	1,116,888
Goodwill acquired	60,105	6,686	934	452,441	520,166
Goodwill divested	—	(497)	—	—	(497)
Balance as of December 31, 2012	<u>\$373,143</u>	<u>\$ 430,412</u>	<u>\$ 380,561</u>	<u>\$ 452,441</u>	<u>\$ 1,636,557</u>

- (a) In April 2011, as a result of the County Waste acquisition described in Note 3, the Company realigned its reporting structure and changed its three geographic operating segments from Western, Central and Southern to Western, Central and Eastern. Additionally, the Company realigned certain of the Company's districts between operating segments. This realignment resulted in the reallocation of goodwill among its segments, which is reflected in the "Goodwill transferred" line item.

The Company has no accumulated impairment losses associated with goodwill.

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A reconciliation of the Company's primary measure of segment profitability (operating income before depreciation, amortization, gain (loss) on disposal of assets and gain from litigation settlement for reportable segments) to Income before income tax provision in the Consolidated Statements of Net Income is as follows:

	Years ended December 31,		
	2012	2011	2010
Operating income before depreciation, amortization, loss on disposal of assets and gain from litigation settlement	\$ 507,807	\$485,819	\$ 420,410
Depreciation	(169,027)	(147,036)	(132,874)
Amortization of intangibles	(24,557)	(20,064)	(14,582)
Loss on disposal of assets	(1,627)	(1,657)	(571)
Gain from litigation settlement	3,551	—	—
Interest expense	(53,037)	(44,520)	(40,134)
Interest income	773	530	590
Loss on extinguishment of debt	—	—	(10,193)
Other income, net	1,220	57	2,830
Income before income tax provision	<u>\$ 265,103</u>	<u>\$ 273,129</u>	<u>\$225,476</u>

The table below shows, for the periods indicated, the Company's total reported revenues by service line and with intercompany eliminations:

	Years Ended December 31,		
	2012	2011	2010
Solid waste collection	\$ 1,176,333	\$1,069,065	\$ 951,327
Solid waste disposal and transfer	524,861	497,584	456,741
E&P waste treatment, disposal and recovery	61,350	12,746	1,500
Solid waste recycling	81,512	96,417	61,062
Intermodal and other	50,321	48,166	42,912
	1,894,377	1,723,978	1,513,542
Less: intercompany elimination	(232,759)	(218,612)	(193,785)
Total revenues	<u>\$1,661,618</u>	<u>\$1,505,366</u>	<u>\$1,319,757</u>

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**16. NET INCOME PER SHARE INFORMATION**

The following table sets forth the calculation of the numerator and denominator used in the computation of basic and diluted net income per common share attributable to the Company's common stockholders for the years ended December 31, 2012, 2011 and 2010:

	Years Ended December 31,		
	2012	2011	2010
<b>Numerator:</b>			
Net income attributable to Waste Connections for basic and diluted earnings per share	\$ 159,093	\$ 165,239	\$ 135,104
<b>Denominator:</b>			
Basic shares outstanding	121,172,381	112,720,444	115,646,173
Dilutive effect of stock options and warrants	308,681	425,085	833,502
Dilutive effect of restricted stock units	343,287	437,957	414,529
Diluted shares outstanding	121,824,349	113,583,486	116,894,204

As of December 31, 2012, 2011 and 2010, warrants to purchase 75,352, 5,301 and 18,712 shares of common stock, respectively, were excluded from the computation of diluted earnings per share as they were anti-dilutive. As of December 31, 2012, 2011 and 2010, all outstanding stock options were dilutive and included in the computation of diluted earnings per share.

**17. EMPLOYEE BENEFIT PLANS**

WCI has a voluntary savings and investment plan (the "WCI 401(k) Plan"), which is available to all eligible, non-union employees of WCI. Under the WCI 401(k) Plan, WCI makes matching contributions of 50% of every dollar of a participating employee's pre-tax contributions until the employee's contributions equal 5% of the employee's eligible compensation, subject to certain limitations imposed by the U.S. Internal Revenue Code. Waste Connections of Alaska, Inc., a wholly-owned subsidiary of the Company ("Alaska"), has a voluntary savings and investment plan (the "Alaska 401(k) Plan"). The Alaska 401(k) Plan is available to all eligible employees of Alaska. Under the Alaska 401(k) Plan, Alaska makes contributions based on a participating employee's hours worked and makes matching contributions of 100% of every dollar of a participating employee's pre-tax contributions until the employee's contributions equal 3% of the employee's eligible compensation, subject to certain limitations imposed by the U.S. Internal Revenue Code. WCI sponsors a voluntary savings and investment plan (the "R360 401(k) Plan") on behalf of its wholly-owned subsidiary, R360 Environmental Solutions, LLC ("R360"). The R360 401(k) Plan is available to all eligible employees in the E&P group who work at operations acquired in the R360 acquisition. Under the R360 401(k) Plan, R360 makes matching contributions of 50% of every dollar of a participating employee's pre-tax contributions until the employee's contributions equal 6% of the employee's eligible compensation, subject to certain limitations imposed by the U.S. Internal Revenue Code. Waste Connections of California, Inc., a wholly-owned subsidiary of the Company ("California"), has a voluntary savings and investment plan (the "GreenTeam 401(k) Plan"). The GreenTeam 401(k) Plan is available to certain union employees of California, as provided in applicable collective bargaining agreements. Under the GreenTeam 401(k) Plan, California makes matching contributions of 50% of every dollar of a participating employee's pre-tax contributions until the employee's contributions equal 5% of the employee's eligible compensation, subject to certain limitations imposed by the U.S. Internal Revenue Code.

Prior to February, 2010, three wholly-owned subsidiaries of the Company also maintained voluntary savings and investment plans, which were available to all eligible, non-union employees of the respective subsidiaries: Murrey's Disposal Company, Inc.; Harold LeMay Enterprises, Incorporated; and Pierce County Recycling, Composting, and Disposal, LLC. The assets of all three plans maintained by these subsidiaries were merged into the WCI 401(k) Plan in January 2010. Effective January 1, 2010, all eligible employees of the three subsidiaries participate in the WCI 401(k) Plan and their respective employers make matching contributions to the WCI 401(k) Plan, consistent with WCI's matching contributions described above.

Total employer expenses, including employer matching contributions, for the 401(k) Plans described above were approximately \$3,304, \$2,759 and \$2,662, respectively, during the years ended December 31, 2012, 2011 and 2010. These amounts include matching contributions made under the Deferred Compensation Plan, described below.

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The Company also participates in various “multiemployer” pension plans administered by employer and union trustees. The Company makes periodic contributions to these plans pursuant to its labor agreements. None of the multiemployer pension plans in which the Company participates have been certified to be in “endangered” or “critical” status, as defined by the Pension Protection Act of 2006. The Company’s contributions to each individual multiemployer pension plan represent less than 5% of total contributions to such plan. Based on the most recent information available, the Company’s withdrawal liability from each individual multiemployer plan in which the Company participates is not material to the Company’s results of operations. During the years ended December 31, 2012, 2011 and 2010, the Company’s total employer contributions to the multiemployer pension plans were approximately \$3,812, \$3,906 and \$3,970, respectively.

Effective for compensation paid on and after July 1, 2004, the Company established a Deferred Compensation Plan for eligible employees, which was amended and restated effective January 1, 2008, and January 1, 2010 (the “Deferred Compensation Plan”). The Deferred Compensation Plan is a non-qualified deferred compensation program under which the eligible participants, including officers and certain employees who meet a minimum salary threshold, may voluntarily elect to defer up to 80% of their base salaries and up to 100% of their bonuses, commissions and restricted stock unit grants. Members of the Company’s Board of Directors are eligible to participate in the Deferred Compensation Plan with respect to their Director fees. Although the Company periodically contributes the amount of its obligation under the plan to a trust for the benefit of the participants, the amounts of any compensation deferred under the Plan constitute an unsecured obligation of the Company to pay the participants in the future and, as such, are subject to the claims of other creditors in the event of insolvency proceedings. Participants may elect certain future distribution dates on which all or a portion of their accounts will be paid to them, including in the case of a change in control of the Company. Their accounts will be distributed to them in cash, except for amounts credited with respect to deferred restricted stock unit grants, which will be distributed in shares of the Company’s common stock pursuant to the Third Amended and Restated 2004 Equity Incentive Plan. In addition to the amount of participants’ contributions, the Company will pay participants an amount reflecting a deemed return based on the returns of various mutual funds or measurement funds selected by the participants, except in the case of restricted stock units that are deferred, which are credited to their accounts as shares of Company common stock. The measurement funds are used only to determine the amount of return the Company pays to participants and participant funds are not actually invested in the measurement fund, nor are any shares of Company common stock acquired under the Deferred Compensation Plan. The Company also makes a matching contribution to the Deferred Compensation Plan of 50% of every dollar of a participating employee’s pre-tax contributions until the employee’s contributions equal 5% of the employee’s eligible compensation, less the amount of any match the Company makes on behalf of the employee under the WCI 401(k) Plan, and subject to the same limits that apply to the WCI 401(k) Plan, except that the Company’s matching contributions under the Deferred Compensation Plan are 100% vested when made. The total liability for deferred compensation at December 31, 2012 and 2011 was \$12,541 and \$9,656, respectively, which was recorded in Other long-term liabilities in the Consolidated Balance Sheets.

#### 18. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table summarizes the unaudited consolidated quarterly results of operations for 2012:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Revenues	\$ 376,430	\$ 410,731	\$ 425,654	\$ 448,803
Operating income	65,056	81,737	89,147	80,206
Net income	31,439	42,515	49,620	36,086
Net income attributable to Waste Connections	31,303	42,415	49,385	35,989
Basic income per common share attributable to Waste Connections’ common stockholders	0.27	0.34	0.40	0.29
Diluted income per common share attributable to Waste Connections’ common stockholders	0.27	0.34	0.40	0.29

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In December 2011, the Company commenced a relocation of its corporate headquarters from Folsom, California to The Woodlands, Texas. During the year ended December 31, 2012, the Company incurred \$8,031 (\$4,975 net of taxes) related to this relocation. The amounts incurred were materially consistent throughout the four quarters. During the first quarter of 2012, the Company recognized \$3,585 of pre-tax expense (\$3,315 net of taxes) in Selling, general and administrative expense resulting from a grant of immediately vested restricted stock units to certain executive officers at the time the executives agreed to modification to their employment contracts. During the third quarter of 2012, the Company received an award from an arbitration it filed against a counter-party to a disposal agreement that breached that agreement. The award in the amount of \$3,551 (\$2,202 net of taxes) was recorded as Gain from litigation settlement.

The following table summarizes the unaudited consolidated quarterly results of operations for 2011:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Revenues	\$ 331,468	\$ 390,184	\$ 403,962	\$ 379,752
Operating income	68,575	84,798	89,314	74,374
Net income	36,793	44,605	46,584	38,189
Net income attributable to Waste Connections	36,539	44,413	46,329	37,958
Basic income per common share attributable to Waste Connections' common stockholders	0.32	0.39	0.41	0.34
Diluted income per common share attributable to Waste Connections' common stockholders	0.32	0.39	0.41	0.34

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2012, at the reasonable assurance level such that information required to be disclosed in our Exchange Act reports: (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (2) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

### **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. This process includes policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and any dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles; (3) provide reasonable assurance that receipts and expenditures of ours are being made only in accordance with authorizations of our management; and (4) provide reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements would be prevented or timely detected.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our internal control over financial reporting as of December 31, 2012. In conducting our evaluation, we used the framework set forth in the report titled "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission. We have excluded our acquisition of the business of R360 which we completed in October 2012, from the scope of management's evaluation, as the late timing of this acquisition made it impracticable to conduct a meaningful evaluation of the acquired business' internal control over financial reporting before the end of the fiscal year. This exclusion is in accordance with the SEC's general guidance that an assessment of a recently acquired business may be omitted from our scope in the year of acquisition. The total assets and total revenues recorded generated from the business of R360 represent approximately 28.5% of our total assets and 2.4% of our total revenues, respectively, as of and for the year ended December 31, 2012. Notwithstanding the exclusion of the R360 acquisition from our assessment, there was no material change to our internal control over financial reporting due to the acquisition pursuant to Rule 15d-15 of the Exchange Act. Our assessment on internal control over financial reporting for fiscal year 2013 will include the R360 acquisition. Based on the results of our evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2012.

The effectiveness of our internal control over financial reporting as of December 31, 2012, has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in its report which appears in Item 8 of this Annual Report of Form 10-K.

### **Changes in Internal Control Over Financial Reporting**

Based on an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, there has been no change to our internal control over financial reporting that occurred during the three month period ended December 31, 2012, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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**ITEM 9B. OTHER INFORMATION**

None.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Except as set forth above in Part I under “Executive Officers of the Registrant” and in the paragraph below, the information required by Item 10 has been omitted from this report, and is incorporated by reference to the sections “Election of Directors,” “Corporate Governance and Board Matters” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive Proxy Statement for the 2013 Annual Meeting of Stockholders, which we will file with the SEC pursuant to Regulation 14A within 120 days after the end of our 2012 fiscal year.

We have adopted a Code of Conduct and Ethics that applies to our officers, including our principal executive officer, principal financial officer, principal accounting officer and all other officers, directors and employees. We have also adopted Corporate Governance Guidelines to promote the effective functioning of our Board of Directors and its committees, to promote the interests of stockholders and to ensure a common set of expectations concerning how the Board, its committees and management should perform their respective functions. Our Code of Conduct and Ethics and our Corporate Governance Guidelines are available on our website at <http://www.wasteconnections.com> as are the charters of our Board’s Audit, Nominating and Corporate Governance and Compensation Committees. Information on or that can be accessed through our website is not incorporated by reference to this report. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendments to, or waiver from, a provision of our Code of Conduct by posting such information on our website.

Stockholders may also obtain copies of the Corporate Governance documents discussed above by contacting our Secretary at the address or phone number listed on the cover page of this Annual Report on Form 10-K.

**ITEM 11. EXECUTIVE COMPENSATION**

Information required by Item 11 has been omitted from this report and is incorporated by reference to the sections “Executive Compensation” and “Corporate Governance and Board Matters” in our definitive Proxy Statement for the 2013 Annual Meeting of Stockholders.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information required by Item 12 has been omitted from this report and is incorporated by reference to the sections “Principal Stockholders” and “Equity Compensation Plan Information” in our definitive Proxy Statement for the 2013 Annual Meeting of Stockholders.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information required by Item 13 has been omitted from this report and is incorporated by reference to the sections “Certain Relationships and Related Transactions” and “Corporate Governance and Board Matters” in our definitive Proxy Statement for the 2013 Annual Meeting of Stockholders.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

Information required by Item 14 has been omitted from this report and is incorporated by reference to the section “Appointment of Independent Registered Public Accounting Firm” in our definitive Proxy Statement for the 2013 Annual Meeting of Stockholders.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

- (a) See Index to Consolidated Financial Statements on page 60. The following Financial Statement Schedule is filed herewith on page 116 and made a part of this Report:

Schedule II—Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable, and therefore have been omitted.

- (b) See Exhibit Index immediately following signature pages.

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Waste Connections, Inc.

By: /s/ Ronald J. Mittelstaedt

Ronald J. Mittelstaedt  
Chief Executive Officer and Chairman

Date: March 1, 2013

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ronald J. Mittelstaedt and Worthing F. Jackman, jointly and severally, his true and lawful attorneys-in-fact, each with the power of substitution, for him in any and all capacities to sign any amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Ronald J. Mittelstaedt</u> Ronald J. Mittelstaedt	Chief Executive Officer and Chairman (principal executive officer)	March 1, 2013
<u>/s/ Worthing F. Jackman</u> Worthing F. Jackman	Executive Vice President and Chief Financial Officer (principal financial officer)	March 1, 2013
<u>/s/ David G. Eddie</u> David G. Eddie	Senior Vice President and Chief Accounting Officer (principal accounting officer)	March 1, 2013
<u>/s/ Michael W. Harlan</u> Michael W. Harlan	Director	March 1, 2013
<u>/s/ William J. Razzouk</u> William J. Razzouk	Director	March 1, 2013
<u>/s/ Robert H. Davis</u> Robert H. Davis	Director	March 1, 2013
<u>/s/ Edward E. Guillet</u> Edward E. Guillet	Director	March 1, 2013

WASTE CONNECTIONS, INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 2012, 2011 and 2010

(in thousands)

<u>Description</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>		<u>Deductions (Write-offs, Net of Collections)</u>	<u>Balance at End of Year</u>
		<u>Charged to Costs and Expenses</u>	<u>Charged to Other Accounts</u>		
Allowance for Doubtful Accounts:					
Year Ended December 31, 2012	\$ 6,617	\$ 5,153	\$ —	\$(5,222)	\$ 6,548
Year Ended December 31, 2011	5,084	6,428	—	(4,895)	6,617
Year Ended December 31, 2010	4,058	5,126	—	(4,100)	5,084

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
2.1	Stock Purchase Agreement, dated as of March 31, 2011, by and among Waste Connections, Inc., on the one hand, and Hudson Valley Waste Holding, Inc. (“Hudson Valley Waste Holding”), its wholly-owned subsidiary, County Waste and Recycling Service, Inc., and Hudson Valley Waste Holding’s shareholders, on the other hand (incorporated by reference to the exhibit filed with the Registrant’s Form 8-K filed on April 5, 2011)
2.2	Purchase and Sale Agreement, dated as of September 16, 2012, by an among R360 Environmental Solutions, Inc. and the other Sellers named therein and WCI Holdings Co., Inc. and, for the limited purposes described therein, the Registrant (incorporated by reference to the exhibit filed with the Registrant’s Form 10-Q filed on October 23, 2012)
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to the exhibit filed with the Registrant’s Form 10-K filed on February 8, 2012)
3.2	Third Amended and Restated Bylaws of the Registrant, effective May 15, 2009 (incorporated by reference to the exhibit filed with the Registrant’s Form 8-K filed on April 23, 2009)
4.1	Form of Common Stock Certificate (incorporated by reference to the exhibit filed with the Registrant’s Form S-1/A filed on May 6, 1998)
4.2	Master Note Purchase Agreement, dated July 15, 2008 (incorporated by reference to the exhibit filed with the Registrant’s Form 8-K filed on July 18, 2008)
4.3	Amendment No. 1 to Master Note Purchase Agreement, dated as of July 20, 2009 (incorporated by reference to the exhibit filed with the Registrant’s Form 10-Q filed on August 5, 2009)
4.4	First Supplement to Master Note Purchase Agreement, dated as of October 26, 2009 (incorporated by reference to the exhibit filed with the Registrant’s Form 10-Q filed on October 27, 2009)
4.5	Amendment No. 2 to Master Note Purchase Agreement, dated as of November 24, 2010 (incorporated by reference to the exhibit filed with the Registrant’s Form 8-K filed on November 26, 2010)
4.6	Second Supplement to Master Note Purchase Agreement, dated as of April 1, 2011 (incorporated by reference to the exhibit filed with the Registrant’s Form 8-K filed on April 5, 2011)
4.7	Amendment No. 3 to Master Note Purchase Agreement, dated as of October 12, 2011 (incorporated by reference to the exhibit filed with the Registrant’s Form 10-K filed on February 8, 2012)
4.8	Amended and Restated Credit Agreement, dated as of July 11, 2011 (incorporated by reference to the exhibit filed with the Registrant’s Form 10-Q filed on October 19, 2011)
4.9 *	Term Loan Agreement, dated as of October 25, 2012
10.1 +	Form of Warrant Agreement (incorporated by reference to the exhibit filed with the Registrant’s Form S-1 filed on March 16, 1998)
10.2 +	Employment Agreement between the Registrant and James M. Little, dated as of September 13, 1999 (incorporated by reference to the exhibit filed with the Registrant’s Form 10-K filed on March 13, 2000)
10.3 +	Employment Agreement between the Registrant and Eric O. Hansen, dated as of January 1, 2001 (incorporated by reference to the exhibit filed with the Registrant’s Form 10-Q filed on May 3, 2005)

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<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.4 +	2002 Senior Management Equity Incentive Plan (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 11, 2008)
10.5 +	2002 Stock Option Plan (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 11, 2008)
10.6 +	2002 Restricted Stock Plan (incorporated by reference to the exhibit filed with the Registrant's Form S-8 filed on June 19, 2002)
10.7 +	First Amended and Restated Employment Agreement between the Registrant and David M. Hall, dated as of October 1, 2005 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on October 4, 2005)
10.8 +	First Amended and Restated Employment Agreement between the Registrant and David G. Eddie, dated as of October 1, 2005 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K filed on October 4, 2005)
10.9 +	Form of Indemnification Agreement between the Registrant and each of its directors and officers (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on July 31, 2006)
10.10 +	Employment Agreement between the Registrant and Patrick J. Shea, dated as of February 1, 2008 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on April 23, 2008)
10.11 +	Consultant Incentive Plan (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on April 23, 2008)
10.12 +	Amended and Restated Senior Management Incentive Plan (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on July 30, 2008)
10.13 +	Form of Amendment to Employment Agreement between the Registrant and each of David G. Eddie, David M. Hall and Patrick J. Shea (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 10, 2009)
10.14 +	Form of Amendment to Employment Agreement between the Registrant and James M. Little (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 10, 2009)
10.15 +	Form of Amendment to Employment Agreement between the Registrant and Eric O. Hansen (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 10, 2009)
10.16 +	Employment Agreement between the Registrant and Rick Wojahn, dated as of February 9, 2009 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 8, 2009)
10.17 +	Employment Agreement between the Registrant and Scott Schreiber, dated as of February 9, 2009 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on May 8, 2009)
10.18 +*	Amended and Restated Compensation Plan for Independent Directors, dated January 1, 2013
10.19 +	Employment Agreement between the Registrant and Greg Thibodeaux, dated as of July 1, 2000 (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 9, 2011)
10.20 +	Form of Amendment to Employment Agreement between the Registrant and Greg Thibodeaux (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 9, 2011)

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<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.21 +	Nonqualified Deferred Compensation Plan, amended and restated as of September 22, 2011 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on October 19, 2011)
10.22 +	Third Amended and Restated 2004 Equity Incentive Plan (incorporated by reference to the exhibit filed with the Registrant's Form 10-K filed on February 8, 2012)
10.23 +	Separation Benefits Plan and Employment Agreement by and between the Registrant and Ronald J. Mittelstaedt, effective February 13, 2012 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K/A filed on February 27, 2012)
10.24 +	Separation Benefits Plan, effective February 13, 2012 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K/A filed on February 27, 2012)
10.25 +	Separation Benefits Plan Participation Letter Agreement by and between the Registrant and Steven F. Bouck, effective February 13, 2012 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K/A filed on February 27, 2012)
10.26 +	Separation Benefits Plan Participation Letter Agreement by and between the Registrant and Worthing F. Jackman, effective February 13, 2012 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K/A filed on February 27, 2012)
10.27 +	Separation Benefits Plan Participation Letter Agreement by and between the Registrant and Darrell W. Chambliss, effective February 13, 2012 (incorporated by reference to the exhibit filed with the Registrant's Form 8-K/A filed on February 27, 2012)
10.28 +	Employment Agreement between the Registrant and Matthew Black, dated as of March 1, 2012 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on April 26, 2012)
10.29 +	Employment Agreement between the Registrant and Mary Anne Whitney, dated as of March 1, 2012 (incorporated by reference to the exhibit filed with the Registrant's Form 10-Q filed on April 26, 2012)
12.1 *	Statement regarding Computation of Ratios
21.1 *	Subsidiaries of the Registrant
23.1 *	Consent of Independent Registered Public Accounting Firm
24.1 *	Power of Attorney (see signature page of this Annual Report on Form 10-K)
31.1 *	Certification of Chief Executive Officer
31.2 *	Certification of Chief Financial Officer
32.1 *	Certificate of Chief Executive Officer and Chief Financial Officer
101.INS *	XBRL Instance Document
101.SCH *	XBRL Taxonomy Extension Schema Document
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB *	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document

\* Filed herewith.

+ Management contract or compensatory plan, contract or arrangement.

**TERM LOAN AGREEMENT**

dated as of October 25, 2012,

among

WASTE CONNECTIONS, INC.,  
and its Subsidiaries listed on Schedule 1 hereto  
under the heading "Borrower Subsidiaries",  
as the Borrowers,

BANK OF AMERICA, N.A.,  
as the Administrative Agent,

and

THE OTHER LENDERS PARTY HERETO,

with

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,  
J.P. MORGAN SECURITIES LLC,

and

WELLS FARGO SECURITIES, LLC,  
as the Joint Lead Arrangers and Joint Book Managers,

and

JPMORGAN CHASE BANK, N.A.,  
and

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Co-Syndication Agents

and

PNC BANK, NATIONAL ASSOCIATION,  
and

UNION BANK, N.A.,  
as Co-Documentation Agents

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- 2.01 Term A Loan Commitments and Term A Loan Percentages
- 5.07 Litigation
- 5.16 Environmental Matters
- 5.17 Related Party Transactions
- 6.07 Permitted Self-Insurance
- 7.01 Existing Indebtedness
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- 10.02 Administrative Agent's Office, Certain Addresses for Notices

## EXHIBITS

- A Form of Loan Notice
- B Form of Term A Note
- C Form of Compliance Certificate
- D-1 Form of Assignment and Assumption
- D-2 Form of Administrative Questionnaire
- E Forms of U.S. Tax Compliance Certificates

## TERM LOAN AGREEMENT

**TERM LOAN AGREEMENT** (this "Agreement") is entered into as of October 25, 2012, among WASTE CONNECTIONS, INC., a Delaware corporation (the "Parent"), the Subsidiaries listed on Schedule 1 hereto under the heading "Borrower Subsidiaries" (together with Parent, collectively the "Borrowers"), each lender from time to time party hereto (collectively, the "Lenders", and each individually, a "Lender"), and BANK OF AMERICA, N.A., as the Administrative Agent.

In consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

### **ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS**

**1.01 Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

"Accountants" means an independent accounting firm of national standing reasonably acceptable to the Required Lenders and the Administrative Agent.

"Act" has the meaning specified in Section 10.16.

"Administrative Agent" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify the Borrowers and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire substantially in the form of Exhibit D-2 or any other form approved by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Applicable Rate" means, from time to time, the following percentages per annum, based upon the Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to (i) Section 4.01(a)(ix) for the initial period following the Closing Date and (ii) thereafter, Section 6.04(c):

<u>Level</u>	<u>Leverage Ratio</u>	<u>LIBOR Rate Loans</u>	<u>Base Rate Loans</u>
I	≥ 3.25:1.00	2.500%	1.500%
II	≥ 3.00:1.00 and <3.25:1.00	2.000%	1.000%
III	≥ 2.50:1.00 and <3.00:1.00	1.750%	0.750%
IV	≥ 1.75:1.00 and <2.50:1.00	1.500%	0.500%
V	< 1.75:1.00	1.375%	0.375%

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Any increase or decrease in the Applicable Rate resulting from a change in the Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is received by the Administrative Agent pursuant to Section 6.04(c); provided, however, that if a Compliance Certificate is not delivered within ten (10) days after the time periods specified in such Section 6.04(c), then Level I (as set forth in the table above) shall apply as of the first Business Day thereafter, subject to prospective adjustment upon actual receipt of such Compliance Certificate.

As of the Closing Date, the Applicable Rate shall be determined by reference to Level II.

Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Rate for any period shall be subject to the provisions of Section 2.10(b).

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arrangers” means, collectively, Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC, in their respective capacities as joint lead arrangers and joint book managers.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit D-1 or any other form (including electronic documentation generated by MarkitClear or other electronic platform) approved by the Administrative Agent.

“Attributable Indebtedness” means, with respect to any Person, on any date, (a) in respect of any Capital Lease, the capitalized amount thereof that would appear on the balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease, the capitalized amount of the remaining lease payments thereunder that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such Synthetic Lease were accounted for as a Capital Lease.

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“Audited Financial Statements” means the audited consolidated balance sheet of the Parent and its Subsidiaries for the fiscal year ended December 31, 2011, and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of the Parent and its Subsidiaries, including the notes thereto.

“Balance Sheet Date” means December 31, 2011.

“Bank of America” means Bank of America, N.A. and its successors.

“Bankruptcy Code” means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, et seq.), as amended and in effect from time to time.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the LIBOR Rate plus 1%, and (c) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate.” The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

“Base Rate Loan” means a Term A Loan that bears interest based on the Base Rate.

“Benefit Amount” has the meaning specified in Section 2.15(f).

“Borrowers” has the meaning specified in the introductory paragraph hereto.

“Borrower Materials” has the meaning specified in Section 6.04.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located and, if such day relates to any LIBOR Rate Loan, means any such day that is also a London Banking Day.

“Capital Lease” means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property by such Person that, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of such Person.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended and in effect from time to time.

“CFO” means the principal financial or accounting officer of the Borrowers.

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“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Closing Date” means the date all the conditions precedent set forth in Section 4.01 are satisfied or waived in accordance with Section 10.01, which date is October 25, 2012.

“Code” means the Internal Revenue Code of 1986, as amended and in effect from time to time.

“Commitment Letter” means the “Project Rodeo” Commitment Letter dated as of September 16, 2012 (as supplemented by the joinder thereto dated as of October 1, 2012), from the Arrangers to the Parent.

“Companies” means, collectively, the entities comprising the “Transferred Group” (as defined in the R360 Purchase Agreement) which are being acquired in connection with the R360 Acquisition.

“Company Material Adverse Effect” means a “Material Adverse Effect” (as defined in the R360 Purchase Agreement).

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated EBIT” means, for any period, the Consolidated Net Income (or Deficit) of the Consolidated Group determined in accordance with GAAP, plus (a) interest expense, plus (b) income taxes, plus (c) non-cash stock compensation charges, to the extent that such charges were deducted in determining Consolidated Net Income (or Deficit), all as determined in accordance with GAAP, including, without limitation, charges for stock options and restricted stock grants, plus (d) one-time, non-recurring acquisition costs to the extent such costs are expensed in accordance with FAS 141R and not capitalized, plus (e) non-controlling interest expense, plus (f) non-cash extraordinary non-recurring writedowns or writeoffs of assets, including non-cash losses on the sale of assets outside the ordinary course of business, plus (g) any losses associated with the extinguishment of Indebtedness, plus (h) special charges relating to the termination of a Swap Contract, plus (i) any accrued settlement payments in respect of any Swap Contract owing by any members of the Consolidated Group, plus (j) one-time, non-recurring charges in connection with the modification of employment agreements with certain members of senior management as approved by the Administrative Agent (with such approval not to be unreasonably withheld), minus (k) non-cash extraordinary gains on the sale of assets to the extent included in Consolidated Net Income (or Deficit), and minus (l) any accrued settlement payments in respect of any Swap Contract payable to any members of the Consolidated Group.

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“Consolidated EBITDA” means, for any period (without duplication), (a) Consolidated EBIT plus the depreciation expense and amortization expense, to the extent that each was deducted in determining Consolidated Net Income (or Deficit), determined in accordance with GAAP, plus (b) the depreciation expense and amortization expense (without duplication) of any company whose Consolidated EBITDA was included under clause (c) hereof, plus (c) Consolidated EBITDA for the prior twelve (12) months of companies or business segments acquired by the Consolidated Group during the respective reporting period (without duplication); provided, that (i) the financial statements of such acquired companies or business segments have been audited for the period sought to be included by an independent accounting firm satisfactory to the Administrative Agent, or (ii) the Administrative Agent consents to such inclusion after being furnished with other acceptable financial statements; and provided further, that such acquired Consolidated EBITDA may be further adjusted to add-back non-recurring private company expenses which are discontinued upon acquisition (such as owner’s compensation), as approved by the Administrative Agent. Simultaneously with the delivery of the financial statements referred to in clauses (c)(i) and (c)(ii) hereof, the CFO shall deliver to the Administrative Agent a Compliance Certificate and appropriate documentation certifying the historical operating results, adjustments and balance sheet of the acquired company or business segment.

“Consolidated Group” means the Parent and its consolidated Subsidiaries.

“Consolidated Net Income (or Deficit)” means the consolidated net income (or deficit) of the Consolidated Group after deduction of all expenses, taxes, and other proper charges, determined in accordance with GAAP.

“Consolidated Total Funded Debt” means, with respect to the Consolidated Group, the sum, without duplication, of (a) the aggregate amount of Indebtedness of the Consolidated Group on a consolidated basis, relating to (i) the borrowing of money or the obtaining of credit, including the issuance of notes, bonds, debentures or similar debt instruments, (ii) Attributable Indebtedness in respect of any Capital Leases and Synthetic Leases, (iii) the non-contingent deferred purchase price of assets and companies (typically known as holdbacks) to the extent recognized as a liability in accordance with GAAP, but excluding short-term trade payables incurred in the ordinary course of business, and (iv) any unpaid reimbursement obligations with respect to letters of credit outstanding, but excluding any contingent obligations with respect to letters of credit outstanding; plus (b) Indebtedness of the type referred to in clause (a) of another Person who is not a member of the Consolidated Group Guaranteed by one or more members of the Consolidated Group.

“Consolidated Total Interest Expense” means, for any period, the aggregate amount of interest required to be paid or accrued by the Consolidated Group during such period on all Indebtedness of the Consolidated Group outstanding during all or any part of such period, whether such interest was or is required to be reflected as an item of expense or capitalized, including payments treated as interest under GAAP in respect of any Capital Lease or any Synthetic Lease and including commitment fees, agency fees, facility fees, balance deficiency

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fees and similar fees or expenses in connection with the borrowing of money, but (a) excluding (i) any amortization and other non-cash charges or expenses incurred during such period to the extent included in determining consolidated interest expense, including without limitation, non-cash amortization of deferred debt origination and issuance costs and amortization of accumulated other comprehensive income, (ii) all amounts associated with the unwinding or termination of any Swap Contract, (iii) any accrued settlement payments in respect of any Swap Contract payable to any member of the Consolidated Group and (iv) to the extent included as an item of interest expense, any premium paid to prepay, repurchase or redeem any Indebtedness incurred pursuant to Section 7.01, and (b) including any accrued settlement payments in respect of any Swap Contract owing by any member of the Consolidated Group.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Covenanted Senior Debt” means those notes identified on Schedule 1.01 hereto and all other senior Indebtedness for borrowed money incurred by the Borrowers from time to time which impose performance-based covenants upon any Borrower.

“Debtor Relief Laws” means the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means (a) with respect to any Term A Loan, the interest rate otherwise applicable to such Term A Loan plus 2% per annum, and (b) with respect to all other Obligations under this Agreement then due and payable, an interest rate equal to the Base Rate plus the Applicable Rate otherwise applicable to Base Rate Loans plus 2% per annum.

“Defaulting Lender” means, subject to Section 2.18(b), any Lender that (a) has failed to (i) fund all or any portion of its Term A Loan within two (2) Business Days after the date such Term A Loan was required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrowers in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Business Days after the date such payment is due, (b) has notified the Borrowers, the Administrative Agent or any Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Term A Loan hereunder and states that such position is based on such Lender’s good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or

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public statement) cannot be satisfied), (c) has failed, within two (2) Business Days after written request by the Administrative Agent, to confirm in writing to the Administrative Agent that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided, that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.18(b)) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrowers and each other Lender promptly following such determination.

“Designated Jurisdiction” means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Distribution” means the declaration or payment of any dividend or distribution on or in respect of any Equity Interest (other than dividends or other distributions payable solely in additional Equity Interests); the purchase, redemption, retirement or other acquisition of any Equity Interest, directly or indirectly through a Subsidiary or otherwise; the return of equity capital by any Person to its shareholders, partners or members as such; or any other distribution on or in respect of any Equity Interest.

“Dollar” and “\$” mean lawful money of the United States.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of any political subdivision of the United States.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Sections 10.06(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

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“Environmental Laws” has the meaning specified in Section 5.16(a).

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrowers directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Environmental Permit” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of any class of, or other ownership or profit interests in, such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with any Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan (other than a Multiemployer Plan); (b) the withdrawal of any Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate or the treatment of a Pension Plan (other than a Multiemployer Plan) amendment as a termination under Section 4041 of ERISA or notification of a filing of a notice of intent to terminate or the treatment of a Multiemployer Plan amendment as a termination under Section 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan (other than a Multiemployer Plan) or notification of the institution by the PBGC of proceedings to terminate a Multiemployer Plan; (f) any event or condition which could reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan (other than a Multiemployer Plan); (g) the determination that any Pension Plan (other than a Multiemployer Plan) is considered an at-risk plan within the meaning of Section 430 of the Code or Section 303 of ERISA or notification that any Multiemployer Plan is considered a plan in endangered or critical status within the meaning of Sections 431 and 432 of the Code or Sections 304 and 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate.

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“Event of Default” has the meaning specified in Section 8.01.

“Exchange Act” means the Securities Exchange Act of 1934, as amended and in effect from time to time.

“Excluded Subsidiaries” means each of the Subsidiaries listed on Schedule 1 under the heading “Excluded Subsidiaries”, each Foreign Subsidiary and each other Subsidiary from time to time designated as an Excluded Subsidiary in accordance with Section 6.19 and subject to Section 7.15.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Term A Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Term A Loan (other than pursuant to an assignment request by the Borrowers under Section 10.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01(a)(ii), (a)(iii) or (c), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.01(e), and (d) any withholding Taxes imposed pursuant to FATCA.

“FASB ASC” means the Accounting Standards Codification of the Financial Accounting Standards Board.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

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“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

“Fee Letter” means the letter agreement, dated as of September 16, 2012, among the Parent, the Administrative Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“Foreign Lender” means (a) with respect to any Borrower that is a U.S. Person, a Lender that is not a U.S. Person, and (b) with respect to any Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” means any Subsidiary of the Parent that is not a Domestic Subsidiary.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fuel Derivatives Obligations” means fuel price swaps, fuel price caps and fuel price collar and floor agreements, and similar agreements or arrangements designed to protect against or manage fluctuations in fuel prices.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of business.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

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“Guarantee” means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Indebtedness” means, as to any Person and whether recourse is secured by or is otherwise available against all or only a portion of the assets of such Person and whether or not contingent, but without duplication:

- (a) every obligation of such Person for money borrowed;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers’ acceptances or similar facilities issued for the account of such Person;
- (d) the net present value (using the Base Rate as the discount rate) of every obligation of such Person issued or assumed as the deferred purchase price of property or services (including securities repurchase agreements but excluding (A) trade accounts payable or accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith and (B) contingent purchase price obligations solely to the extent that the contingency upon which such obligation is conditioned has not yet occurred);
- (e) Attributable Indebtedness of such Person in respect of Capital Leases;
- (f) Attributable Indebtedness of such Person in respect of Synthetic Leases;

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(g) all sales by such Person of (A) accounts or general intangibles for money due or to become due, (B) chattel paper, instruments or documents creating or evidencing a right to payment of money or (C) other receivables (collectively, “Receivables”), whether pursuant to a purchase facility or otherwise, other than in connection with the disposition of the business operations of such Person relating thereto or a disposition of defaulted Receivables for collection and not as a financing arrangement, and together with any obligation of such Person to pay any discount, interest, fees, indemnities, penalties, recourse, expenses or other amounts in connection therewith; provided, however, that sales referred to in clauses (B) and (C) shall not constitute Indebtedness to the extent that such sales are non-recourse to such Person;

(h) every obligation of such Person (an “equity related purchase obligation”) to purchase, redeem, retire or otherwise acquire for value any Equity Interest of any class issued by such Person, or any rights measured by the value of such Equity Interest;

(i) every obligation of such Person under any forward contract, futures contract, swap, option or other financing agreement or arrangement (including, without limitation, caps, floors, collars and similar agreements), the value of which is dependent upon interest rates, currency exchange rates, commodities or other indices;

(j) every obligation in respect of Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent that such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent that the terms of such Indebtedness provide that such Person is not liable therefor and such terms are enforceable under applicable law; and

(k) all Guarantees of such Person in respect of any of the foregoing.

The “amount” or “principal amount” of any Indebtedness at any time of determination represented by (x) any Indebtedness, issued at a price that is less than the principal amount at maturity thereof, shall be the amount of the liability in respect thereof determined in accordance with generally accepted accounting principles, (y) any sale of Receivables shall be the amount of unrecovered capital or principal investment of the purchaser (other than the Borrowers) thereof, excluding amounts representative of yield or interest earned on such investment, and (z) any equity related purchase obligation shall be the maximum fixed redemption or purchase price thereof inclusive of any accrued and unpaid dividends to be comprised in such redemption or purchase price.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Borrower under any Loan Document and (b) to the extent not otherwise described in the foregoing clause (a), Other Taxes.

“Indemnitees” has the meaning specified in Section 10.04(b).

“Information” has the meaning specified in Section 10.07.

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“Interest Payment Date” means, (a) as to any Term A Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Term A Loan and the Maturity Date; provided, however, that if any Interest Period for a LIBOR Rate Loan, exceeds three (3) months, the respective dates that fall every three (3) months after the beginning of such Interest Period shall also be Interest Payment Dates and (b) as to any Base Rate Loan, the last Business Day of each March, June, September and December and the Maturity Date.

“Interest Period” means, as to each LIBOR Rate Loan, the period commencing on the date such LIBOR Rate Loan is disbursed or converted to or continued as a LIBOR Rate Loan and ending on the date one (1), two (2), three (3) or six (6) months thereafter, as selected by the Borrowers in a Loan Notice; provided, that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date.

“Interim Balance Sheet Date” means September 30, 2012.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition (or assumption, as applicable) of capital stock or other Equity Interests, Indebtedness, assets constituting a business unit or all or a substantial part of the business of, another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor Guarantees Indebtedness of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“IRB LOC” means any Letter of Credit providing credit support for an IRB, which may be a so-called “direct pay” Letter of Credit.

“IRBs” means industrial revenue bonds, solid waste disposal bonds or similar tax-exempt bonds issued by or at the request of the Borrowers.

“KYC Requirement Information” means, with respect to any Subsidiary of the Parent, such Subsidiary’s tax identification number, physical address, country of principal place of business, headquarters and formation, type of legal entity and phone number.

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“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial determinations, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authority; provided, however, that with respect to Taxes, “Laws” shall also include guidelines issued by any Governmental Authority, whether or not having the force of law.

“L/C Supported IRBs” means IRBs which are enhanced by IRB LOCs.

“Lender” has the meaning specified in the introductory paragraph hereto.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrowers and the Administrative Agent.

“Letter of Credit” means any standby letter of credit issued under the Senior Revolving Credit Agreement and shall include IRB LOCs issued thereunder and the “Existing Letters of Credit” (as defined in the Senior Revolving Credit Agreement).

“Leverage Ratio” has the meaning specified in Section 7.14(a).

“LIBOR Rate” means,

(a) for any Interest Period with respect to a LIBOR Rate Loan, the rate per annum equal to (i) the British Bankers Association LIBOR Rate or the successor thereto if the British Bankers Association is no longer making a LIBOR rate available (“BBA LIBOR”), as published by Reuters (or such other commercially available source providing quotations of BBA LIBOR as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two (2) London Banking Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or, (ii) if such rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the LIBOR Rate Loan being made, continued or converted and with a term equivalent to such Interest Period would be offered by Bank of America’s London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two (2) London Banking Days prior to the commencement of such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to (i) BBA LIBOR, at approximately 11:00 a.m., London time determined two (2) London Banking Days prior to such date for Dollar deposits being delivered in the London interbank market for a term of one (1) month commencing that day or (ii) if such published rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the date of determination in same day funds in the approximate amount of the Base Rate Loan being made or maintained and with a term equal to one (1) month would be offered by Bank of America’s London Branch to major banks in the London interbank Eurodollar market at their request at the date and time of determination.

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“LIBOR Rate Loan” means a Term A Loan that bears interest at a rate based on clause (a) of the definition of “LIBOR Rate”.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan Documents” means this Agreement, each Term A Note, the Fee Letter, each joinder agreement and related documents entered into or delivered by a Subsidiary of the Parent in connection with such Subsidiary becoming a Borrower hereunder, and each amendment, consent and/or waiver executed in connection with any of the foregoing imposing Obligations of any kind on any Borrower, each as amended, modified, supplemented or replaced from time to time.

“Loan Notice” means a notice of (a) a Term A Loan Borrowing, (b) a conversion of Term A Loans from one Type to the other, or (c) a continuation of Term A Loans that are LIBOR Rate Loans, in each case pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Material Adverse Effect” means, with respect to any event or occurrence of whatever nature (including any adverse determination in any litigation, arbitration or governmental investigation or proceeding), (a) a material adverse effect on the business, properties, condition (financial or otherwise), assets or operations of the Borrowers taken as a whole or (b) any impairment of the validity, binding effect or enforceability of this Agreement or any of the other Loan Documents or any impairment of the material rights, remedies or benefits available to the Administrative Agent or any Lender under any Loan Document. In determining whether any individual event could reasonably be expected to result in a Material Adverse Effect, notwithstanding that such event does not of itself have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then-existing events could reasonably be expected to result in a Material Adverse Effect.

“Maturity Date” means October 25, 2017.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five (5) plan years, has made or been obligated to make contributions.

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“Multiple Employer Plan” means a Plan covered by Title IV of ERISA (other than a Multiemployer Plan) which has two or more contributing sponsors (including any Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Municipal Contracts” means governmental permits issued to a Borrower by, and franchises and contracts entered into between a Borrower and, any municipal or other governmental entity, as the same may be amended from time to time.

“Non-Consenting Lender” has the meaning specified in Section 10.01.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Borrower arising under any Loan Document or otherwise with respect to any Term A Loan, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Borrower or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and including any certificate or articles of formation or organization of such entity.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections solely to the extent arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Term A Loan or Loan Document pursuant to Section 3.06).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06).

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“Parent” has the meaning specified in the preamble to this Agreement.

“Participant” has the meaning specified in Section 10.06(d).

“Participant Register” has the meaning specified in Section 10.06(d).

“PBGC” means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

“Pension Act” means the Pension Protection Act of 2006, as amended and in effect from time to time.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by any Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Permitted Lien” has the meaning specified in Section 7.02.

“Permitted Receivables Transactions” means any sale or sales of, and/or securitization of, or transfer of, any Receivables of the Borrowers pursuant to which (a) the Receivables SPV realizes aggregate net proceeds of not more than \$100,000,000 at any one time outstanding, including, without limitation, any revolving purchase(s) of Receivables where the maximum aggregate uncollected purchase price (exclusive of any deferred purchase price) for such Receivables at any time outstanding does not exceed \$100,000,000, (b) the Receivables shall be transferred or sold to the Receivables SPV at fair market value or at a market discount, and shall not exceed \$125,000,000 in the aggregate at any one time and (c) obligations arising therefrom shall be non-recourse to the Parent and its Subsidiaries (other than the Receivables SPV).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of any Borrower or any ERISA Affiliate or any such Plan to which any Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Platform” has the meaning specified in Section 6.04.

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“Pro Forma Reference Period” means, as of the calculation date for any *pro forma* covenant calculation hereunder, the most recently completed Reference Period prior to such calculation date for which financial statements have been delivered pursuant to Section 6.04.

“Public Lender” has the meaning specified in Section 6.04.

“R360 Acquisition” means the acquisition by a Subsidiary of the Parent of the outstanding equity interests of the Companies pursuant to the R360 Purchase Agreement.

“R360 Purchase Agreement” means that certain Purchase and Sale Agreement dated as of September 16, 2012, by and among WCI Holdings Co., Inc., a Delaware corporation, the Sellers named therein and, for the limited purposes set forth therein, the Parent, as amended, restated, supplemented or otherwise modified from time to time, provided that, prior to the Closing Date, such amendments, restatements, supplements or other modifications must be in accordance with Section 4.01(d).

“R360 Purchase Agreement Representations” means those representations made by or with respect to the Companies in the R360 Purchase Agreement that are material to the interests of the Lenders, but only to the extent that the Parent or its applicable Subsidiary has or had the right to terminate its obligations under the R360 Purchase Agreement (or to refuse to consummate the R360 Acquisition) as a result of a breach of such representations in the R360 Purchase Agreement.

“Real Estate” means all real property at any time owned or leased (as lessee or sublessee) by any Borrower.

“Receivables” has the meaning set forth in clause (g) of the definition of “Indebtedness”.

“Receivables SPV” means any one or more direct or indirect wholly-owned Subsidiaries of the Parent formed for the sole purpose of engaging in Permitted Receivables Transactions, and which engage in no business activities other than those related to Permitted Receivables Transactions.

“Recipient” means the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder.

“Reference Period” means as of any date of determination, the period of four (4) consecutive fiscal quarters of the Consolidated Group or the twelve (12) month period ending on such date, or if such date is not a fiscal quarter end date, the period of four (4) consecutive fiscal quarters or the twelve (12) month period most recently ended (in each case treated as a single accounting period).

“Register” has the meaning specified in Section 10.06(c).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

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“Release” has the meaning specified in CERCLA; provided, that in the event CERCLA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply as of the effective date of such amendment; and provided further, to the extent that the laws of a state wherein the property lies establishes a meaning for “Release” which is broader than specified in CERCLA, such broader meaning shall apply.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty (30) day notice period has been waived.

“Required Lenders” means, as of any date of determination, Lenders holding more than fifty percent (50%) of the sum of (a) the aggregate outstanding principal amount of all Term A Loans and (b) the unused amount of all Term A Loan Commitments; provided, that the unused Term A Loan Commitment of, and the outstanding principal amount of all Term A Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Responsible Officer” means the chief executive officer, president, chief operating officer, CFO, treasurer or assistant treasurer of a Borrower, and solely for purposes of the delivery of the certificate referred to in Section 4.01(a)(iii), the secretary or any assistant secretary of a Borrower. Any document delivered hereunder that is signed by a Responsible Officer of a Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Borrower.

“Restricted Payment” means any (a) Distribution, (b) payment or prepayment by any Borrower or any Subsidiary to (i) such Borrower’s or such Subsidiary’s shareholders (or other equity holders), in each case, other than to another Borrower, or (ii) any Affiliate of such Borrower or such Subsidiary or any Affiliate of such Borrower’s or such Subsidiary’s shareholders (or other equity holders), in each case, other than to another Borrower; provided, however, that in the case of each of clauses (b)(i) and (b)(ii), no Restricted Payment shall be deemed to have occurred as a result of a payment to an executive or an employee of a Borrower in such Person’s capacity as an executive or an employee, or (c) derivatives or other transactions with any financial institution, commodities or stock exchange or clearinghouse (a “Derivatives Counterparty”) obligating such Borrower or such Subsidiary to make payments to such Derivatives Counterparty as a result of any change in market value of any Equity Interest of such Borrower or such Subsidiary.

“Sanction(s)” means any international economic sanction administered or enforced by OFAC, the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“Sarbanes-Oxley” means the Sarbanes-Oxley Act of 2002, as amended and in effect from time to time.

“Securities Laws” means the Securities Act of 1933, the Exchange Act, Sarbanes-Oxley and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the Public Company Accounting Oversight Board, as each of the foregoing may be amended and in effect on any applicable date hereunder.

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“Senior Revolving Credit Agreement” means that certain Amended and Restated Credit Agreement dated as of July 11, 2011, by and among the Parent and certain of its Subsidiaries, as Borrowers, the lenders from time to time party thereto, and Bank of America, N.A., as the Administrative Agent, Swing Line Lender and L/C Issuer.

“Solvent” and “Solvency” mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Specified Representations” means the representations and warranties set forth in Sections 5.01(a)(i) (solely with respect to due organization and valid existence), 5.01(b) (solely with respect to the execution, delivery and performance of the Loan Documents, and in the case of Section 5.01(b)(iv) shall be limited to Organizational Documents and other material agreements or instruments), 5.01(c), 5.04(b), 5.12 (as it pertains to the Investment Company Act of 1940), 5.15(b) and 5.24.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Parent.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement and, for

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the avoidance of doubt, the foregoing shall include Fuel Derivatives Obligations and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Synthetic Lease” means, with respect to any Person, any (a) so-called synthetic, off-balance sheet or tax retention lease, or (b) agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term A Loan” has the meaning specified in Section 2.01.

“Term A Loan Borrowing” means a borrowing consisting of simultaneous Term A Loans of the same Type and, in the case of LIBOR Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

“Term A Loan Commitment” means, as to each Lender, its obligation to make a Term A Loan to the Borrowers pursuant to Section 2.01, in an aggregate principal amount not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 under the caption “Term A Loan Commitment”, as such amount may be adjusted from time to time in accordance with this Agreement. As of the Closing Date, prior to any Term A Loan Borrowing, the aggregate Term A Loan Commitments of the Lenders is equal to \$800,000,000.

“Term A Loan Facility” means (a) at any time prior to any Term A Loan Borrowing on the Closing Date, the aggregate amount of the Term A Loan Commitments at such time, and (b) thereafter, the aggregate principal amount of the Term A Loans of all Lenders outstanding at such time.

“Term A Loan Percentage” means, with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Term A Loan Facility represented by (a) prior to any Term A Loan Borrowing on the Closing Date, such Lender’s Term A Loan Commitment at such time, and (b) thereafter, the outstanding principal amount of such Lender’s Term A Loan at such time. The initial Term A Loan Percentage of each Lender is set forth in Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Term A Note” means a promissory note made by the Borrowers in favor of a Lender evidencing the Term A Loan made by such Lender, substantially in the form of Exhibit B.

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“Transactions” means (a) the execution, delivery and performance by the Borrowers of the Loan Documents or any agreement or instrument contemplated thereby, (b) the borrowing of Term A Loans and the use of the proceeds thereof, and (c) consummation of the R360 Acquisition.

“Type” means, with respect to a Term A Loan, its character as a Base Rate Loan or a LIBOR Rate Loan.

“United States” and “U.S.” mean the United States of America.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(e)(ii)(B)(III).

**1.02 Other Interpretive Provisions.** With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “hereto,” “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Recitals, Articles, Sections, Exhibits and Schedules shall be construed to refer to Recitals, Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including.”

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(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

**1.03 Accounting Terms.**

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Parent and its Subsidiaries shall be deemed to be carried at one hundred percent (100%) of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided, that until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) Consolidation of Variable Interest Entities. All references herein to consolidated financial statements of the Parent and its Subsidiaries or to the determination of any amount for the Parent and its Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Parent is required to consolidate pursuant to FASB ASC 810 as if such variable interest entity were a Subsidiary as defined herein.

**1.04 Rounding.** Any financial ratios required to be maintained by the Consolidated Group pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

**1.05 Times of Day.** Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

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## ARTICLE II. THE COMMITMENTS AND LOANS

**2.01 The Term A Loans.** Subject to the terms and conditions set forth herein, each Lender severally agrees to make a single term loan (each such loan, a “Term A Loan”) to the Borrowers on the Closing Date in an aggregate amount of up to but not to exceed such Lender’s Term A Loan Percentage of the Term A Loan Facility. Each Term A Loan Borrowing shall consist of Term A Loans made simultaneously by the Lenders on the Closing Date in accordance with their respective Term A Loan Percentage of the Term A Loan Facility. Only one Term A Loan Borrowing shall be permitted on the Closing Date, unless the Borrowers request Term A Loans of different Types and/or (in the case of LIBOR Rate Loans) Interest Periods, in which case multiple simultaneous Term A Loan Borrowings shall be permitted on the Closing Date. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed. Term A Loans may be Base Rate Loans or LIBOR Rate Loans, as further provided herein. The Borrowers jointly and severally promise to pay to the Administrative Agent, for the account of the Lenders in accordance with their respective Term A Loan Percentage, all amounts due under the Term A Loans on the Maturity Date or such earlier date as is required hereunder.

### **2.02 Term A Loan Borrowings; Conversions and Continuations of Term A Loans.**

(a) Each Term A Loan Borrowing, each conversion of Term A Loans from one Type to the other, and each continuation of LIBOR Rate Loans shall be made upon the Borrowers’ irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent. (i) not later than 10:00 a.m. two (2) Business Days prior to the requested date of any Term A Loan Borrowing to be made on the Closing Date, (ii) not later than 1:00 p.m. three (3) Business Days prior to the requested date of any conversion to or continuation of LIBOR Rate Loans or of any conversion of LIBOR Rate Loans to Base Rate Loans, and (iii) not less than one (1) Business Day prior to the requested date of any Term A Loan Borrowing of Base Rate Loans. Each telephonic notice by the Borrowers pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrowers. Any Term A Loan Borrowing of, and each conversion to or continuation of, LIBOR Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Any Term A Loan Borrowing of, and each conversion to, Base Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$100,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) whether the Borrowers are requesting a Term A Loan Borrowing, a conversion of Term A Loans from one Type to the other or a continuation of LIBOR Rate Loans, (ii) the requested date of the Term A Loan Borrowing (which shall be the Closing Date) or conversion or continuation (which in each case shall be a Business Day), as the case may be, (iii) the principal amount of Term A Loans to be borrowed, converted or continued, (iv) the Type of Term A Loans to be borrowed or to which existing Term A Loans are to be converted and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrowers fail to specify a Type of Term A Loan in a Loan Notice or if the Borrowers fail to give a timely notice requesting a conversion or continuation, then the applicable Term A Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable LIBOR Rate Loans. If the Borrowers request a Term A Loan Borrowing of, conversion to, or continuation of LIBOR Rate Loans in any such Loan Notice, but fail to specify an Interest Period, they will be deemed to have specified an Interest Period of one (1) month.

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(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Term A Loan Percentage of the applicable Term A Loans, and if no timely notice of a conversion or continuation is provided by the Borrowers, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in the preceding subsection. In the case of a Term A Loan Borrowing, each Lender shall make the amount of its applicable Term A Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 10:00 a.m. on the Closing Date (or such later time as may be agreed by the Administrative Agent). Upon satisfaction of the applicable conditions set forth in Section 4.01, the Administrative Agent shall make all funds so received available to the Borrowers in like funds as received by the Administrative Agent either by (i) crediting the account of the relevant Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrowers.

(c) Except as otherwise provided herein, a LIBOR Rate Loan may be continued or converted only on the last day of an Interest Period for such LIBOR Rate Loan. During the existence of a Default, no Term A Loans may be converted to or continued as LIBOR Rate Loans without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Borrowers and the Lenders of the interest rate applicable to any Interest Period for LIBOR Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrowers and the Lenders of any change in the Administrative Agent's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Term A Loan Borrowings, all conversions of Term A Loans from one Type to the other, and all continuations of Term A Loans as the same Type, unless the Administrative Agent otherwise consents, there shall not be more than eight (8) Interest Periods in effect with respect to all Term A Loans.

**2.03 [Reserved].**

**2.04 [Reserved].**

**2.05 Prepayments.** The Borrowers may, upon notice to the Administrative Agent, at any time or from time to time, voluntarily prepay the Term A Loans in whole or in part without premium or penalty; provided, that (a) such notice must be received by the Administrative Agent not later than 1:00 p.m. three (3) Business Days prior to the date of prepayment and (b) any such prepayment shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment, the Type(s) of Term A Loans to be prepaid and, if LIBOR Rate Loans are to be prepaid, the Interest Period(s) of such Term A

Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's ratable portion of such prepayment (based on such Lender's Term A Loan Percentage). If such notice is given, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein; provided, that any such notice of a prepayment in full of the Term A Loans may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrowers (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any prepayment of a LIBOR Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.18, each prepayment of the Term A Loans pursuant to this Section 2.05 shall be applied to the principal repayment installments thereof in direct order of maturity and shall be paid to the Lenders in accordance with their respective Term A Loan Percentages.

**2.06 [Reserved].**

**2.07 Repayment of Term A Loans.** The Borrowers shall repay to the Lenders the aggregate principal amount of all Term A Loans outstanding on the following dates in the respective amounts set forth opposite such dates (which amounts shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.05), unless accelerated sooner pursuant to Section 8.02:

<u>Payment Dates</u>	<u>Principal Repayment Installments</u>
April 1, 2013	\$ 10,000,000
July 1, 2013	\$ 10,000,000
October 1, 2013	\$ 10,000,000
January 1, 2014	\$ 10,000,000
April 1, 2014	\$ 20,000,000
July 1, 2014	\$ 20,000,000
October 1, 2014	\$ 20,000,000
January 1, 2015	\$ 20,000,000
April 1, 2015	\$ 20,000,000
July 1, 2015	\$ 20,000,000
October 1, 2015	\$ 20,000,000
January 1, 2016	\$ 20,000,000
April 1, 2016	\$ 30,000,000
July 1, 2016	\$ 30,000,000
October 1, 2016	\$ 30,000,000
January 1, 2017	\$ 30,000,000
April 1, 2017	\$ 30,000,000
July 1, 2017	\$ 30,000,000
October 1, 2017	\$ 30,000,000

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provided, however, that (i) the final principal repayment installment of the Term A Loans shall be repaid on the Maturity Date and in any event shall be in an amount equal to the aggregate principal amount of all Term A Loans outstanding on such date and (ii) (A) if any principal repayment installment to be made by the Borrowers (other than principal repayment installments on LIBOR Rate Loans) shall come due on a day other than a Business Day, such principal repayment installment shall be due on the next succeeding Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be, and (B) if any principal repayment installment to be made by the Borrowers on a LIBOR Rate Loan shall come due on a day other than a Business Day, such principal repayment installment shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such principal repayment installment into another calendar month, in which event such principal repayment installment shall be due on the next preceding Business Day.

## **2.08 Interest.**

(a) Subject to the provisions of subsection (b) below, (i) each LIBOR Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Rate for LIBOR Loans; and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate for Base Rate Loans.

(b)

(i) If any amount of principal of any Term A Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration (including automatic acceleration) or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Term A Loan) payable by the Borrowers under any Loan Document is not paid when due (including any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Upon the request of the Required Lenders, while any Event of Default exists, the Borrowers shall pay interest on the principal amount of all outstanding Term A Loans and all other Obligations that are then due and payable at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Term A Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

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**2.09 Fees.** The Borrowers, jointly and severally, shall pay to the Administrative Agent, the Arrangers and their respective Affiliates, for the accounts of the Persons identified therein, fees in the amounts and at the times specified in the Fee Letter and the Commitment Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

**2.10 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate.**

(a) All computations of interest for Base Rate Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Term A Loan for the day on which the Term A Loan is made, and shall not accrue on a Term A Loan, or any portion thereof, for the day on which the Term A Loan or such portion is paid; provided, that any Term A Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one (1) day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) If, as a result of any restatement of or other adjustment to the financial statements of the Borrowers or for any other reason, the Borrowers or the Lenders determine that (i) the Leverage Ratio as calculated by the Borrowers as of any applicable date was inaccurate and (ii) a proper calculation of the Leverage Ratio would have resulted in higher pricing for such period, the Borrowers shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code, automatically and without further action by the Administrative Agent or any Lender), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent or any Lender, as the case may be, under Section 2.08(b) or under Article VIII. The Borrowers' obligations under this paragraph shall survive the repayment of all Obligations hereunder.

**2.11 Evidence of Debt.** The Term A Loan made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Term A Loans made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrowers shall execute and deliver to such Lender (through the Administrative Agent) a Term A Note. Each Lender may attach schedules to its Term A Note and endorse thereon the date, Type, amount and maturity of its Term A Loan and payments with respect thereto.

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## 2.12 Payments Generally; the Administrative Agent's Clawback

(a) General. All payments to be made by the Borrowers shall be made free and clear of and without condition or deduction (subject to Section 3.01) for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 12:00 Noon on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Term A Loan Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 12:00 Noon shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrowers shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b)

(i) Funding by the Lenders; Presumption by the Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the Closing Date that such Lender will not make available to the Administrative Agent such Lender's share of the applicable Term A Loan Borrowing, the Administrative Agent may assume that such Lender has made such share available in accordance with and at the time required by Section 2.02 and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Term A Loan Borrowing available to the Administrative Agent, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing and (B) in the case of a payment to be made by the Borrowers, the interest rate applicable to Base Rate Loans. If the Borrowers and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. Any payment by the Borrowers shall be without prejudice to any claim the Borrowers may have against a Lender that shall have failed to make such payment to the Administrative Agent.

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(ii) Payments by the Borrowers; Presumptions by the Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the appropriate Lenders the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the appropriate Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or any Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Term A Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by the Administrative Agent because the conditions to a Term A Loan Borrowing set forth in Section 4.01 are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of the Lenders Several. The obligations of the Lenders hereunder to make the Term A Loans and to make payments under Section 10.04(c) are several and not joint. The failure of any Lender to make any Term A Loan or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Term A Loan or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Term A Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Term A Loan in any particular place or manner.

(f) Insufficient Funds. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, toward payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, toward payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

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### 2.13 Sharing of Payments.

(a) If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on the Term A Loan made by it, resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Term A Loan and accrued interest thereon greater than its *pro rata* share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Term A Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Term A Loans and other amounts owing them; provided, that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (A) any payment made by or on behalf of the Borrowers pursuant to and in accordance with the express terms of this Agreement (including, but not limited to, the application of funds arising from the existence of a Defaulting Lender), (B) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Term A Loan to any assignee or participant, or (C) any payment of consideration for executing any amendment, waiver or consent in connection with this Agreement so long as such consideration has been offered to all consenting Lenders.

Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

### 2.14 [Reserved].

### 2.15 Joint and Several Liability of the Borrowers.

(a) Each of the Borrowers is accepting joint and several liability for the Obligations of all of the Borrowers hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Administrative Agent and the Lenders under this Agreement, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of each other Borrower to accept joint and several liability for the Obligations.

(b) Each of the Borrowers, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other the Borrowers with respect to the payment and performance of all of the Obligations of the Borrowers (including, without limitation, any Obligations arising under this Section 2.15), it being the intention of the parties hereto that all of the Obligations shall be the joint and several obligations of each of the Borrowers without preferences or distinction among them.

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(c) If and to the extent that any of the Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the Borrowers will make such payment with respect to, or perform, such Obligation.

(d) The Obligations of each of the Borrowers under the provisions of this Section 2.15 constitute full recourse obligations of each of such the Borrowers enforceable against each such Borrower to the full extent of its properties and assets.

(e) Except as otherwise expressly provided in this Agreement, each of the Borrowers, to the fullest extent permitted by applicable law, hereby waives notice of acceptance of its joint and several liability, notice of any Term A Loans or other extensions of credit made under this Agreement, notice of any action at any time taken or omitted by the Administrative Agent or the Lenders under or in respect of any of the Obligations, and, generally, to the extent permitted by applicable law, all demands, notices (other than those required pursuant to the terms of this Agreement or the Loan Documents) and other formalities of every kind in connection with this Agreement. Each Borrower, to the fullest extent permitted by applicable law, hereby waives all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshaling of assets of the Borrowers and any other entity or Person primarily or secondarily liable with respect to any of the Obligations and all suretyship defenses generally. Each of the Borrowers, to the fullest extent permitted by applicable law, hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by the Lenders at any time or times in respect of any default by any of the Borrowers in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by the Lenders in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any of the Borrowers. Without limiting the generality of the foregoing, each of the Borrowers assents to any other action or delay in acting or failure to act on the part of the Lenders with respect to the failure by any of the Borrowers to comply with any of its respective Obligations including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 2.15, afford grounds for terminating, discharging or relieving any Borrower, in whole or in part, from any of its Obligations under this Section 2.15, it being the intention of each of the Borrowers that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of such the Borrowers under this Section 2.15 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each of the Borrowers under this Section 2.15 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, re-construction or similar proceeding with respect to any of the Borrowers, the Administrative Agent or the Lenders. The joint and several liability of the Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of any of the Borrowers, the Administrative Agent or the Lenders.

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(f) To the extent any Borrower makes a payment hereunder in excess of the aggregate amount of the benefit received by such Borrower in respect of the extensions of credit under this Agreement (the "Benefit Amount"), then such Borrower, after the payment in full in cash, of all of the Obligations, shall be entitled to recover from each other Borrower such excess payment, *pro rata*, in accordance with the ratio of the Benefit Amount received by each such other Borrower to the total Benefit Amount received by all the Borrowers, and the right to such recovery shall be deemed to be an asset and property of such Borrower so funding; provided, that each of the Borrowers hereby agrees that it will not enforce any of its rights of contribution or subrogation against the other the Borrowers with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to any of the Lenders or the Administrative Agent with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been irrevocably paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Lenders or the Administrative Agent hereunder or under any other Loan Document are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(g) Each of the Borrowers hereby agrees that the payment of any amounts due with respect to the indebtedness owing by any Borrower to any other Borrower is hereby subordinated to the prior payment in full in cash of the Obligations. Each Borrower hereby agrees that after the occurrences and during the continuance of any Default or Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such indebtedness before payment in full in cash of the Obligations, such amounts shall be collected, enforced, received by such Borrower as trustee for the Administrative Agent and be paid over to the Administrative Agent for the *pro rata* accounts of the Lenders (in accordance with each such Lender's Term A Loan Percentage) to be applied to repay (or be held as security for the repayment of) the Obligations.

(h) The provisions of this Section 2.15 are made for the benefit of the Administrative Agent and the Lenders and their successors and assigns, and may be enforced in good faith by them from time to time against any or all of the Borrowers as often as the occasion therefor may arise and without requirement on the part of the Administrative Agent or the Lenders first to marshal any of their claims or to exercise any of their rights against any other Borrower or to exhaust any remedies available to them against any other Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.15 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by the Administrative Agent or the Lenders upon the insolvency, bankruptcy or reorganization of any of the Borrowers or is repaid in good faith settlement of a pending or threatened avoidance claim, or otherwise, the provisions of this Section 2.15 will forthwith be reinstated in effect, as though such payment had not been made.

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(i) It is the intention and agreement of the Borrowers and the Lenders that the obligations of the Borrowers under this Agreement shall be valid and enforceable against each Borrower to the maximum extent permitted by applicable law. Accordingly, if any provision of this Agreement creating any obligation of the Borrowers in favor of the Administrative Agent and the Lenders shall be declared to be invalid or unenforceable in any respect or to any extent, it is the stated intention and agreement of the Borrowers, the Administrative Agent and the Lenders that any balance of the obligation created by such provision and all other obligations of the Borrowers to the Administrative Agent and the Lenders created by other provisions of this Agreement shall remain valid and enforceable. Likewise, if by final order a court of competent jurisdiction shall declare any sums which the Administrative Agent and the Lenders may be otherwise entitled to collect from the Borrowers under this Agreement to be in excess of those permitted under any law (including any federal or state fraudulent conveyance or like statute or rule of law) applicable to the Borrowers' obligations under this Agreement, it is the stated intention and agreement of the Borrowers and the Administrative Agent and the Lenders that all sums not in excess of those permitted under such applicable law shall remain fully collectible by the Administrative Agent and the Lenders from the Borrowers.

(j) Notwithstanding anything contained herein, the obligations of each Borrower under this Section 2.15 at any time shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code or any other Debt Relief Laws.

**2.16 Designation of Parent as the Agent for the Borrowers.** For purposes of this Agreement, each of the Borrowers hereby designates the Parent as its agent and representative for all purposes hereunder (including with respect to any notices, demands, communications or requests under this Agreement or the other Loan Documents) and the Parent hereby accepts each such appointment. The Administrative Agent and each Lender may regard any notice or other communication pursuant to any Loan Document from the Parent as a notice or communication from all the Borrowers, and may give any notice or communication required or permitted to be given to any Borrower or the Borrowers hereunder to the Parent on behalf of such Borrower or the Borrowers. Each Borrower agrees that each notice, election, representation and warranty, covenant, agreement and undertaking made on its behalf by the Parent shall be deemed for all purposes to have been made by such Borrower and shall be binding upon and enforceable against such Borrower to the same extent as if the same had been made directly by such Borrower.

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**2.17 [Reserved].**

**2.18 Defaulting Lenders.**

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 10.01.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from such Defaulting Lender pursuant to Section 10.08, shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrowers may request (so long as no Default or Event of Default exists), to the funding of any Term A Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fourth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *fifth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(b) Defaulting Lender Cure. If the Borrowers and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Term A Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Term A Loans to be held on a *pro rata* basis by the Lenders in accordance with their respective Term A Loan Percentages (calculated as if such Defaulting Lender had funded its Term A Loan), whereupon such Lender will cease to be a Defaulting Lender; provided, that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

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**ARTICLE III. TAXES, YIELD PROTECTION AND ILLEGALITY**

**3.01 Taxes.**

**(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.**

(i) Any and all payments by or on account of any obligation of any Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of a Borrower or the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or such Borrower, then the Administrative Agent or such Borrower shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If any Borrower or the Administrative Agent shall be required by the Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) such Borrower or the Administrative Agent, as applicable, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Borrower or the Administrative Agent, as applicable, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Borrower or the Administrative Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such Borrower or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Borrower or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrowers. Without limiting the provisions of subsection (a) above, but subject to subsection (c) below, the Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

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(c) Tax Indemnifications.

(i) Each of the Borrowers shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided, however, that the Borrowers shall not be obligated to make payment to such Recipient pursuant to this Section 3.01 in respect of penalties, interest and other similar liabilities attributable to any Indemnified Taxes or Other Taxes if (A) written demand therefor has not been made by such Recipient within one hundred eighty (180) days after the date on which such Recipient received written notice of the imposition of Indemnified Taxes or Other Taxes by the relevant Governmental Authority, but only to the extent such penalties, interest and other similar liabilities are attributable to such failure or delay by such Recipient in making such written demand, or (B) such penalties, interest and other similar liabilities are attributable to the gross negligence or willful misconduct of such Recipient or its Affiliates. A certificate as to the amount of such payment or liability delivered to the Borrowers by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. Each of the Borrowers shall, and does hereby, jointly and severally indemnify the Administrative Agent, and shall make payment in respect thereof within 10 days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.01(c)(ii).

(ii) Each Lender shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that any Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so), (y) the Administrative Agent and the Borrowers, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.06(d) relating to the maintenance of a Participant Register and (z) the Administrative Agent and the Borrowers, as applicable, against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent or a Borrower in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. Upon request by the Borrowers or the Administrative Agent, as the case may be, after any payment of Taxes by any Borrower or by the Administrative Agent to a Governmental Authority as provided in this Section 3.01, the Borrowers shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrowers, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrowers or the Administrative Agent, as the case may be.

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(e) Status of Lenders: Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrowers and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), whichever of the following is applicable:

(I) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

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(II) executed originals of IRS Form W-8ECI;

(III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN; or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided, that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

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(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrowers and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 3.01, it shall pay to such Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that such Borrower, upon the request of the Recipient, agrees to repay the amount paid over to such Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to such Borrower pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Borrower or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, and the repayment, satisfaction or discharge of all Obligations.

**3.02 Illegality.** If any Lender reasonably determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund a Term A Loan whose interest is determined by reference to the LIBOR Rate, or to determine or charge interest rates based upon the LIBOR Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, (i) any obligation of such Lender to make or continue LIBOR Rate Loans or to convert Base Rate Loans to LIBOR Rate Loans shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the LIBOR Rate component of the Base Rate, the interest

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rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the LIBOR Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrowers shall, upon demand from such Lender (with a copy to the Administrative Agent), at the Borrowers' option, prepay or, if applicable, convert all LIBOR Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the LIBOR Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such LIBOR Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the LIBOR Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the LIBOR Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the LIBOR Rate. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted.

**3.03 Inability to Determine Rates.** If the Administrative Agent determines in connection with any request for a LIBOR Rate Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank LIBOR market for the applicable amount and Interest Period of such LIBOR Rate Loan, (b) adequate and reasonable means do not exist for determining the LIBOR Rate for any requested Interest Period with respect to a proposed LIBOR Rate Loan or in connection with an existing or proposed Base Rate Loan, or (c) the LIBOR Rate for any requested Interest Period with respect to a proposed LIBOR Rate Loan does not adequately and fairly reflect the cost to the Lenders of funding such LIBOR Rate Loan, the Administrative Agent will promptly so notify the Borrowers and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain LIBOR Rate Loans shall be suspended, and (y) in the event of a determination described in the preceding sentence with respect to the LIBOR Rate component of the Base Rate, the utilization of the LIBOR Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrowers may revoke any pending request for a Term A Loan Borrowing of, conversion to or continuation of LIBOR Rate Loans or, failing that, will be deemed to have converted such request into a request for a Term A Loan Borrowing of Base Rate Loans in the amount specified therein.

**3.04 Increased Costs; Reserves on LIBOR Rate Loans.**

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e));

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(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of “Excluded Taxes” and (C) Connection Income Taxes) on its loans, loan principal, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or LIBOR Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any LIBOR Rate Loan (or of maintaining its obligation to make any such LIBOR Rate Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender’s holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender’s capital or on the capital of such Lender’s holding company, if any, as a consequence of this Agreement or the Term A Loan made by such Lender to a level below that which such Lender or such Lender’s holding company could have achieved but for such Change in Law (taking into consideration such Lender’s policies and the policies of such Lender’s holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender’s holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section, together with a brief explanation for the increased costs and the basis for the calculation thereof, and delivered to the Borrowers shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender’s right to demand such compensation; provided, that the Borrowers shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than 180 days prior to the date that such Lender notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender’s intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof).

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(e) Reserves on LIBOR Rate Loans. The Borrowers shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as “Eurocurrency liabilities”), additional interest on the unpaid principal amount of each LIBOR Rate Loan equal to the actual costs of such reserves allocated to such LIBOR Rate Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such LIBOR Rate Loan, provided the Borrowers shall have received at least ten (10) days’ prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice ten (10) days’ prior to the relevant Interest Payment Date, such additional interest shall be due and payable ten (10) days from receipt of such notice.

**3.05 Compensation for Losses.** Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender (except, in the case of Section 3.05(c), any Defaulting Lender) for and hold such Lender (except, in the case of Section 3.05(c), any Defaulting Lender) harmless from any loss, cost or expense incurred by it as a result of:

- (a) any continuation, conversion, payment or prepayment of any Term A Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Term A Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);
- (b) any failure by the Borrowers (for a reason other than the failure of such Lender to make a Term A Loan) to prepay, borrow, continue or convert any Term A Loan other than a Base Rate Loan on the date or in the amount notified by the Borrowers; or
- (c) any assignment of a LIBOR Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrowers pursuant to Section 10.13;

including any cost or expense arising from the liquidation, or redeployment of funds obtained by it to maintain such Term A Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing. For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each LIBOR Rate Loan made by it at the LIBOR Rate used in determining the LIBOR Rate for such LIBOR Rate Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such LIBOR Rate Loan was in fact so funded.

**3.06 Mitigation Obligations; Replacement of Lenders.**

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or requires the Borrowers to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then at the request of the Borrowers such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Term A Loan hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

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(b) **Replacement of Lenders.** If any Lender requests compensation under Section 3.04, or if the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), the Borrowers may replace such Lender in accordance with Section 10.13.

**3.07 Survival.** All of the Borrowers' obligations under this Article III shall survive the repayment of all Obligations hereunder, only if such Obligations accrue prior to the termination of this Agreement and the repayment in full in cash of all Obligations outstanding hereunder and the resignation of the Administrative Agent.

#### ARTICLE IV. CONDITIONS PRECEDENT TO BORROWING

**4.01 Conditions of Term A Loan Borrowing.** The obligation of each Lender to make its Term A Loan hereunder is subject to satisfaction of the following conditions precedent:

(a) the Administrative Agent shall have received each of the following, each of which shall be originals or electronic copies (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Borrower, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date or such other date acceptable to the Administrative Agent) and each in form and substance reasonably satisfactory to the Administrative Agent unless otherwise specified:

(i) counterparts of this Agreement, sufficient in number for distribution to the Administrative Agent, each Lender and the Parent;

(ii) a Term A Note in favor of each Lender requesting a Term A Note;

(iii) a certificate of a Responsible Officer of each Borrower, attaching copies of the following for such Borrower and certifying that the same are true, correct and complete and in full force and effect, as applicable (or, with respect to its charter or similar formation documents and bylaws or similar governing document of Borrowers other than the Parent, providing a bringdown from the prior copy of such documents previously certified and delivered to the Administrative Agent): (A) its charter (or similar formation document), certified by the appropriate Governmental Authority, (B) its bylaws (or similar governing document), (C) resolutions duly adopted by its board of directors (or similar governing body) approving such Borrower's execution, delivery and performance of this Agreement and the other Loan Documents to which it is party, and (D) incumbency certificates evidencing the identity, authority and capacity of each Responsible Officer of such Borrower authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Borrower is a party; and provided, however, that with respect to Borrowers that are the Companies, the certificate of the respective Responsible Officer of each thereof may attach a copy of the charter that will be filed on or immediately following the Closing Date, together with a certification by such Responsible Officer with respect to such filing in form reasonably satisfactory to the Administrative Agent;

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(iv) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Borrower is duly organized or formed, and that each such Borrower is (A) validly existing, (B) in good standing in its jurisdiction of organization, and (C) qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification except, in the case of clause (C), to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect;

(v) a favorable opinion of Latham & Watkins LLP, counsel to the Borrowers, addressed to the Administrative Agent and each Lender, covering such matters concerning the Borrowers and the Loan Documents as the Administrative Agent may reasonably request (limited to New York law, federal law and Delaware corporate and limited liability company matters) and otherwise in form and substance reasonably satisfactory to the Administrative Agent;

(vi) a certificate of a Responsible Officer of each Borrower certifying that the conditions specified in Sections 4.01(b), (c), (d), (e), (f) and (i) have been satisfied;

(vii) copies of the consolidated balance sheets of the Consolidated Group (other than the Companies) as at the Interim Balance Sheet Date and the related consolidated statements of income and cash flows of the Consolidated Group (other than the Companies) for the Reference Period ended on the Interim Balance Sheet Date, which financial statements shall be in form reasonably satisfactory to the Administrative Agent;

(viii) forecasts prepared by management of the Parent of consolidated balance sheets, income statements and cash flow statements of the Consolidated Group for the period commencing January 1, 2013 through December 31, 2017 (it being acknowledged that the forecasts included in the Confidential Information Memorandum dated October 1, 2012 provided to the Administrative Agent and the Lenders in connection with the Transactions are sufficient to satisfy the condition precedent under this subclause (viii));

(ix) a duly completed Compliance Certificate in form and detail reasonably satisfactory to the Administrative Agent, evidencing *pro forma* compliance, at the time of and immediately after giving effect to the R360 Acquisition, with the covenant set forth in Section 7.14(a), using (i) Consolidated EBITDA for the Reference Period ended on the Interim Balance Sheet Date (in each case re-computed as if the R360 Acquisition had occurred at the beginning of such Reference Period and giving effect to a credit to Consolidated EBITDA in connection with the R360 Acquisition in an amount satisfactory to the Administrative Agent) and (ii) Consolidated Total Funded Debt after giving effect to all Indebtedness (including the Term A Loans) of the Consolidated Group incurred or assumed or otherwise outstanding on the Closing Date; and

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(x) a signed Loan Notice for the borrowing of the Term A Loans on the Closing Date, together with a funds flow attached thereto, and, if the Closing Date borrowing will include any LIBOR Rate Loans, a funding indemnity letter in form reasonably satisfactory to the Administrative Agent.

(b) (i) With respect to the Borrowers (other than the Companies), taken as a whole, there shall not have occurred since December 31, 2011, any event or condition that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, and (ii) with respect to the Companies, taken as a whole, there shall not have occurred any Company Material Adverse Effect.

(c) All governmental, shareholder and third party consents (including Hart-Scott-Rodino clearance) and approvals necessary in connection with the R360 Acquisition shall have been received (or, with respect to any such third party consents or approvals, waived in accordance with the terms of the R360 Purchase Agreement to the extent any such waiver (i) would not be materially adverse to the Borrowers, taken as a whole, or the Lenders or (ii) is granted with the prior written consent of the Administrative Agent), and all applicable waiting periods shall have expired without any action being taken by any authority to restrain, prevent or impose any material adverse conditions on the Borrowers, taken as a whole, or the R360 Acquisition, and no law or regulation shall be applicable which would have such effect.

(d) The R360 Purchase Agreement shall not have been altered, amended or otherwise changed or supplemented or any condition therein waived or consent thereunder given in any manner materially adverse to the Borrowers (other than the Companies), taken as a whole, or the Lenders without the prior written consent of the Administrative Agent.

(e) The final terms and conditions of the R360 Acquisition shall, to the extent not governed by the R360 Purchase Agreement, be consistent in all material respects with the description thereof received in writing as part of the "Information" (as defined in the Commitment Letter).

(f) The R360 Acquisition shall have been consummated in accordance with the terms of the R360 Purchase Agreement and in compliance with applicable law and regulatory approvals and, after giving effect to the R360 Acquisition, the Companies shall have no outstanding Indebtedness, except for Indebtedness permitted under Section 7.01, and the Administrative Agent shall have received satisfactory payoff and release letters with respect to any of the Companies' Indebtedness to be paid off in connection with the R360 Acquisition.

(g) Arrangements reasonably satisfactory to the Administrative Agent, the Arrangers and their respective Affiliates for the payment at closing of all accrued fees and expenses of the Administrative Agent required to be paid on or prior to the Closing Date, and of all upfront and other fees required to be paid on or prior to the Closing Date to the Administrative Agent, the Arrangers and the Lenders pursuant to the Fee Letter and the Commitment Letter, shall have been made (including the reasonable fees and expenses of counsel for the Administrative Agent to the extent invoiced prior to the Closing Date).

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(h) The Administrative Agent and the Lenders shall have received all documentation and other information reasonably required by them under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

(i) (i) With respect to the Parent and its Subsidiaries (other than the Companies), the representations and warranties set forth in Article V shall be true and correct in all material respects (except, if a qualifier relating to materiality, Material Adverse Effect or a similar concept applies, such representation or warranty shall be required to be true and correct in all respects) on and as of the Closing Date after giving effect to the Term A Loans being made on the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in such respects as of such earlier date, (ii) with respect to the Companies, the Specified Representations shall be true and correct on and as of the Closing Date after giving effect to the Term A Loans being made on the Closing Date, and (iii) the R360 Purchase Agreement Representations shall be true and correct on and as of the Closing Date after giving effect to the Term A Loans being made on the Closing Date.

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

## ARTICLE V. REPRESENTATIONS AND WARRANTIES

The Borrowers represent and warrant to the Administrative Agent and the Lenders that:

### 5.01 Corporate Authority.

(a) Incorporation; Good Standing. Each Borrower (i) is a corporation, partnership, limited liability company or similar business entity duly organized, validly existing and in good standing or in current status under the laws of its respective state of organization, (ii) has all requisite corporate (or equivalent company or partnership) power to own its property and conduct its business as now conducted and as presently contemplated, and (iii) is in good standing as a foreign corporation, partnership, limited liability company or similar business entity and is duly authorized to do business in each jurisdiction in which its property or business as presently conducted or contemplated makes such qualification necessary, except where a failure to be in good standing or so qualified would not have a Material Adverse Effect.

(b) Authorization. The execution, delivery and performance of the Loan Documents and the Transactions (i) are within the corporate (or equivalent company or partnership) authority of each Borrower, (ii) have been duly authorized by all necessary corporate (or equivalent company or partnership) proceedings, (iii) do not conflict with or result in any material breach or contravention of any provision of law, statute, rule or regulation to which any Borrower is subject or any judgment, order, writ, injunction, license or permit applicable to any Borrower so as to materially adversely affect the assets, business or any activity of the Borrowers, and (iv) do not conflict with any provision of the Organization Documents of any Borrower or any agreement or other instrument binding upon them including, without limitation, those documents executed and/or delivered in connection with any Covenanted Senior Debt.

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(c) **Enforceability.** The execution, delivery and performance of the Loan Documents will result in valid and legally binding obligations of the Borrowers enforceable against each in accordance with the respective terms and provisions hereof and thereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

**5.02 Governmental Approvals.** The execution, delivery and performance by the Borrowers of the Loan Documents and the Transactions (other than consummation of the R360 Acquisition) do not require any approval or consent of, or filing with, any Governmental Authority or other Person, other than those approvals and consents already obtained and filings already made.

**5.03 Title to Properties; Leases.** The Borrowers own all of the assets reflected in the consolidated balance sheets as at the Balance Sheet Date or acquired since that date (except property and assets sold or otherwise disposed of in the ordinary course of business since that date), subject to no mortgages, capitalized leases, conditional sales agreements, title retention agreements or other Liens except Permitted Liens.

**5.04 Financial Statements; Solvency.**

(a) There has been furnished to the Lenders (i) audited consolidated financial statements of the Consolidated Group (other than the Companies) dated the Balance Sheet Date and (ii) consolidated financial statements of the Consolidated Group (other than the Companies) dated the Interim Balance Sheet Date. Said financial statements have been prepared in accordance with GAAP and fairly present in all material respects the financial condition of the Consolidated Group (other than the Companies) on a consolidated basis, as at the close of business on the respective dates thereof and the results of operations for the respective periods then ended. There are no contingent liabilities of the Consolidated Group (other than the Companies) involving material amounts, known to the officers of the Borrowers, which have not been disclosed in said balance sheets and the related notes thereto or otherwise in writing to the Lenders.

(b) The Borrowers on a consolidated basis (both before and after giving effect to the Transactions) are and will be Solvent.

**5.05 No Material Changes, Etc.** Since the Balance Sheet Date, no Material Adverse Effect has occurred with respect to the financial condition or businesses of the Borrowers (other than the Companies), taken as a whole, as shown on or reflected in the consolidated balance sheet of the Borrowers as of the Balance Sheet Date, or the consolidated statement of income for the four (4) fiscal quarters then ended. Since the Balance Sheet Date, with respect to the Borrowers (other than the Companies) there have not been any Restricted Payments other than as permitted by Section 7.06.

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**5.06 Permits, Franchises, Patents, Copyrights, Etc.** Each Borrower owns or has been granted the right to use from another Borrower, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted without known conflict with any rights of others.

**5.07 Litigation.** Except as shown on Schedules 5.07 and 5.16 hereto, there are no actions, suits, proceedings or investigations of any kind pending or, to the knowledge of any Borrower, threatened against any Borrower before any court, tribunal or administrative agency or board which either in any individual case or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

**5.08 No Materially Adverse Contracts, Etc.** No Borrower is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Borrowers' officers has or is expected in the future to have a Material Adverse Effect. No Borrower is a party to any contract or agreement which in the judgment of the Borrowers' officers has or is expected to have a Material Adverse Effect, except as otherwise reflected in adequate reserves.

**5.09 Compliance with Other Instruments, Laws, Etc.** No Borrower is violating any provision of its Organization Documents, any agreement or instrument by which any of them may be subject or by which any of them or any of their properties may be bound, or any Law, in a manner which could reasonably be expected to result in the imposition of substantial penalties or have a Material Adverse Effect.

**5.10 Tax Status.** Each of the Borrowers has (a) made or filed (x) all federal income tax returns, reports and declarations, (y) all material state income tax returns, reports and declarations, and (z) all other material tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that such Borrower has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes), (b) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith, and (c) has set aside on its books provisions adequate for the payment of all material Taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction.

**5.11 No Event of Default.** No Default or Event of Default has occurred and is continuing.

**5.12 Holding Company and Investment Company Acts.** Neither the Parent nor any of its Subsidiaries is a "public utility", as that term is defined under the Federal Power Act, as amended, and the regulations of the Federal Energy Regulatory Commission ("FERC") promulgated thereunder. Neither the Parent nor any of its Subsidiaries (i) is subject to any of the accounting or cost-allocation requirements of the Public Utility Holding Company Act of 2005, or the regulations or orders of the FERC promulgated thereunder or (ii) is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

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**5.13 Absence of Financing Statements, Etc.** Other than Permitted Liens, there is no financing statement, security agreement, chattel mortgage, real estate mortgage or other document filed or recorded with any filing records, registry, or other public office, which purports to cover, affect or give notice of any present or possible future Lien on, or security interest in, any assets or property of any Borrower, or any rights relating thereto.

**5.14 ERISA Compliance.**

(a) Each Plan (other than a Multiemployer Plan) and, to the Borrowers' knowledge, each Multiemployer Plan, is in compliance with the applicable provisions of ERISA, the Code and other Federal or state laws except as could not reasonably be expected to result in a Material Adverse Effect. Each Pension Plan (other than a Multiemployer Plan) that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination or opinion letter from the Internal Revenue Service to the effect that the form of such Pension Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the Internal Revenue Service. To the best knowledge of the Borrowers, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the best knowledge of the Borrowers, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred, and neither any Borrower nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (ii) each Borrower and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan (other than a Multiemployer Plan), and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) as of the most recent valuation date for any Pension Plan (other than a Multiemployer Plan), the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is sixty percent (60%) or higher and neither any Borrower nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below sixty percent (60%) as of the most recent valuation date; (iv) neither any Borrower nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (v) neither any Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan (other than a Multiemployer Plan) has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan (other than a Multiemployer Plan) and, to the knowledge of the Borrowers, there has been no notification to the Borrowers that a Multiemployer Plan has been terminated by the plan administrator thereof or by the PBGC, and, to the knowledge of the Borrowers, no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Multiemployer Plan.

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### 5.15 Use of Proceeds.

(a) General. The proceeds of the Term A Loans shall be used solely as follows: (a) to finance in part the R360 Acquisition and (b) to pay fees and expenses incurred in connection with the R360 Acquisition and the Term A Loans.

(b) Regulations U and X. The Borrowers are not engaged and will not engage, principally or as one of their important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of any Term A Loan Borrowing, not more than 25% of the value of the assets (either of the applicable Borrower only or of the Consolidated Group) subject to any restriction on sale, pledge, or disposal under this Agreement or subject to any restriction contained in any agreement or instrument between the Borrowers and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 8.01(f) will be margin stock.

**5.16 Environmental Compliance.** The Borrowers have taken all necessary steps to investigate the past and present condition and usage of the Real Estate and the operations conducted thereon and, based upon such diligent investigation, have determined that, except as set forth on Schedule 5.16:

(a) none of the Borrowers or Excluded Subsidiaries, nor any operator of any Real Estate, nor any operations thereon, is in violation, or alleged violation, of any judgment, decree, order, law, permit, license, rule or regulation pertaining to environmental matters, including without limitation, those arising under the Resource Conservation and Recovery Act of 1976, CERCLA, the Superfund Amendments and Reauthorization Act of 1986, the Federal Clean Water Act, the Federal Clean Air Act, the Toxic Substances Control Act, or any Federal, state, local or foreign law, statute, regulation, ordinance, rule, order, decree, permit, concession, grant, franchise, license, agreement or governmental restriction relating to health, safety, waste transportation or disposal, pollution or the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions or discharges to public or private wastewater systems (the "Environmental Laws"), which violation would have a Material Adverse Effect;

(b) none of the Borrowers has received written notice from any third party, including any Governmental Authority, (i) that any one of them has been identified by the United States Environmental Protection Agency ("EPA") as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B; (ii) that any hazardous waste, as defined by 42 U.S.C. §6903(5), any hazardous substances as defined by 42 U.S.C. §9601(14), any pollutant or contaminant as defined by 42 U.S.C. §9601(33), or any other Hazardous Materials which any one of them has generated, transported or disposed of has been found at any site at which a Governmental Authority has conducted or has ordered that the Borrowers conduct a remedial investigation, removal or other response

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action pursuant to any Environmental Law; or (iii) that any one of them is or will be named party to any claim, action, cause of action, complaint or legal or administrative proceeding (in each case, contingent or otherwise) arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with the release of Hazardous Materials which notice (or any related proceeding or other action) would have a Material Adverse Effect;

(c) except where it would not have a Material Adverse Effect, (i) no portion of the Real Estate has been used for the handling, processing, storage or disposal of Hazardous Materials and no underground tank or other underground storage receptacle for Hazardous Materials is located on any portion of the Real Estate; (ii) in the course of any activities conducted by the Borrowers, or, to the Borrowers' knowledge by any other operators of the Real Estate, no Hazardous Materials have been generated or are being used on the Real Estate; (iii) there have been no unpermitted Releases or threatened Releases of Hazardous Materials on, upon, into or from the Real Estate; (iv) to the Borrowers' knowledge, there have been no Releases of Hazardous Materials on, upon, into or from any real property in the vicinity of any of the Real Estate which, through soil or groundwater contamination, may have come to be located on the Real Estate; and (v) any Hazardous Materials that have been generated on any of the Real Estate that are regulated as hazardous have been transported offsite only by carriers having an identification number issued by the EPA (or the equivalent thereof in any foreign jurisdiction), and treated or disposed of only by treatment or disposal facilities maintaining valid permits as required under applicable Environmental Laws, which transporters and facilities have been and are, to the Borrowers' knowledge, operating in compliance with such permits and applicable Environmental Laws; and

(d) except where it would not have a Material Adverse Effect, none of the Borrowers is required under any applicable Environmental Law to perform Hazardous Materials site assessments, or remove or remediate Hazardous Materials, or provide notice to any Governmental Authority or record or deliver to other Persons an environmental disclosure document or statement by virtue of the Transactions, or as a condition to the effectiveness of the Transactions.

**5.17 Transactions with Affiliates.** Except as disclosed in Schedule 5.17 or filings made by the Borrowers under the Exchange Act prior to the Closing Date, and except for arm's length transactions pursuant to which a Borrower makes payments in the ordinary course of business upon terms no less favorable than such Borrower could obtain from third parties, none of the officers, directors, or employees of any Borrower is presently a party to any transaction with another Borrower (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of any Borrower, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

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**5.18 Subsidiaries.** Schedule 1 (as updated from time to time pursuant to Section 6.16) sets forth a complete and accurate list of the Subsidiaries of the Parent (after giving effect to the Transactions), including the name of each Subsidiary and its jurisdiction of incorporation. After giving effect to the Transactions, each Subsidiary listed on Schedule 1 is (a) wholly owned by the Parent (except as noted in such Schedule) and (b) is a Borrower hereunder (except the Excluded Subsidiaries and any Receivables SPVs). After giving effect to the Transactions, the Parent has good and marketable title to all of the Equity Interests it purports to own of each such Subsidiary, and each other Borrower has good and marketable title to all of the Equity Interests it purports to own of such Subsidiary, free and clear in each case of any Lien. All such Equity Interests have been duly issued and are fully paid and non-assessable.

**5.19 True Copies of Charter and Other Documents.** Each Borrower has furnished the Administrative Agent copies, in each case true and complete as of the Closing Date, of its Organization Documents, including any amendments thereto.

**5.20 Disclosure.** Neither this Agreement, nor any of the other Loan Documents, nor any document or information furnished by the Borrowers in connection therewith contains any untrue statement of a material fact or omits to state a material fact (known to any Borrower in the case of any document or information not furnished by the Borrowers) necessary in order to make the statements herein or therein not misleading. There is no fact known to any Borrower which materially adversely affects, or which is reasonably likely in the future to materially adversely affect, the business, assets, or financial condition of any Borrower, exclusive of effects resulting from changes in general economic conditions, legal standards or regulatory conditions.

**5.21 Capitalization.** As of the Interim Balance Sheet Date, the authorized Equity Interests of the Parent consist of (i) 250,000,000 shares of common stock (par value \$0.01 per share) of which 122,783,945 shares were outstanding as of such date, and (ii) 7,500,000 shares of preferred stock of which none were outstanding as of such date. All of such outstanding shares are fully paid and non-assessable. In addition, as of the Closing Date, the board of directors of the Parent has duly reserved (A) 15,752 shares of the Parent's common stock for issuance upon vesting of outstanding restricted stock units, (B) 5,214,847 shares of the Parent's common stock for issuance upon exercise of outstanding options, (C) 326,480 shares of the Parent's common stock for issuance upon exercise of outstanding warrants, (D) zero shares of the Parent's common stock for issuance upon the vesting of outstanding restricted stock, (E) zero shares of the Parent's common stock for issuance upon the exercise of stock options or on satisfaction of conditions in restricted stock or restricted stock unit awards, all of which are available to be granted pursuant to the Parent's equity incentive plans, and (F) 207,894 shares of the Parent's common stock available to be granted pursuant to the Parent's warrant plans.

**5.22 Permits and Licenses.** All permits and licenses (other than those the absence of which would not have a Material Adverse Effect) required for the construction, ownership and operation of the landfills, solid waste facilities, and solid waste collection, transfer, hauling, recycling and disposal operations owned or operated by the Parent and the Subsidiaries have been obtained and remain in full force and effect and are not subject to any appeals or further proceedings or to any unsatisfied conditions that may allow material modification or revocation. Neither any Parent nor any Subsidiary nor, to the knowledge of a Responsible Officer of the Borrowers, the holder of such licenses or permits is in violation of any such licenses or permits, except for any violation which would not have a Material Adverse Effect.

**5.23 Excluded Subsidiaries.** Except as permitted under Section 7.01 or Section 7.03, no Borrower has or has committed to (a) Guarantee Indebtedness or other financial obligations of any Excluded Subsidiary or (b) make any advance, loan, assumption of debt, extension of credit or capital contribution to or any other Investment in any Excluded Subsidiary.

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**5.24 OFAC; FCPA; Act.** No Borrower, nor, to the knowledge of any Borrower, any Related Party, (a) is currently the subject of any Sanctions, (b) is located, organized or residing in any Designated Jurisdiction, or (c) is or has been (within the previous five (5) years) engaged in any transaction with any Person who is now or was then the subject of Sanctions or who is located, organized or residing in any Designated Jurisdiction. No Term A Loan, nor the proceeds from any Term A Loan, has been or will be used, directly or indirectly, (y) to lend, contribute or provide to, or otherwise has been or will be made available to fund, any activity or business in any Designated Jurisdiction or any activity or business of any Person located, organized or residing in any Designated Jurisdiction or who is the subject of any Sanctions, or in any other manner that will result in any violation by any Person (including any Lender, any Arranger or the Administrative Agent) of Sanctions, or (z) for any payments to any government official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977. To the extent applicable, the Borrowers are in compliance in all material respects with the Act.

## ARTICLE VI. AFFIRMATIVE COVENANTS

So long as any Lender shall have any Term A Loan Commitment hereunder or any Term A Loan or other Obligation hereunder (other than contingent indemnity obligations with respect to then unasserted claims) shall remain unpaid or unsatisfied:

**6.01 Punctual Payment.** The Borrowers will duly and punctually pay or cause to be paid the principal and interest on the Term A Loans, fees and other amounts provided for in this Agreement and the other Loan Documents, all in accordance with the terms of this Agreement and such other Loan Documents.

**6.02 Maintenance of Offices.** The Parent will maintain its chief executive offices at Waterway Plaza Two, 4th Floor, 10001 Woodloch Forest Drive, Suite 400, The Woodlands, Texas 77380 or such other place in the United States as the Parent shall designate upon thirty (30) days prior written notice to the Administrative Agent. Upon request of the Administrative Agent from time to time after the Closing Date, the Borrowers shall promptly provide the Administrative Agent with the principal place of business of each Borrower.

**6.03 Records and Accounts.** Each Borrower will (i) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with generally accepted accounting principles, (ii) maintain adequate accounts and reserves for all taxes (including income taxes), depreciation, depletion, obsolescence and amortization of its properties, contingencies, and other reserves, and (iii) at all times engage the Accountants as the independent certified public accountants of the Borrowers.

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**6.04 Financial Statements, Certificates and Information.** The Borrowers will deliver to the Administrative Agent and any Lender upon request of such Lender (made through the Administrative Agent):

(a) within five (5) days after the filing with the Securities and Exchange Commission of the Parent's Annual Report on Form 10-K with respect to each fiscal year (and in any event within one hundred (100) days after the end of such fiscal year), the consolidated balance sheets of the Consolidated Group as at the end of such year, and the related consolidated statements of income and cash flows of the Consolidated Group, each setting forth in comparative form the figures for the previous fiscal year, all such financial statements to be in reasonable detail, prepared in accordance with GAAP and audited and accompanied by a report and opinion of the Accountants, which report and opinion shall state that such financial statements present fairly the financial position of the Consolidated Group and shall not be subject to any qualification as to going concern or the scope of the audit;

(b) within five (5) days after the filing with the Securities and Exchange Commission of the Parent's Quarterly Report on Form 10-Q with respect to each of the first three (3) fiscal quarters of each fiscal year (and in any event within 55 days after the end of each such fiscal quarter), copies of the consolidated balance sheets of the Consolidated Group as at the end of such fiscal quarter, and the related consolidated statements of income and cash flows of the Consolidated Group as at the end of such quarter, subject to normal year-end adjustments and the absence of footnotes, all in reasonable detail and prepared in accordance with GAAP subject to normal year-end adjustments and the absence of footnotes, with a certification by the CFO that the consolidated financial statements are prepared in accordance with GAAP and fairly present the consolidated financial condition of the Consolidated Group as at the close of business on the date thereof and the results of operations for the period then ended;

(c) simultaneously with the delivery of the financial statements referred to in subsections (a) and (b) above, a Compliance Certificate certified by the CFO that the Consolidated Group is in compliance with the covenants contained in Sections 7.14 and 7.15 as of the end of the applicable period setting forth in reasonable detail computations evidencing such compliance; provided, that if the Borrowers shall at the time of issuance of such certificate or at any other time obtain knowledge of any Default or Event of Default, the Borrowers shall include in such certificate or otherwise deliver forthwith to the Lenders a certificate specifying the nature and period of existence thereof and what action the Borrowers propose to take with respect thereto;

(d) contemporaneously with, or promptly following, the filing or mailing thereof, copies of all material of a financial nature filed with the Securities and Exchange Commission or sent to the stockholders of the Borrowers; and

(e) from time to time, such other financial data and other information (including accountants' management letters and a copy of the Borrowers' annual budget and projections for any fiscal year) as the Lenders may reasonably request.

Borrowers shall be deemed to have delivered reports and other information referred to in clauses (a), (b), and (d) of this Section 6.04 when (A) such reports or other information have been posted on the Internet website of the Securities and Exchange Commission (<http://www.sec.gov>) or on Parent's Internet website as previously identified to the Administrative Agent and Lenders and (B) Parent or Borrowers have notified the Administrative Agent by electronic mail of such posting.

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The Borrowers hereby acknowledge that (a) the Administrative Agent and/or the Arrangers may, but shall not be obligated to, make available to the Lenders materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, “Borrower Materials”) by posting the Borrower Materials on Debt Domain, IntraLinks, Syndtrak or another similar electronic system (the “Platform”) and (b) certain of the Lenders (each, a “Public Lender”) may have personnel who do not wish to receive material non-public information with respect to the Parent or its Subsidiaries, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons’ securities. The Borrowers hereby agree that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC,” the Borrowers shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Borrowers or their securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Side Information;” and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Side Information.” Notwithstanding the foregoing, the Borrowers shall be under no obligation to mark any Borrower Materials “PUBLIC.”

**6.05 Legal Existence and Conduct of Business.** Except as otherwise permitted by Section 7.04, each Borrower will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence, legal rights and franchises; effect and maintain its foreign qualifications, licensing, domestication or authorization except as terminated by such Borrower’s board of directors (or similar governing body) in the exercise of its reasonable judgment and except where the failure of a Borrower to remain so qualified would not have a Material Adverse Effect; and shall not become obligated under any contract or binding arrangement which, at the time it was entered into would have a Material Adverse Effect. Each Borrower will continue to engage primarily in the businesses conducted by it on the Closing Date and in related businesses, except to the extent otherwise permitted under Sections 7.03 and 7.04.

**6.06 Maintenance of Properties.** The Borrowers will cause all material properties used or useful in the conduct of their businesses to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Borrowers may be necessary so that the businesses carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this section shall prevent the Borrowers from discontinuing the operation and maintenance of any of their properties if such discontinuance is, in the judgment of the Borrowers, desirable in the conduct of their business and which does not in the aggregate have a Material Adverse Effect.

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**6.07 Insurance.** The Borrowers will maintain with financially sound and reputable insurance companies, funds or underwriters insurance of the kinds, covering the risks (other than risks arising out of or in any way connected with personal liability of any officers and directors thereof) and in the relative proportionate amounts typically carried by reasonable and prudent companies conducting businesses similar to that of the Borrowers. In addition, the Borrowers will furnish from time to time, upon the Administrative Agent's request, a summary of the insurance coverage, which summary shall be in form and substance reasonably satisfactory to the Administrative Agent and, if requested by the Administrative Agent, will furnish to the Administrative Agent certificates evidencing such insurance and, with respect to the certificate evidencing liability insurance, naming the Administrative Agent as the certificate holder thereunder. Notwithstanding the foregoing, the Borrowers shall be permitted to maintain self insurance programs of the kinds, covering the risks and in the relative amounts as more particularly described on Schedule 6.07.

**6.08 Taxes.** The Borrowers will duly pay and discharge, or cause to be paid and discharged, before any material penalty accrues thereon, all taxes, assessments and other governmental charges (other than taxes, assessments and other governmental charges imposed by foreign jurisdictions which in the aggregate are not material to the business or assets of any Borrower on an individual basis or of the Borrowers on a consolidated basis) imposed upon it and its real properties, sales and activities, or any material part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies, which if unpaid might by law become a Lien or charge upon any material portion of its property, unless such Lien is a Permitted Lien; provided, however, that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if such Borrower shall have set aside on its books adequate reserves with respect thereto; and provided further, that the Borrowers will pay all such taxes, assessments, charges, levies or claims forthwith upon the commencement of proceedings to foreclose any Lien which may have attached as security therefor.

**6.09 Inspection of Properties, Books, and Contracts .** The Borrowers will permit the Administrative Agent or any other designated representative of the Lenders (including any Lender), upon reasonable notice and during normal business hours, to visit and inspect any of their properties, to examine their books of account (including the making of periodic accounts receivable reviews), or contracts (and to make copies thereof and extracts therefrom), and to discuss their affairs, finances and accounts with, and to be advised as to the same by, their officers, all at such times and intervals as the Lenders or the Administrative Agent may reasonably request.

**6.10 Compliance with Laws, Contracts, Licenses and Permits ; Maintenance of Material Licenses and Permits.** The Borrowers will and will cause the Excluded Subsidiaries to (i) comply with the provisions of their Organization Documents, (ii) comply with the provisions of all agreements and instruments by which they or any of their properties may be bound; and (iii) comply with all applicable Laws (including Environmental Laws and Environmental Permits) except, in the cause of subsections (ii) and (iii), where noncompliance with such applicable Laws would not have a Material Adverse Effect. If at any time while any Term A Loan is outstanding or any Lender or the Administrative Agent has any obligation to make Term A Loans hereunder, any authorization, consent, approval, permit or license from any Governmental Authority shall become necessary or required in order that the Borrowers may fulfill any of their obligations hereunder, the Borrowers will immediately take or cause to be taken all reasonable steps within the power of the Borrowers to obtain such authorization, consent, approval, permit or license and furnish the Lenders with evidence thereof.

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**6.11 Environmental Indemnification.** Each Borrower covenants and agrees that it will indemnify and hold the Administrative Agent and the Lenders harmless from and against any and all claims, expense, damage, loss or liability incurred by the Administrative Agent or the Lenders (including all costs of legal representation) relating to (a) any Release or threatened Release of Hazardous Materials on the Real Estate; (b) any violation of any Environmental Laws with respect to conditions at the Real Estate or the operations conducted thereon; (c) the investigation or remediation of offsite locations at which any Borrower or its predecessors are alleged to have directly or indirectly disposed of Hazardous Materials; or (d) any Environmental Liability related in any way to any Borrower or any Excluded Subsidiary. It is expressly acknowledged by each Borrower that this covenant of indemnification shall include claims, expense, damage, loss or liability incurred by the Administrative Agent or the Lenders based upon the Administrative Agent's or the Lenders' negligence (but not gross negligence or willful misconduct, in each case as determined by a court of competent jurisdiction by a final and nonappealable judgment), and this covenant shall survive any foreclosure or any modification, release or discharge of the Loan Documents or the payment of the Term A Loans and shall inure to the benefit of the Administrative Agent, the Lenders and their successors and assigns.

**6.12 Further Assurances.** The Borrowers will cooperate with the Administrative Agent and the Lenders and execute such further instruments and documents as the Lenders or the Administrative Agent shall reasonably request to carry out to the Lenders' satisfaction the Transactions (other than the R360 Acquisition).

**6.13 Notice of Potential Claims or Litigation .** The Borrowers will deliver to the Lenders, within thirty (30) days of receipt thereof, written notice of the initiation of any action, claim, complaint, or any other notice of dispute or potential litigation (including without limitation any alleged violation of any Environmental Law or any dispute, litigation, investigation or proceeding between any Borrower and any Governmental Authority), wherein the potential liability could reasonably be expected to be in excess of \$15,000,000, together with a copy of each such notice received by any Borrower or any Excluded Subsidiary.

**6.14 Notice of Certain Events Concerning Insurance and Environmental Claims.**

(a) The Borrowers will provide the Lenders with written notice as to any material cancellation or material change in any insurance of the Borrowers within ten (10) Business Days after the Borrowers' receipt of any written notice of such cancellation or change by any of their insurers.

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(b) The Borrowers will promptly notify the Lenders in writing of any of the following events:

(i) upon obtaining knowledge of any violation of any Environmental Law regarding the Real Estate or any Borrower's operations which could reasonably be expected to result in liability in excess of \$15,000,000; (ii) upon obtaining knowledge of any potential or known Release or threat of Release of any Hazardous Materials at, from, or into the Real Estate which it reports or is reportable in writing to any Governmental Authority which could reasonably be expected to result in liability in excess of \$15,000,000; (iii) upon receipt of any notice of violation of any Environmental Laws or of any Release or threatened Release of Hazardous Materials, including a notice or claim of liability or potential responsibility from any third party (including without limitation any Governmental Authority) and including notice of any formal inquiry, proceeding, demand, investigation or other action with regard to (A) operation of the Real Estate, (B) contamination on, from or into the Real Estate, or (C) investigation or remediation of offsite locations at which any Borrower or any of its predecessors is alleged to have directly or indirectly disposed of Hazardous Materials, which violation or Release in any such case could reasonably be expected to have a Material Adverse Effect; or (iv) upon obtaining knowledge that any material expense or loss has been incurred by such Governmental Authority in connection with the assessment, containment, removal or remediation of any Hazardous Materials with respect to which any Borrower could reasonably be expected to have liability in excess of \$15,000,000 or for which a Lien for a like amount could reasonably be expected to be imposed on the Real Estate.

**6.15 Notice of Default.** The Borrowers will promptly notify the Lenders in writing of the occurrence of any Default or Event of Default. If any Person shall give any notice or take any other action in respect of a claimed default (whether or not constituting an Event of Default) under this Agreement or any other note, evidence of Indebtedness, indenture or other obligation evidencing Indebtedness in excess of \$15,000,000 as to which any Borrower is a party or obligor, whether as principal or surety, the Borrowers shall forthwith give written notice thereof to the Lenders, describing the notice or action and the nature of the claimed default.

#### **6.16 New Subsidiaries.**

(a) Any new Subsidiary (other than permitted Excluded Subsidiaries and Receivables SPVs) created or acquired by a Borrower as permitted under Section 7.04 shall become a Borrower hereunder. Such Subsidiary shall become a Borrower hereunder on or before the fifteenth (15th) Business Day after the end of the fiscal quarter in which such Subsidiary was created or acquired. A Subsidiary shall become a Borrower by (x) signing a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent providing that such Subsidiary shall become a Borrower hereunder, and (y) providing such other documentation as the Administrative Agent may reasonably request, including, without limitation, (i) KYC Requirement Information with respect to such new Subsidiary, (ii) applicable documentation with respect to the conditions specified in Section 4.01(a), clauses (i) through (iv), (iii) evidence that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect with respect to such new Subsidiary, together with insurance binders or other satisfactory certificates of insurance, (iv) the results of UCC searches with respect to such new Subsidiary indicating no Liens other than Permitted Liens and otherwise in form and substance satisfactory to the Administrative Agent, and (v) an opinion of in-house counsel to the Parent, in form and substance reasonably satisfactory to the Administrative Agent, with respect to (x) each such new Subsidiary that is organized under California, Delaware and/or New York law, and (y) such joinder agreement and related documentation. In such event, the Administrative Agent is hereby authorized by the parties to amend Schedule 1 to include such new Subsidiary and the KYC Requirement Information in respect thereof.

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(b) The Parent shall at all times directly or indirectly through a Subsidiary own all of the Equity Interests of each of the Subsidiaries (other than the Excluded Subsidiaries).

**6.17 [Reserved].**

**6.18 Additional Notices.** The Borrowers will promptly notify the Administrative Agent in writing of (a) any material change by any Borrower in accounting policies, financial reporting practices (subject to Section 7.12) or attestation reports concerning internal controls pursuant to Section 404 of Sarbanes-Oxley, and (b) the occurrence of any ERISA Event.

**6.19 Designation of Excluded Subsidiaries.** The Parent may from time to time designate any Subsidiary (other than, during the one year period after the Closing Date, a Company or any Subsidiary used to acquire a Company) as an Excluded Subsidiary, provided that the following conditions precedent to the effectiveness of such designation are satisfied:

(a) at the time of such designation, no Default or Event of Default has occurred and is continuing, and such designation will not otherwise create a Default or an Event of Default;

(b) the Borrowers will be in *pro forma* compliance with the restrictions on Excluded Subsidiaries set forth in Section 7.15, measured as of the end of the most recent fiscal quarter of the Consolidated Group for which a Compliance Certificate has been or is required to have been delivered pursuant to Section 6.04(c) (with assets values and revenues of the Excluded Subsidiaries adjusted as if such designation occurred on the first day of the applicable Reference Period); and

(c) the Parent has delivered to the Administrative Agent (i) written notice of such designation and (ii) a Compliance Certificate certifying compliance with the conditions set forth in the foregoing clause (b) and setting forth reasonably detailed calculations in support thereof.

For the avoidance of doubt, in the event that any Borrower is designated as an Excluded Subsidiary in accordance with this Section 6.19, such Subsidiary shall be released from its obligations under the Loan Documents.

**ARTICLE VII. NEGATIVE COVENANTS**

So long as any Lender shall have any Term A Loan Commitment hereunder or any Term A Loan or other Obligation hereunder (other than contingent indemnity obligations with respect to then unasserted claims) shall remain unpaid or unsatisfied:

**7.01 Restrictions on Indebtedness.** No Borrower shall create, incur, assume or suffer to exist any Indebtedness other than:

(a) Indebtedness existing on the Closing Date and set forth on Schedule 7.01, including any renewals, extensions, refinancings and replacements thereof so long as the principal amount thereof (plus all accrued interest on such Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith, the amount of which may be included in the principal amount of any refinancing) is not increased;

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(b) incurrence of guaranty, suretyship or indemnification obligations in connection with the Borrowers' performance of services for their respective customers in the ordinary course of their businesses;

(c) Indebtedness of one Borrower to another Borrower;

(d) Indebtedness of the Borrowers incurred in connection with the acquisition or lease of any equipment or other property by the Borrowers under any Synthetic Lease, Capital Lease or other lease arrangement or purchase money financing;

(e) Indebtedness of the Borrowers with respect to bonds for closure and post-closure obligations relating to any landfill owned or operated by the Borrowers;

(f) Indebtedness of the Borrowers in respect of Swap Contracts (including Fuel Derivatives Obligations) entered into in the ordinary course of business and not for speculative purposes;

(g) Indebtedness of the Borrowers with respect to letters of credit of Persons acquired by the Borrowers; provided, that such letters of credit shall be retired immediately or replaced by Letters of Credit under the Senior Revolving Credit Agreement as soon as possible but in any event not later than one hundred twenty (120) days after the closing of any such acquisition;

(h) Indebtedness of the Borrowers in respect of IRBs; provided, that (i) such Indebtedness may be secured only to the extent such IRBs are L/C Supported IRBs and (ii) after taking into account all Indebtedness incurred pursuant to this clause (h), the Borrowers on a consolidated basis shall be in *pro forma* compliance with each of the financial covenants set forth in Section 7.14 (using Consolidated EBITDA of the Consolidated Group as of the last day of the applicable Pro Forma Reference Period (but including any addbacks to Consolidated EBITDA previously approved in the period following the last day of the applicable Pro Forma Reference Period) and Consolidated Total Funded Debt as of the date of, and after giving effect to, such Indebtedness (with such amounts adjusted as if such Indebtedness was incurred on the first day of the applicable Pro Forma Reference Period)).

(i) other secured Indebtedness (other than as permitted under other subsections hereof), not in excess of \$20,000,000 in the aggregate at any time outstanding;

(j) other unsecured Indebtedness; provided, that, at the time of incurrence thereof, the Borrowers shall be in *pro forma* compliance with each of the financial covenants set forth in Section 7.14 (using Consolidated EBITDA of the Consolidated Group as of the last day of the applicable Pro Forma Reference Period (but including any addbacks to Consolidated EBITDA previously approved in the period following the last day of the applicable Pro Forma Reference Period) and Consolidated Total Funded Debt as of the date of, and after giving effect to, such Indebtedness (with such amounts adjusted as if such Indebtedness was incurred on the first day of the applicable Pro Forma Reference Period));

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(k) the Obligations; and

(l) Indebtedness under the Senior Revolving Credit Agreement.

**7.02 Restrictions on Liens.** No Borrower shall create or incur or suffer to be created or incurred or to exist any Lien of any kind upon any property or assets of any character, whether now owned or hereafter acquired, or upon the income or profits therefrom; or transfer any of such property or assets or the income or profits therefrom for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to payment of its general creditors; or acquire, or agree or have an option to acquire, any property or assets upon conditional sale or other title retention or purchase money security agreement, device or arrangement; or suffer to exist for a period of more than thirty (30) days after the same shall have been incurred any Indebtedness or claim or demand against it which if unpaid might by law or upon bankruptcy or insolvency, or otherwise, be given any priority whatsoever over its general creditors; or sell, assign, pledge or otherwise transfer any accounts, contract rights, general intangibles or chattel paper, with or without recourse, except as follows (the "Permitted Liens"):

(a) Liens to secure taxes, assessments and other government charges in respect of obligations not overdue or Liens on properties to secure claims for labor, material or supplies in respect of obligations not overdue or that are being contested in good faith by appropriate proceedings (provided that, if the obligation with respect to which any such Lien arises is being contested in good faith by appropriate proceedings, such obligation may remain unpaid during the pendency of such proceedings as long as the Borrowers shall have set aside on their books adequate reserves with respect thereto);

(b) Deposits or pledges made in connection with, or to secure payment of, workmen's compensation, unemployment insurance, old age pensions or other social security obligations other than any Lien imposed by ERISA and not permitted pursuant to Section 7.07;

(c) Liens in respect of judgments or awards which have been in force for less than the applicable period for taking an appeal so long as execution is not levied thereunder or in respect of which the applicable Borrower shall at the time in good faith be prosecuting an appeal or proceedings for review and in respect of which a stay of execution shall have been obtained pending such appeal or review and in respect of which such Borrower maintains adequate reserves;

(d) Liens of carriers, warehousemen, mechanics and materialmen, and other like Liens, in existence less than one hundred twenty (120) days from the date of creation thereof in respect of obligations not overdue; provided, that such Liens may continue to exist for a period of more than one hundred twenty (120) days if the validity or amount thereof shall currently be contested by the applicable Borrower in good faith by appropriate proceedings and if such Borrower shall have set aside on its books adequate reserves with respect thereto as required by GAAP; and provided further, that such Borrower will pay any such claim forthwith upon commencement of proceedings to foreclose any such Lien;

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(e) Encumbrances on Real Estate consisting of easements, rights of way, zoning restrictions, restrictions on the use of real property and defects and irregularities in the title thereto, landlord's or lessor's Liens under leases to which any Borrower is a party, and other minor Liens none of which in the opinion of such Borrower interferes materially with the use of the property affected in the ordinary conduct of the business of such Borrower, which defects do not individually or in the aggregate have a Material Adverse Effect;

(f) Liens securing Indebtedness permitted under Section 7.01(d) incurred in connection with the lease or acquisition of property or fixed assets or industrial bond financings; provided, that such Liens shall encumber only the property or assets so acquired or financed and shall not exceed the purchase price thereof;

(g) Liens, whether created by contract, law, regulation or ordinance, securing Indebtedness permitted by Sections 7.01(b), (e) and (g); provided, that any security granted therefor is limited to (i) rights to payment under, and use of equipment or related assets to perform, the contracts to which such guaranty, suretyship or bond obligations relate, (ii) Liens arising under the laws of suretyship and (iii) similar Liens granted in favor of municipalities or other governmental entities pursuant to any Municipal Contract; provided, that such Liens (A) encumber only the containers, bins, carts and vehicles used in connection with such Municipal Contract and (B) are promptly released as soon as such release is not prohibited under the terms of such Municipal Contract;

(h) Liens listed on Schedule 7.02 hereto;

(i) Liens securing Indebtedness permitted under Section 7.01(h) in the form of L/C Supported IRBs;

(j) Liens securing deposits made on account of liabilities to insurance carriers under insurance or self-insurance arrangements;

(k) Liens granted to a Receivables SPV in connection with a Permitted Receivables Transaction and securing Indebtedness of the Parent and its Subsidiaries existing as of the Closing Date and listed on Schedule 7.01 in connection therewith; provided, that such Liens attach only to the accounts receivable which are the subject of such Indebtedness and to the Equity Interests of the Receivables SPV;

(l) Liens granted in connection with secured Indebtedness incurred pursuant to Sections 7.01(a) or (i); and

(m) Liens granted to secure Indebtedness and other liabilities and obligations under the Senior Revolving Credit Agreement or any Covenanted Senior Debt so long as the Obligations are simultaneously secured on a *pari passu* basis pursuant to customary documentation reasonably acceptable to the Administrative Agent.

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**7.03 Restrictions on Investments.** No Borrower shall make any Investments unless (i) the Borrowers are in *pro forma* compliance with each of the financial covenants set forth in Section 7.14 (using Consolidated EBITDA of the Consolidated Group as of the last day of the applicable Pro Forma Reference Period (but including any addbacks to Consolidated EBITDA previously approved in the period following the last day of the applicable Pro Forma Reference Period) and Consolidated Total Funded Debt as of the date of, and after giving effect to, such Investment (with such amounts adjusted as if such Investment occurred on the first day of the Pro Forma Reference Period)), (ii) at the time of such Investment, no Default or Event of Default has occurred and is continuing or would result therefrom and (iii) to the extent such proposed Investment constitutes a transaction described in Section 7.04(a), the Borrowers comply with the requirements set forth in such Section 7.04(a); provided, that nothing set forth in this Section 7.03 shall prohibit ordinary course Investments made by the Borrowers from time to time in cash and cash equivalents.

**7.04 Merger, Consolidation and Disposition of Assets.**

(a) No Borrower shall become a party to any merger or consolidation, or agree to or effect any asset acquisition or stock acquisition (other than the acquisition of assets in the ordinary course of business consistent with past practices and with respect to asset swaps) except the merger or consolidation of, or asset or stock acquisitions between existing Borrowers, and except as otherwise provided in this Section 7.04(a). The Borrowers may purchase or otherwise acquire assets or the Equity Interests of any other Person; provided, that:

(i) the Borrowers are in *pro forma* compliance with each of the financial covenants set forth in Section 7.14 (using Consolidated EBITDA of the Consolidated Group as of the last day of the applicable Pro Forma Reference Period (but including any addbacks to Consolidated EBITDA previously approved in the period following the last day of the applicable Pro Forma Reference Period) and Consolidated Total Funded Debt as of the date of, and after giving effect to, such acquisition (with such amounts adjusted as if such acquisition occurred on the first day of the applicable Pro Forma Reference Period));

(ii) at the time of such acquisition, no Default or Event of Default has occurred and is continuing, and such acquisition will not otherwise create a Default or an Event of Default hereunder;

(iii) the business to be acquired is predominantly in the same lines of business as the Borrowers, or businesses reasonably related or incidental thereto (e.g., non-hazardous solid waste collection, transfer, hauling, recycling, or disposal), except for Investments in other lines of business in an aggregate amount not to exceed \$50,000,000 at any time outstanding for all such Investments (the amount of any such Investment being the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment);

(iv) all of the assets to be acquired shall be owned by an existing or newly created Subsidiary of the Parent which Subsidiary shall be or become a Borrower hereunder in accordance with Section 6.16 or be designated an Excluded Subsidiary in accordance with Section 6.19 and subject to Section 7.15;

(v) the board of directors and (if required by applicable law) the shareholders, or the equivalents thereof, of the business to be acquired has approved such acquisition; and

(vi) if such acquisition is made by a merger, a Borrower, or a wholly-owned Subsidiary of the Parent which shall become a Borrower in connection with such merger, shall be the surviving entity.

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Notwithstanding anything to the contrary set forth in this clause (a), the Parent shall not consummate any merger in which it is not the surviving entity.

(b) No Borrower shall become a party to or agree to or effect any Disposition of assets, other than (a) the sale of inventory, the licensing of intellectual property and the Disposition of obsolete assets, in each case in the ordinary course of business consistent with past practices, (b) a Disposition of assets from a Borrower to any other Borrower, (c) the sale or exchange of routes and related assets which, in the business judgment of the Borrowers, will not have a Material Adverse Effect, (d) assets with a fair market value of less than \$50,000,000 per year transferred in connection with an asset sale or swap, which sale or swap, in the business judgment of the Borrowers, will not have a Material Adverse Effect, and (e) the sale, lease, assignment, transfer or other Disposition of Receivables in connection with any Permitted Receivables Transaction.

**7.05 Sale and Leaseback.** No Borrower shall enter into any arrangement, directly or indirectly, whereby such Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property which such Borrower intends to use for substantially the same purpose as the property being sold or transferred, without the prior written consent of the Required Lenders.

**7.06 Restricted Payments and Redemptions .** No Borrower shall make any Restricted Payments (provided, however, that neither the exercise of common stock purchase warrants or options to purchase common stock on a “cashless” exercise basis under a Borrower’s equity incentive plans shall constitute a purchase or redemption of Equity Interests), except that (a) a Borrower may make any Restricted Payment to another Borrower, (b) the Parent may make any Restricted Payment so long as no Default or Event of Default exists or would be created by the making of such Restricted Payment (provided, that if as of the end of any fiscal quarter in any fiscal year (and after giving effect to any Indebtedness incurred to finance such Restricted Payment, if any), the Consolidated Group have on a consolidated basis a Leverage Ratio of greater than or equal to 3.00 to 1.00, as determined by reference to the most recent Compliance Certificate delivered to the Administrative Agent pursuant to Section 6.04, the Parent shall not make Restricted Payments in excess of \$200,000,000 in the aggregate in such fiscal year, unless and until such time as the Consolidated Group shall have on a consolidated basis a Leverage Ratio of less than 3.00 to 1.00 as determined by reference to any subsequent Compliance Certificate delivered to the Administrative Agent pursuant to Section 6.04; provided further, that if (x) the Parent shall be prohibited from making Restricted Payments in excess of \$200,000,000 in the aggregate in any fiscal year as a result of the application of the foregoing Leverage Ratio and (y) the Parent shall have previously made Restricted Payments in an aggregate amount greater than or equal to \$200,000,000 during such fiscal year, the Parent shall not be deemed to be in violation of this Section 7.06 as a result of such pre-existing Restricted Payments but shall not make any additional Restricted Payments for the remainder of such fiscal year, unless and until such time as the Consolidated Group have on a consolidated basis a Leverage Ratio of less than 3.00 to 1.00 as determined by reference to any subsequent Compliance Certificate delivered to the Administrative Agent pursuant to Section 6.04) and (c) the Borrowers may make cash payments to its employees pursuant to one or more profit sharing, equity incentive or other benefit plan.

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**7.07 Employee Benefit Plans.** No Borrower nor any ERISA Affiliate will:

(a) engage in any “prohibited transaction” within the meaning of Section 406 of ERISA or Section 4975 of the Code or otherwise incur any excise taxes under Sections 4971, 4975, 4980B or 4980D of the Code which could reasonably be expected to result in a material liability (and in any event not in excess of \$15,000,000) for any Borrower; or

(b) fail to satisfy the Pension Funding Rules with respect to any Pension Plan (other than a Multiemployer Plan) which could reasonably be expected to result in a material liability (and in any event not in excess of \$15,000,000) for any Borrower or fail to meet or seek any waiver of the minimum funding standards or incur any funding shortfall (within the meaning of Sections 302 and 303 of ERISA or Sections 430 and 436 of the Code) with respect to any such Pension Plan which could reasonably be expected to result in a material liability (and in any event not in excess of \$15,000,000) for any Borrower; or

(c) fail to contribute to any Pension Plan to an extent which, or terminate any Pension Plan (other than a Multiemployer Plan) in a manner which, could reasonably be expected to result in the imposition of a Lien securing material obligations (and in any event obligations in excess of \$15,000,000) on any assets of any Borrower pursuant to Section 303(k) or Section 4068 of ERISA or Section 430(k) of the Code; or

(d) post any security pursuant to Section 436(f) of the Code or fail to meet the minimum required contribution payment obligations under Section 303(j) of ERISA with respect to any Pension Plan (other than a Multiemployer Plan) which could reasonably be expected to result in a material liability (and in any event not in excess of \$15,000,000) for any Borrower; or

(e) permit or take any action which would result in the aggregate benefit liabilities (within the meaning of Section 4001 of ERISA) of all Pension Plans (other than any Multiemployer Plans) exceeding the value of the aggregate assets of such Pension Plans, disregarding for this purpose the benefit liabilities and assets of any such Pension Plan with assets in excess of benefit liabilities which could reasonably be expected to result in a material liability (and in any event not in excess of \$15,000,000) for any Borrower; or

(f) incur any withdrawal liability within the meaning of Section 4201 of ERISA with respect to any Multiemployer Plan which could reasonably be expected to result in a material liability (and in any event not in excess of \$15,000,000) for any Borrower.

**7.08 Burdensome Agreements.** Except as required by any Municipal Contract, no Borrower shall enter into or permit to exist any arrangement or agreement, enforceable under applicable law, which directly or indirectly prohibits such Borrower from (a) making Restricted Payments to the Parent or any other Borrower or otherwise transferring property to or investing in the Parent or any other Borrower, except for any such agreement or arrangement in effect at the time such Borrower became a Subsidiary of the Parent, so long as such agreement or arrangement was not entered into solely in contemplation of such Borrower becoming a Subsidiary of the Parent, (b) Guaranteeing the Indebtedness of the Parent or any other Borrower or (c) creating or incurring any lien, encumbrance, mortgage, pledge, charge, restriction or other security interest or Lien in favor of the Administrative Agent for the

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benefit of the Lenders and the Administrative Agent under the Loan Documents other than customary anti-assignment provisions in leases and licensing agreements entered into by such Borrower in the ordinary course of its business; provided, however, that clause (c) of this Section 7.08 shall not prohibit any negative pledge (i) incurred or provided in favor of any holder of Indebtedness permitted under Section 7.01, (A) solely to the extent any such negative pledge relates to the property financed by such Indebtedness or (B) the terms of which are customary at the time of incurrence and are approved by the Administrative Agent in writing, (ii) with respect to any Subsidiary of Parent, imposed pursuant to an agreement which has been entered into for the sale or disposition permitted under Section 7.04(b), or (iii) in connection with restrictions imposed by applicable laws.

**7.09 Business Activities.** No Borrower will engage directly or indirectly (whether through Subsidiaries or otherwise) in any type of business other than the businesses conducted by such Borrower on the Closing Date and in related businesses, except to the extent otherwise permitted under Sections 7.03 and 7.04.

**7.10 Transactions with Affiliates.** No Borrower will engage in any transaction with any non-Borrower Affiliate (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such non-Borrower Affiliate or, to the knowledge of the Borrowers, any corporation, partnership, trust or other entity in which any such non-Borrower Affiliate has a substantial interest or is an officer, director, trustee or partner, on terms more favorable to such Person than would have been obtainable on an arm's-length basis in the ordinary course of business.

**7.11 Prepayments of Indebtedness.** No Borrower shall prepay, redeem or repurchase any Indebtedness incurred by the Borrowers pursuant to Section 7.01 (other than Indebtedness under the Senior Revolving Credit Agreement) unless no Default or Event of Default has occurred and is continuing, or would be created thereby.

**7.12 Accounting Changes.** No Borrower will make any change in its accounting policies or reporting practices, except as required by GAAP.

**7.13 Use of Proceeds.** None of the Borrowers shall use the proceeds of any Term A Loan Borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

**7.14 Financial Covenants.**

(a) Leverage Ratio. As of the last day of each fiscal quarter of the Consolidated Group, the ratio of (i) Consolidated Total Funded Debt outstanding on such date to (ii) Consolidated EBITDA for the Reference Period ending on such date (the "Leverage Ratio"), shall not exceed 3.50:1.00.

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(b) **Interest Coverage Ratio.** As of the last day of any fiscal quarter of the Consolidated Group, the ratio of Consolidated EBIT to Consolidated Total Interest Expense, in each case for the Reference Period ending on such date, shall not be less than 2.75:1.00.

**7.15 Restrictions on Excluded Subsidiaries.** As of the end of each fiscal quarter of the Borrowers, (a) the aggregate book value of the assets of all Excluded Subsidiaries, shall not exceed five percent (5%) of the aggregate book value of the assets of the Consolidated Group as of the end of such fiscal quarter, and (b) the aggregate revenues of all Excluded Subsidiaries, shall not exceed five percent (5%) of the aggregate revenues of the Consolidated Group for the same period, in either case unless, within thirty (30) days after such date, the Parent re-designates one or more Excluded Subsidiaries as a Borrower or Borrowers hereunder to the extent necessary to satisfy the requirements of the foregoing clauses (a) and (b) (as re-measured for the relevant date or period). Any such re-designated Subsidiary shall become a Borrower by (x) signing a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent, providing that such Subsidiary shall become a Borrower hereunder, and (y) providing such other documentation as the Administrative Agent may reasonably request, including, without limitation, (i) KYC Requirement Information with respect to such re-designated Subsidiary and (ii) documentation with respect to the conditions specified in Section 4.01. In such event, the Administrative Agent is hereby authorized by the parties to amend Schedule 1 to designate such Subsidiary as a Borrower and add the KYC Requirement Information in respect thereof. For the avoidance of doubt, in the event that any Excluded Subsidiary is joined as a Borrower in accordance with this Section 7.15, such Subsidiary shall immediately cease to be an Excluded Subsidiary hereunder upon the effectiveness of such Subsidiary becoming a Borrower.

**7.16 OFAC; FCPA.** Permit any Term A Loan or the proceeds of any Term A Loan, to be used, directly or indirectly, (a) to lend, contribute or provide to, or otherwise be made available to fund, any activity or business in any Designated Jurisdiction or any activity or business of any Person located, organized or residing in any Designated Jurisdiction or who is the subject of any Sanctions, or in any other manner that will result in any violation by any Person (including any Lender, any Arranger or the Administrative Agent) of Sanctions, or (b) for any payments to any government official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

## ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES

**8.01 Events of Default.** Any of the following shall constitute an “Event of Default”:

(a) the Borrowers fail to pay any principal of the Term A Loans when the same shall become due and payable, whether at the Maturity Date, or any accelerated date of maturity or at any other date fixed for payment;

(b) the Borrowers fail to pay any interest or fees or other amounts owing under the Loan Documents within five (5) Business Days after the same shall become due and payable whether at the Maturity Date or any accelerated date of maturity or at any other date fixed for payment;

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(c) the Borrowers fail to comply with the covenants contained in Sections 6.05, 6.13, 6.14 or 6.15 or Article VII;

(d) the Borrowers fail to perform any term, covenant or agreement contained herein or in any of the other Loan Documents (other than those specified in subsections (a), (b) and (c) above) within thirty (30) days after written notice of such failure has been given to the Borrowers by the Administrative Agent or any Lender;

(e) any representation or warranty contained in this Agreement or in any document or instrument delivered pursuant to or in connection with this Agreement proves to have been false in any material respect upon the date when made or repeated;

(f) any Borrower or any Excluded Subsidiary fails to pay at maturity, or within any applicable period of grace, any and all obligations for borrowed money (other than the Obligations) or any guaranty with respect thereto in an aggregate amount greater than \$50,000,000 (or in any amount in the case of the "Obligations" under, and as defined in, the Senior Revolving Credit Agreement) or fails to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing borrowed money in an aggregate amount greater than \$50,000,000 (or in any amount in the case of the "Obligations" under, and as defined in, the Senior Revolving Credit Agreement) for such period of time as would permit (after the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof, unless the same shall have been waived by the holder(s) thereof;

(g) any Borrower or any Excluded Subsidiary institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) days, or an order for relief is entered in any such proceeding;

(h) (i) any Borrower or any Excluded Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty (30) days after its issue or levy;

(i) there remains in force, undischarged, unsatisfied and unstayed, for more than forty-five (45) days, whether or not consecutive, any final judgment against any Borrower or any Excluded Subsidiary which, with other outstanding final judgments against the Borrowers and the Excluded Subsidiaries, exceeds in the aggregate \$20,000,000 after taking into account any undisputed insurance coverage;

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(j) (i) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Borrowers under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$20,000,000, or (ii) the Borrowers or any ERISA Affiliate fail to pay when due, after the expiration of any applicable grace period (or any period during which (x) any Borrower is permitted to contest its obligations to make such payment without incurring any liability (other than interest) or penalty and (y) any Borrower is contesting such obligation in good faith and by appropriate proceedings), any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$20,000,000;

(k) any of the Loan Documents is cancelled, terminated, revoked or rescinded, in each case other than in accordance with the terms thereof or with the express prior written agreement, consent or approval of the Lenders, or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents is commenced by or on behalf of any Borrower or any stockholder of any Borrower who is an officer or director of such Borrower, or any court or any other governmental or regulatory authority or agency of competent jurisdiction makes a determination that, or issues a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof;

(l) (i) other than pursuant to the sale of all of the Equity Interests of a Borrower permitted under Section 7.04, the Parent at any time legally or beneficially owns less than one hundred percent (100%) of the shares of the Equity Interests of each other Borrower (directly or indirectly in accordance with Section 6.16), or (ii) any person or group of persons (within the meaning of Section 13 or 14 of the Exchange Act) has acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of twenty-five percent (25%) or more of the outstanding shares of common stock of the Parent; or, during any period of twelve (12) consecutive calendar months, individuals who were directors of the Parent on the first day of such period cease to constitute a majority of the board of directors unless such new directors were approved by a majority of the directors who were directors on the first day of such period; provided, however, that any such change of control described in this clause (ii) resulting from an acquisition permitted under Section 7.04 shall not constitute a Default or an Event of Default hereunder; or

(m) the occurrence of a "Change of Control" under and as defined in any documents executed and/or delivered in connection any Covenanted Senior Debt.

**8.02 Remedies Upon Event of Default.** If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders:

- (a) declare the commitment of each Lender to make a Term A Loan to be terminated, whereupon such commitments and obligation shall be terminated;
- (b) declare the unpaid principal amount of all outstanding Term A Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrowers; and

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(c) exercise on behalf of itself and the Lenders any other right or remedy available under any other Loan Document, at law, in equity, under any other instrument, document or agreement or otherwise;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code, the obligation of each Lender to make a Term A Loan shall automatically terminate, the unpaid principal amount of all outstanding Term A Loans and all interest and other amounts as aforesaid shall automatically become due and payable, in each case without further act of the Administrative Agent or any Lender.

The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law, in equity, under any other instrument, document or agreement or otherwise, whether now existing or hereafter arising.

**8.03 Application of Funds.** After the exercise of remedies provided for in Section 8.02 (or after the Term A Loans have automatically become immediately due and payable as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall, subject to the provisions of Section 2.18, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees, charges and disbursements of counsel to the respective Lenders and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Term A Loans and other Obligations arising under the Loan Documents, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Term A Loans ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

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## ARTICLE IX. ADMINISTRATIVE AGENT

**9.01 Appointment and Authorization of the Administrative Agent** . Each of the Lenders hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof and thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders, and none of the Borrowers nor any other Borrower shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

**9.02 Rights as a Lender** . The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “the Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

**9.03 Exculpatory Provisions** . The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law;

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(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrowers or any of their Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity; and

(d) shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.02 and 10.01) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice describing such Default is given in writing to the Administrative Agent by the Borrowers or a Lender. The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Section 4.01 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

**9.04 Reliance by the Administrative Agent .** The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Term A Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Term A Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

**9.05 Delegation of Duties.** The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

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#### 9.06 Resignation of the Administrative Agent .

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Borrowers and such Person remove such Person as Administrative Agent and, in consultation with the Borrowers, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the “Removal Effective Date”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Administrative Agent (other than as provided in Section 3.01(h) and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring or removed Administrative Agent’s resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

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**9.07 Non-Reliance on the Administrative Agent and Other the Lenders** . Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

**9.08 No Other Duties, Etc.** Anything herein to the contrary notwithstanding, no Lender holding a title listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

**9.09 The Administrative Agent May File Proofs of Claim** . In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Borrower, the Administrative Agent (irrespective of whether the principal of any Term A Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrowers) shall be entitled and empowered, by intervention in such proceeding or otherwise;

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Term A Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequesteror or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 10.04. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

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**9.10 Release of Borrowers.** The Lenders irrevocably authorize the Administrative Agent to release any Borrower from its obligations under the Loan Documents if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder or is designated as an Excluded Subsidiary in accordance with Section 6.19. Upon request by the Administrative Agent at any time, subject to the provisions of Section 10.01(g), the Required Lenders will confirm in writing the Administrative Agent's authority to release any Borrower from its obligations under the Loan Documents pursuant to this Section 9.10.

#### ARTICLE X. MISCELLANEOUS

**10.01 Amendments, Etc.** No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrowers or any other Borrower therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrowers or the applicable Borrower, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.01 (other than subsection (g) thereof) without the written consent of each Lender except that, in the sole discretion of the Administrative Agent, only a waiver by the Administrative Agent shall be required with respect to immaterial matters or items noted in any post-closing letter made available to the Lenders with respect to which the Borrowers have given assurances satisfactory to the Administrative Agent that such items shall be delivered promptly following the Closing Date;

(b) extend or increase the Term A Loan Commitment of any Lender (or reinstate any Term A Loan Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments, if any) of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby (it being understood that any vote to rescind acceleration of amounts owing with respect to the Term A Loans and other Obligations under the Loan Documents shall only require the approval of the Required Lenders);

(d) reduce the principal of, or the rate of interest specified herein on, any Term A Loan or (subject to clause (iv) of the second proviso to this Section 10.01 with respect to the Fee Letter) any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly affected thereby except that only the consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of the Borrowers to pay interest at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Term A Loan or to reduce any fee;

(e) change Section 2.13 or Section 8.03 in a manner that would alter the *pro rata* sharing of payments required thereby without the written consent of each Lender;

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(f) change any provision of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(g) except as provided in Section 9.10, release the Parent or all or substantially all of the Borrowers from their Obligations under the Loan Documents without the written consent of each Lender; or

(h) release all or substantially all of any collateral hereafter securing all or any portion of the Obligations without the written consent of each Lender, subject to customary Lien release exceptions as may be provided in the documentation pursuant to which any such collateral is obtained;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (ii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Term A Loan Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender, and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

Notwithstanding any provision in this Section 10.01 to the contrary, this Agreement may be amended with the written consent of the Required Lenders, the Administrative Agent and the Borrowers (i) to add one or more additional revolving credit or term loan facilities to this Agreement and to permit the extensions of credit and all related obligations and liabilities arising in connection therewith from time to time outstanding to share ratably (or on a basis subordinated to the existing facilities hereunder) in the benefits of this Agreement and the other Loan Documents with the obligations and liabilities from time to time outstanding in respect of the existing facilities hereunder, and (ii) in connection with the foregoing, to permit, as deemed appropriate by the Administrative Agent and approved by the Required Lenders, the Lenders providing such additional credit facilities to participate in any required vote or action required to be approved by the Required Lenders or by any other number, percentage or class of Lenders hereunder.

If any Lender does not consent to a proposed amendment, waiver, consent or release with respect to any Loan Document that requires the consent of each Lender, or requires the consent of each Lender directly affected by such proposed amendment, waiver, consent or release, and such amendment, waiver, consent or release has been approved by the Required Lenders or, as applicable, by more than fifty percent (50%) of the Lenders who would be directly affected by such amendment, waiver, consent or release (such non-consenting Lender in any such case, a “Non-Consenting Lender”), the Borrowers may, with the consent of the Administrative Agent, (y) repay such Non-Consenting Lender’s Term A Loan on a non-pro-rata basis, or (z) replace such Non-Consenting Lender in accordance with Section 10.13; provided, that (i) such amendment, waiver, consent or release can be effected as a result of the assignment contemplated by such Section and/or by such repayment (together with all other such repayments effected by, or assignments required by, the Borrowers to be made pursuant to this paragraph) and (ii) no Event of Default will be continuing after giving effect to such amendment, waiver, consent or release and such assignment(s) and/or repayment(s).

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## 10.02 Notices; Effectiveness; Electronic Communications .

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrowers or the Administrative Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrowers), as may be updated pursuant to Section 10.02(d).

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient), with confirmation of transmission by the transmitting equipment. Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrowers may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by them, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, e-mail or other communication is not sent during the normal business hours of the recipient, such notice, e-mail or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

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(c) The Platform. THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE.” THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Borrowers, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrowers’ or the Administrative Agent’s transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such the Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrowers, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of the Borrowers and the Administrative Agent may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Borrowers and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the “Public Side Information” portion of the Platform and that may contain material non-public information with respect to the Borrowers or their securities for purposes of United States Federal or state securities laws.

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(e) Reliance by the Administrative Agent and the Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic Loan Notices) purportedly given by or on behalf of a Responsible Officer of the Borrowers even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrowers shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrowers, except in the case of any of the foregoing Persons who are seeking indemnification hereunder, to the extent such reliance resulted from such Person's gross negligence or willful misconduct as determined by a court of competent jurisdiction by a final and nonappealable judgment. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

**10.03 No Waiver; Cumulative Remedies; Enforcement**. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Borrowers or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.13), or (c) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Borrower under any Debtor Relief Law; and provided further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b) and (c) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

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#### 10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the Transactions shall be consummated), and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender (including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent or any Lender; provided that for any individual enforcement action or series or related actions, the Borrowers shall not be required to pay legal fees, charges and disbursements of more than one primary outside counsel and any reasonably necessary local outside counsel for the Administrative Agent and the Lenders collectively, unless the representation of all such Persons by one counsel would be inappropriate due to the existence of an actual or potential conflict of interest, in which case the Borrower shall also be required to pay the legal fees, charges and disbursements of additional outside counsel to such conflicted Persons), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Term A Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Term A Loans.

(b) Indemnification by the Borrowers. The Borrowers shall indemnify the Administrative Agent (and any sub-agent thereof), each Arranger, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including settlement costs and the reasonable fees, charges and disbursements of any counsel for any Indemnitee; provided that for any individual claim or series or related claims, this indemnity shall only apply to the legal fees, charges and disbursements of one primary outside counsel and any reasonably necessary local outside counsel for all Indemnitees, unless the representation of all Indemnitees by one counsel would be inappropriate due to the existence of an actual or potential conflict of interest, in which case this indemnity shall also apply to the legal fees, charges and disbursements of additional outside counsel to such conflicted Indemnitees), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrowers) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the Transactions, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Term A Loan or the use or proposed use of the proceeds therefrom, (iii) any aspect of the R360 Acquisition, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrowers or any other Borrower, and regardless of whether any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrowers against an Indemnitee for material breach of such Indemnitee’s obligations hereunder or under any other Loan Document, if the Borrowers have obtained a final and nonappealable judgment in their favor on such claim as determined by a court of competent jurisdiction. Without limiting the provisions of Section 3.01(c), this Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

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(c) Reimbursement by the Lenders. To the extent that the Borrowers for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing (and without limiting their obligation to do so), each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's Term A Loan Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought and calculated as if any Defaulting Lender had funded its Term A Loan) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, each of the Borrowers shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the Transactions, any Term A Loan or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the Transactions other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

(f) Survival. The agreements in this Section and the indemnity provisions of Section 10.02(e) shall survive the resignation of the Administrative Agent, the replacement of any Lender and the repayment, satisfaction or discharge of all the other Obligations.

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**10.05 Payments Set Aside.** To the extent that any payment by or on behalf of the Borrowers is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

**10.06 Successors and Assigns.**

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by the Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Term A Loan at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) In the case of an assignment of the entire remaining amount of the Term A Loan at the time owing to such assigning Lender or contemporary assignments to related Approved Funds that equal at least the amount specified in subsection (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) In any case not described in subsection (b)(i)(A) of this Section, the outstanding principal amount of the Term A Loan of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrowers otherwise consent (each such consent not to be unreasonably withheld or delayed).

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(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Term A Loan assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by clause (b)(i)(B) of this Section and, in addition:

(A) The consent of the Borrowers (not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrowers shall be deemed to have consented to any such assignment unless they object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; and

(B) The consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that, the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to the Borrowers or any of their respective Affiliates or Subsidiaries, (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural Person.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrowers and the Administrative Agent, the applicable *pro rata* share of Term A Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full *pro rata* share of all Term A Loans in accordance with its Term A Loan Percentage (calculated as if such Defaulting Lender had funded its Term A Loan). Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

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Subject to acceptance and recording thereof by the Administrative Agent pursuant to clause (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits and subject to the obligations of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrowers (at their expense) shall execute and deliver a Term A Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the principal amount (and stated interest) of the Term A Loan owing to each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by each of the Borrowers at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or substantive change to the Loan Documents is pending, any Lender may request and receive from the Administrative Agent a copy of the Register. Upon its receipt of and, if required, consent to, a duly completed Assignment and Assumption executed by an assigning Lender and an Eligible Assignee, such Eligible Assignee's completed Administrative Questionnaire and any tax forms required by Section 3.01 (unless such assignee is already a Lender), together with the fee payable under Section 10.06(b)(iii), the Administrative Agent will, on the effective date thereof, record the Assignment and Assumption on the Register.

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(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural Person, a Defaulting Lender or any Borrower or any of the Borrowers' respective Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Term A Loan owing to it); provided, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 10.04(c) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. The Borrowers agree that each Participant shall be entitled to the benefits and subject to the obligations of Sections 3.01, 3.04 and 3.05 and shall be subject to the mitigation obligations and replacement pursuant to Section 3.06 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided, that such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 10.13 as if it were an assignee under paragraph (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation, which Change in Law would have entitled the Lender from whom it acquired the applicable participation to receive such greater payment. Each Lender that sells a participation agrees, at the Borrowers' request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender; provided, that such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Term A Loans or other obligations under the Loan Documents (the "Participant Register"); provided, that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Term A Loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Term A Loans or other obligations are in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

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(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Term A Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided, that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(g) Successor Administrative Agent. The Borrowers shall have the right to approve any successor Administrative Agent appointed pursuant to Section 9.6 at all times other than during the existence of an Event of Default (which consent shall not be unreasonably withheld or delayed). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed by the Borrowers and such successor.

**10.07 Treatment of Certain Information; Confidentiality**. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed, subject to the provisions set forth in this Section 10.07, (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any Governmental Authority, purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrowers and their obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Parent or its Subsidiaries or the Term A Loans or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the Term A Loans, (h) with the consent of the Borrowers or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers.

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For purposes of this Section, “Information” means all information received from the Parent or any Subsidiary relating to the Parent, any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Parent or any Subsidiary, provided that, in the case of information received from the Parent or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential (other than Information provided under Sections 6.04, 6.13, 6.14, 6.15, 6.18 or 7.14 (i.e., such Information provided under such sections does not need to be labeled confidential to be treated as confidential)). Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Parent or any Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including Securities Laws and state securities Laws.

Notwithstanding the foregoing, unless specifically prohibited by applicable Law or court order, each of the Administrative Agent, the Lenders and each of their respective Affiliates shall, prior to disclosure thereof, notify the Borrowers of any request for disclosure of any such non-public information by any Governmental Authority or representative thereof (other than any such request in connection with an examination of the Administrative Agent, such Lender or such Affiliate by such Governmental Authority) or pursuant to legal process.

The provisions of this Section 10.07 do not apply to any proceedings between the parties to this Agreement.

**10.08 Right of Setoff.** If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, after giving prior written notice to the Administrative Agent, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrowers or any of them against any and all of the obligations of the Borrowers now or hereafter existing under this Agreement or any other Loan Document to such Lender or any such Affiliate, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrowers may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.18 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its Affiliates may have. Each Lender agrees to notify the Borrowers and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

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**10.09 Interest Rate Limitation.** Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the “Maximum Rate”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Term A Loans or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

**10.10 Counterparts; Effectiveness.** This Agreement and the other Loan Documents may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in Section 4.01 or as provided in the applicable Loan Document, this Agreement or such other Loan Documents shall become effective when they shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof or thereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement and any other Loan Document by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement and the other Loan Documents.

**10.11 Survival of Representations and Warranties.** All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Term A Loan Borrowing, and shall continue in full force and effect as long as any Term A Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

**10.12 Severability.** If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, then such provisions shall be deemed to be in effect only to the extent not so limited.

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**10.13 Replacement of Lenders.** If the Borrowers are entitled to replace a Lender pursuant to the provisions of Section 3.06, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, or if any other circumstance exists hereunder that gives the Borrowers the right to replace a Lender as a party hereto, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which Eligible Assignee may be another Lender, if a Lender accepts such assignment), provided, that:

(a) the Borrowers or assignee Lender shall have paid to the Administrative Agent the assignment fee specified in Section 10.06(b)(iv) unless such assignment fee is waived by the Administrative Agent in its sole discretion pursuant to Section 10.06(b)(iv);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Term A Loan, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the Eligible Assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Laws; and

(e) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

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**10.14 Governing Law; Jurisdiction; Etc.**

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS (EXCLUDING THE CONSUMMATION OF THE R360 ACQUISITION) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY HERETO MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY OTHER PARTY HERETO OR ANY OF THEIR PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

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**10.15 Waiver of Right to Trial by Jury.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS (EXCLUDING THE CONSUMMATION OF THE R360 ACQUISITION BUT NOT THE FUNDING OF SUCH ACQUISITION UNDER THE LOAN DOCUMENTS) (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**10.16 USA PATRIOT Act Notice.** Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of each of the Borrowers and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrowers in accordance with the Act. The Borrowers shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" anti-money laundering rules and regulations, including the Act.

**10.17 No Advisory or Fiduciary Responsibility .** In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each of the Borrowers acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arrangers and the Lenders are arm's-length commercial transactions between the Borrowers and their Affiliates, on the one hand, and the Administrative Agent, the Arrangers and the Lenders on the other hand, (B) each of the Borrowers has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Borrowers is capable of evaluating, and understands and accepts, the terms, risks and conditions of the Transactions; (ii) (A) each of the Administrative Agent, each Arranger and each Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any of the Borrowers or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent nor any Arranger nor any Lender has any obligation to the Borrowers or any of their Affiliates with respect to the Transactions except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Arrangers, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their Affiliates, and neither the Administrative Agent nor any Arranger nor any Lender has any obligation to disclose any of such interests to the Borrowers or any of their Affiliates. To the fullest extent permitted by law, each of the Borrowers hereby waive and release any claims that they may have against the Administrative Agent, any Arranger or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any of the Transactions.

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**10.18 ENTIRE AGREEMENT .** THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**BORROWERS:**

WASTE CONNECTIONS, INC.  
ADVANCED SYSTEMS PORTABLE RESTROOMS, INC.  
ALASKA WASTE-INTERIOR, LLC  
ALASKA WASTE-KENAI PENINSULA, LLC  
ALASKA WASTE MAT-SU, LLC  
AMERICAN DISPOSAL COMPANY, INC.  
AMERICAN SANITARY SERVICE, INC.  
ANDERSON COUNTY LANDFILL, INC.  
ANDERSON REGIONAL LANDFILL, LLC  
BITUMINOUS RESOURCES, INC.  
BRENT RUN LANDFILL, INC.  
BROADACRE LANDFILL, INC.  
BUTLER COUNTY LANDFILL, INC.  
CALPET, LLC  
CAMINO REAL ENVIRONMENTAL CENTER, INC.  
CAPITAL REGION LANDFILLS, INC.  
CARPENTER WASTE HOLDINGS, LLC  
CHAMBERS DEVELOPMENT OF NORTH CAROLINA, INC.  
CHIQUITA CANYON, INC.  
CHIQUITA CANYON, LLC  
CLIFTON ORGANICS, LLC  
COLD CANYON LAND FILL, INC.  
COLUMBIA RESOURCE CO., L.P.  
COMMUNITY REFUSE DISPOSAL INC.  
CONTRACTORS WASTE SERVICES, INC.  
CORRAL DE PIEDRA LAND COMPANY  
COUNTY WASTE — ULSTER, LLC  
COUNTY WASTE AND RECYCLING SERVICE, INC.  
COUNTY WASTE TRANSFER CORP.  
CRI HOLDINGS, LLC  
CURRY TRANSFER & RECYCLING, INC.  
D. M. DISPOSAL CO., INC.  
DELTA CONTRACTS, LLC  
DENVER REGIONAL LANDFILL, INC.  
DIVERSIFIED BUILDINGS, L.L.C.  
EL PASO DISPOSAL, LP  
ELKO SANITATION COMPANY  
EMPIRE DISPOSAL, INC.  
ENVIRONMENTAL TRUST COMPANY  
ENTECH ALASKA LLC  
EVERGREEN DISPOSAL, INC.  
FINLEY-BUTTES LIMITED PARTNERSHIP

(Signature Page to Credit Agreement)

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FINNEY COUNTY LANDFILL, INC.  
FORT ANN TRANSFER STATION, LLC  
FRONT RANGE LANDFILL, INC.  
G & P DEVELOPMENT, INC.  
GREEN WASTE SOLUTIONS OF ALASKA, LLC  
HAROLD LEMAY ENTERPRISES, INCORPORATED  
HIGH DESERT SOLID WASTE FACILITY, INC.  
HUDSON VALLEY WASTE HOLDING, INC.  
ISLAND DISPOSAL, INC.  
J BAR J LAND, INC.  
LACASSINE HOLDINGS, L.L.C.  
LAKESHORE DISPOSAL, INC.  
LAUREL RIDGE LANDFILL, L.L.C.  
LEALCO, INC.  
LFC, INC.  
MADERA DISPOSAL SYSTEMS, INC.  
MAMMOTH DISPOSAL COMPANY  
MANAGEMENT ENVIRONMENTAL NATIONAL, INC.  
MASON COUNTY GARBAGE CO., INC.  
MBO, LLC  
MDSI OF LA, INC.  
MILLENNIUM WASTE INCORPORATED  
MISSION COUNTRY DISPOSAL  
MORRO BAY GARBAGE SERVICE  
MURREY'S DISPOSAL COMPANY, INC.  
NEBRASKA ECOLOGY SYSTEMS, INC.  
NOBLES COUNTY LANDFILL, INC.  
NORTHWEST CONTAINER SERVICES, INC.  
OKLAHOMA CITY WASTE DISPOSAL, INC.  
OKLAHOMA LANDFILL HOLDINGS, INC.  
OSAGE LANDFILL, INC.  
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER I, INC.  
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER II, INC.  
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER III, INC.  
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER IV, INC.  
PIERCE COUNTY RECYCLING, COMPOSTING AND DISPOSAL, LLC  
POTRERO HILLS LANDFILL, INC.  
PRAIRIE DISPOSAL, LLC  
PRAIRIE LIQUIDS, LLC  
PSI ENVIRONMENTAL SERVICES, INC.  
PSI ENVIRONMENTAL SYSTEMS, INC.  
R360 ARTESIA, LLC  
R360 CLACO, LLC  
R360 ENVIRONMENTAL SOLUTIONS, LLC  
R360 HITCHCOCK, LLC  
R360 LOGISTICS, LLC

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R360 OKLAHOMA, LLC  
R360 PERMIAN BASIN, LLC  
R360 SHUTE CREEK, LLC  
R360 SILO, LLC  
R360 WILLISTON BASIN, LLC  
R.A. BROWNRIGG INVESTMENTS, INC.  
R.J.C. TRUCKING CO.  
RAILROAD AVENUE DISPOSAL, LLC  
RED CARPET LANDFILL, INC.  
RH FINANCIAL CORPORATION  
RICH VALLEY, LLC  
RKS HOLDING, CORP.  
RURAL WASTE MANAGEMENT, INC.  
SAN LUIS GARBAGE COMPANY  
SANIPAC, INC.  
SCOTT SOLID WASTE DISPOSAL COMPANY  
SCOTT WASTE SERVICES, LLC  
SEABREEZE RECOVERY, INC.  
SEDALIA LAND COMPANY  
SIERRA HOLDING GROUP, LLC  
SIERRA PROCESSING, LLC  
SILVER SPRINGS ORGANICS L.L.C.  
SKB ENVIRONMENTAL, INC.  
SKB (AUSTIN) ENVIRONMENTAL, LLC  
SKB RECYCLING, LLC  
SOUTH COUNTY SANITARY SERVICE, INC.  
STERLING AVENUE PROPERTIES, LLC  
STUTZMAN REFUSE DISPOSAL INC.  
TACOMA RECYCLING COMPANY, INC.  
TENNESSEE WASTE MOVERS, INC.  
US LIQUIDS OF LA, L.P.  
VOORHEES SANITATION, L.L.C.  
WASCO COUNTY LANDFILL, INC.  
WASTE CONNECTIONS MANAGEMENT SERVICES, INC.  
WASTE CONNECTIONS OF ALABAMA, INC.  
WASTE CONNECTIONS OF ALASKA, INC.  
WASTE CONNECTIONS OF ARIZONA, INC.  
WASTE CONNECTIONS OF ARKANSAS, INC.  
WASTE CONNECTIONS OF CALIFORNIA, INC.  
WASTE CONNECTIONS OF CANADA HOLDINGS, INC.  
WASTE CONNECTIONS OF COLORADO, INC.  
WASTE CONNECTIONS OF GEORGIA, INC.  
WASTE CONNECTIONS OF IDAHO, INC.  
WASTE CONNECTIONS OF ILLINOIS, INC.  
WASTE CONNECTIONS OF IOWA, INC.  
WASTE CONNECTIONS OF KANSAS, INC.  
WASTE CONNECTIONS OF KENTUCKY, INC.

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WASTE CONNECTIONS OF LEFLORE, LLC  
WASTE CONNECTIONS OF LOUISIANA, INC.  
WASTE CONNECTIONS OF MINNESOTA, INC.  
WASTE CONNECTIONS OF MISSISSIPPI DISPOSAL SERVICES, LLC  
WASTE CONNECTIONS OF MISSISSIPPI, INC.  
WASTE CONNECTIONS OF MONTANA, INC.  
WASTE CONNECTIONS OF NEBRASKA, INC.  
WASTE CONNECTIONS OF NEW MEXICO, INC.  
WASTE CONNECTIONS OF NORTH CAROLINA, INC.  
WASTE CONNECTIONS OF OKLAHOMA, INC.  
WASTE CONNECTIONS OF OREGON, INC.  
WASTE CONNECTIONS OF SOUTH CAROLINA, INC.  
WASTE CONNECTIONS OF SOUTH DAKOTA, INC.  
WASTE CONNECTIONS OF TENNESSEE, INC.  
WASTE CONNECTIONS OF TEXAS, LLC  
WASTE CONNECTIONS OF THE CENTRAL VALLEY, INC.  
WASTE CONNECTIONS OF UTAH, INC.  
WASTE CONNECTIONS OF WASHINGTON, INC.  
WASTE CONNECTIONS OF WYOMING, INC.  
WASTE CONNECTIONS TRANSPORTATION COMPANY, INC.  
WASTE REDUCTION SERVICES, L.L.C.  
WASTE SERVICES OF N.E. MISSISSIPPI, INC.  
WASTE SOLUTIONS GROUP OF SAN BENITO, LLC  
WCI-WHITE OAKS LANDFILL, INC.  
WCI HOLDINGS CO., INC.  
WEST BANK ENVIRONMENTAL SERVICES, INC.  
WEST COAST RECYCLING AND TRANSFER, INC.  
WYOMING ENVIRONMENTAL SERVICES, INC.  
YAKIMA WASTE SYSTEMS, INC.

By: /s/ Worthing F. Jackman

\_\_\_\_\_  
Name: Worthing F. Jackman

Title: Authorized Signatory to Each of the  
Above-Listed Borrowers

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**BANK OF AMERICA, N.A.,**  
as Administrative Agent

By: /s/ Maria F. Maia  
Name: Maria F. Maia  
Title: Managing Director

(Signature Page to Credit Agreement)

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**BANK OF AMERICA, N.A.,**  
as a Lender

By: /s/ Maria F. Maia  
Name: Maria F. Maia  
Title: Managing Director

(Signature Page to Credit Agreement)

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**Wells Fargo Bank, N.A.,**  
as a Lender

By: /s/ Hamid Hussain  
Name: Hamid Hussain  
Title: Senior Vice President

(Signature Page to Credit Agreement)

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**JPMorgan Chase Bank, N.A.,**  
as a Lender

By: /s/ Keith Winzenried  
Name: Keith Winzenried  
Title: Credit Executive

(Signature Page to Credit Agreement)

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**PNC BANK, NATIONAL BANK,**  
as a Lender

By: /s/ Jennifer L. Shafer  
Name: Jennifer L. Shafer  
Title: Vice President

(Signature Page to Credit Agreement)

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**Union Bank, N.A.**  
as a Lender

By: /s/ Sandra Cortes  
Name: Sandra Cortes  
Title: Vice President

(Signature Page to Credit Agreement)

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**SUMITOMO MITSUI BANKING CORPORATION,**  
as a Lender

By: /s/ David W. Kee  
David W. Kee  
Managing Director

(Signature Page to Credit Agreement)

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**Compass Bank,**  
as a Lender

By: /s/ Randall Morrison  
Name: Randall Morrison  
Title: Executive Director

(Signature Page to Credit Agreement)

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**Branch Banking and Trust Company**  
as a Lender

By: /s/ Mark B. Grover

Name: Mark B. Grover

Title: Senior Vice President

(Signature Page to Credit Agreement)

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**CoBank, ACB**  
as a Lender

By: /s/ Bryan Ervin  
Name: Bryan Ervin  
Title: Vice President

(Signature Page to Credit Agreement)

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**Comerica Bank,**  
as a Lender

By: /s/ Erik McKay  
Name: Erik McKay  
Title: Vice President

(Signature Page to Credit Agreement)

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**SCHEDULE 1**  
**Borrower Subsidiaries**

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
ADVANCED SYSTEMS PORTABLE RESTROOMS, INC.	Oregon
ALASKA WASTE-INTERIOR, LLC	Alaska
ALASKA WASTE-KENAI PENINSULA, LLC	Alaska
ALASKA WASTE MAT-SU, LLC	Alaska
AMERICAN DISPOSAL COMPANY, INC.	Washington
AMERICAN SANITARY SERVICE, INC.	Oregon
ANDERSON COUNTY LANDFILL, INC.	Delaware
ANDERSON REGIONAL LANDFILL, LLC	Delaware
BITUMINOUS RESOURCES, INC.	Kentucky
BRENT RUN LANDFILL, INC.	Delaware
BROADACRE LANDFILL, INC.	Colorado
BUTLER COUNTY LANDFILL, INC.	Nebraska
CALPET, LLC	Wyoming
CAMINO REAL ENVIRONMENTAL CENTER, INC.	New Mexico
CAPITAL REGION LANDFILLS, INC.	New York
CARPENTER WASTE HOLDINGS, LLC	New York
CHAMBERS DEVELOPMENT OF NORTH CAROLINA, INC.	North Carolina
CHIQUITA CANYON, INC.	Delaware
CHIQUITA CANYON, LLC	Delaware
CLIFTON ORGANICS, LLC	New York
COLD CANYON LAND FILL, INC.	California
COLUMBIA RESOURCE CO., L.P.	Washington
COMMUNITY REFUSE DISPOSAL INC.	Nebraska
CONTRACTORS WASTE SERVICES, INC.	Kentucky
CORRAL DE PIEDRA LAND COMPANY	California
COUNTY WASTE — ULSTER, LLC	New York
COUNTY WASTE AND RECYCLING SERVICE, INC.	New York
COUNTY WASTE TRANSFER CORP.	New York
CRI HOLDINGS, LLC	Delaware
CURRY TRANSFER & RECYCLING, INC.	Oregon
D. M. DISPOSAL CO., INC.	Washington
DELTA CONTRACTS, LLC	Delaware

Schedule 1  
Borrower Subsidiaries

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
DENVER REGIONAL LANDFILL, INC.	Colorado
DIVERSIFIED BUILDINGS, L.L.C.	Kansas
EL PASO DISPOSAL, LP	Texas
ELKO SANITATION COMPANY	Nevada
EMPIRE DISPOSAL, INC.	Washington
ENVIRONMENTAL TRUST COMPANY	Tennessee
ENTECH ALASKA LLC	Alaska
EVERGREEN DISPOSAL, INC.	Montana
FINLEY-BUTTES LIMITED PARTNERSHIP	Oregon
FINNEY COUNTY LANDFILL, INC.	Delaware
FORT ANN TRANSFER STATION, LLC	New York
FRONT RANGE LANDFILL, INC.	Delaware
G & P DEVELOPMENT, INC.	Nebraska
GREEN WASTE SOLUTIONS OF ALASKA, LLC	Alaska
HAROLD LEMAY ENTERPRISES, INCORPORATED	Washington
HIGH DESERT SOLID WASTE FACILITY, INC.	New Mexico
HUDSON VALLEY WASTE HOLDING, INC.	Delaware
ISLAND DISPOSAL, INC.	Washington
J BAR J LAND, INC.	Nebraska
LACASSINE HOLDINGS, L.L.C.	Louisiana
LAKESHORE DISPOSAL, INC.	Idaho
LAUREL RIDGE LANDFILL, L.L.C.	Delaware
LEALCO, INC.	Texas
LFC, INC.	Delaware
MADERA DISPOSAL SYSTEMS, INC.	California
MAMMOTH DISPOSAL COMPANY	California
MANAGEMENT ENVIRONMENTAL NATIONAL, INC.	Washington
MASON COUNTY GARBAGE CO., INC.	Washington
MBO, LLC	Delaware
MDSI OF LA, INC.	California
MILLENNIUM WASTE INCORPORATED	Indiana
MISSION COUNTRY DISPOSAL	California
MORRO BAY GARBAGE SERVICE	California
MURREY'S DISPOSAL COMPANY, INC.	Washington
NEBRASKA ECOLOGY SYSTEMS, INC.	Nebraska

Schedule 1  
Borrower Subsidiaries

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
NOBLES COUNTY LANDFILL, INC.	Minnesota
NORTHWEST CONTAINER SERVICES, INC.	Oregon
OKLAHOMA CITY WASTE DISPOSAL, INC.	Oklahoma
OKLAHOMA LANDFILL HOLDINGS, INC.	Delaware
OSAGE LANDFILL, INC.	Oklahoma
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER I, INC.	Delaware
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER II, INC.	Delaware
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER III, INC.	Delaware
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER IV, INC.	Delaware
PIERCE COUNTY RECYCLING, COMPOSTING AND DISPOSAL, LLC	Washington
POTRERO HILLS LANDFILL, INC.	California
PRAIRIE DISPOSAL, LLC	North Dakota
PRAIRIE LIQUIDS, LLC	Delaware
PSI ENVIRONMENTAL SERVICES, INC.	Indiana
PSI ENVIRONMENTAL SYSTEMS, INC.	Indiana
R360 ARTESIA, LLC	Delaware
R360 CLACO, LLC	Delaware
R360 ENVIRONMENTAL SOLUTIONS, LLC	Delaware
R360 HITCHCOCK, LLC	Delaware
R360 LOGISTICS, LLC	Delaware
R360 OKLAHOMA, LLC	Delaware
R360 PERMIAN BASIN, LLC	New Mexico
R360 SHUTE CREEK, LLC	Delaware
R360 SILO, LLC	Delaware
R360 WILLISTON BASIN, LLC	Delaware
R.A. BROWNRIGG INVESTMENTS, INC.	Oregon
R.J.C. TRUCKING CO.	Oregon
RAILROAD AVENUE DISPOSAL, LLC	Delaware
RED CARPET LANDFILL, INC.	Oklahoma
RH FINANCIAL CORPORATION	Washington
RICH VALLEY, LLC	Minnesota
RKS HOLDING, CORP.	New York
RURAL WASTE MANAGEMENT, INC.	Oklahoma
SAN LUIS GARBAGE COMPANY	California
SANIPAC, INC.	Oregon

Schedule 1  
Borrower Subsidiaries

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
SCOTT SOLID WASTE DISPOSAL COMPANY	Tennessee
SCOTT WASTE SERVICES, LLC	Kentucky
SEABREEZE RECOVERY, INC.	Delaware
SEDALIA LAND COMPANY	Colorado
SIERRA HOLDING GROUP, LLC	New York
SIERRA PROCESSING, LLC	New York
SILVER SPRINGS ORGANICS L.L.C.	Washington
SKB ENVIRONMENTAL, INC.	Minnesota
SKB (AUSTIN) ENVIRONMENTAL, LLC	Minnesota
SKB RECYCLING, LLC	Minnesota
SOUTH COUNTY SANITARY SERVICE, INC.	California
STERLING AVENUE PROPERTIES, LLC	New York
STUTZMAN REFUSE DISPOSAL INC.	Kansas
TACOMA RECYCLING COMPANY, INC.	Washington
TENNESSEE WASTE MOVERS, INC.	Delaware
US LIQUIDS OF LA, L.P.	Delaware
VOORHEES SANITATION, L.L.C.	Idaho
WASCO COUNTY LANDFILL, INC.	Delaware
WASTE CONNECTIONS MANAGEMENT SERVICES, INC.	Delaware
WASTE CONNECTIONS OF ALABAMA, INC.	Delaware
WASTE CONNECTIONS OF ALASKA, INC.	Delaware
WASTE CONNECTIONS OF ARIZONA, INC.	Delaware
WASTE CONNECTIONS OF ARKANSAS, INC.	Delaware
WASTE CONNECTIONS OF CALIFORNIA, INC.	California
WASTE CONNECTIONS OF CANADA HOLDINGS, INC.	Delaware
WASTE CONNECTIONS OF COLORADO, INC.	Delaware
WASTE CONNECTIONS OF GEORGIA, INC.	Delaware
WASTE CONNECTIONS OF IDAHO, INC.	Indiana
WASTE CONNECTIONS OF ILLINOIS, INC.	Delaware
WASTE CONNECTIONS OF IOWA, INC.	Iowa
WASTE CONNECTIONS OF KANSAS, INC.	Delaware
WASTE CONNECTIONS OF KENTUCKY, INC.	Delaware
WASTE CONNECTIONS OF LEFLORE, LLC	Mississippi
WASTE CONNECTIONS OF LOUISIANA, INC.	Delaware
WASTE CONNECTIONS OF MINNESOTA, INC.	Minnesota

Schedule 1  
Borrower Subsidiaries

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
WASTE CONNECTIONS OF MISSISSIPPI DISPOSAL SERVICES, LLC	Mississippi
WASTE CONNECTIONS OF MISSISSIPPI, INC.	Delaware
WASTE CONNECTIONS OF MONTANA, INC.	Delaware
WASTE CONNECTIONS OF NEBRASKA, INC.	Delaware
WASTE CONNECTIONS OF NEW MEXICO, INC.	Delaware
WASTE CONNECTIONS OF NORTH CAROLINA, INC.	Delaware
WASTE CONNECTIONS OF OKLAHOMA, INC.	Oklahoma
WASTE CONNECTIONS OF OREGON, INC.	Oregon
WASTE CONNECTIONS OF SOUTH CAROLINA, INC.	Delaware
WASTE CONNECTIONS OF SOUTH DAKOTA, INC.	South Dakota
WASTE CONNECTIONS OF TENNESSEE, INC.	Delaware
WASTE CONNECTIONS OF TEXAS, LLC	Delaware
WASTE CONNECTIONS OF THE CENTRAL VALLEY, INC.	California
WASTE CONNECTIONS OF UTAH, INC.	Delaware
WASTE CONNECTIONS OF WASHINGTON, INC.	Washington
WASTE CONNECTIONS OF WYOMING, INC.	Delaware
WASTE CONNECTIONS TRANSPORTATION COMPANY, INC.	Oregon
WASTE REDUCTION SERVICES, L.L.C.	Oregon
WASTE SERVICES OF N.E. MISSISSIPPI, INC.	Mississippi
WASTE SOLUTIONS GROUP OF SAN BENITO, LLC	Delaware
WCI-WHITE OAKS LANDFILL, INC.	Delaware
WCI HOLDINGS CO., INC.	Delaware
WEST BANK ENVIRONMENTAL SERVICES, INC.	Indiana
WEST COAST RECYCLING AND TRANSFER, INC.	Oregon
WYOMING ENVIRONMENTAL SERVICES, INC.	Indiana
YAKIMA WASTE SYSTEMS, INC.	Washington

Excluded Subsidiaries

<u>Name of Excluded Subsidiary</u>	<u>Jurisdiction of Organization</u>
ECOSORT, L.L.C.	Oregon
WEST VALLEY COLLECTION & RECYCLING, LLC	California

Schedule 1  
Borrower Subsidiaries

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**SCHEDULE 1.01**

**Covenanted Senior Debt**

Pursuant to the terms and conditions of that certain Master Note Purchase Agreement, dated July 15, 2008, by and among certain of the Borrowers and certain accredited institutional investors, as amended, including the First and Second Supplements thereto, the following senior unsecured notes are issued and outstanding:

1. \$175,000,000 of 6.22% Senior Notes due 2015
2. \$175,000,000 of 5.25% Senior Notes due 2019
3. \$100,000,000 of 3.30% Senior Notes due 2016, \$50,000,000 of 4.00% Senior Notes due 2018, and \$100,000,000 of 4.64% Senior Notes due 2021

Schedule 1.01  
Covenanted Senior Debt

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**SCHEDULE 2.01**

**Commitments and Applicable Percentages**

<u>Lender</u>	<u>Term A Loan Commitment</u>	<u>Term A Loan Percentage</u>
Bank of America, N.A.	\$ 225,000,000	28.125000000
Wells Fargo Bank, National Association	\$ 150,000,000	18.750000000
JPMorgan Chase Bank, N.A.	\$ 100,000,000	12.500000000
PNC Bank, National Association	\$ 100,000,000	12.500000000
Union Bank, N.A.	\$ 50,000,000	6.250000000
Sumitomo Mitsui Banking Corporation	\$ 50,000,000	6.250000000
Compass Bank	\$ 50,000,000	6.250000000
Branch Banking and Trust Company	\$ 25,000,000	3.125000000
CoBank, ACB	\$ 25,000,000	3.125000000
Comerica Bank	\$ 25,000,000	3.125000000
<b>TOTAL</b>	<b>\$ 800,000,000</b>	<b>100.000000000%</b>

Schedule 2.01  
Commitments and Applicable Percentages

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**SCHEDULE 5.07**

**Litigation**

None.

Schedule 5.07  
Litigation

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**SCHEDULE 5.16**

**Environmental Matters**

None.

Schedule 5.16  
Environmental Matters

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## SCHEDULE 5.17

### Related Party Transactions

In fiscal 2012, Parent relocated its corporate headquarters from Folsom, California to The Woodlands, Texas. In connection with the relocation, Parent established a company-wide relocation program for all employees. Parent's relocation program includes home marketing assistance to help sell an employee's home, a guaranteed purchase offer, a directed offer above appraised value benefit, home purchase assistance, reimbursement of certain out-of-pocket expenses related to relocating and certain home sale expenses, shipment of household goods, temporary living allowance for relocation costs and tax gross-ups for certain relocation benefits. These relocation benefits are available to all employees, including Parent's named executive officers, who relocated from Parent's previous headquarters in Folsom, California, to Parent's new headquarters in The Woodlands, Texas, and are subject to a five-year repayment obligation under which the employee may be required to refund to Parent all or a portion of the moving and relocation expenses Parent reimburses to the employee or pays for the employee in the event of certain terminations of employment before the expiration of the five-year repayment period.

Parent engaged the services of an independent relocation company (the "Provider") to provide the relocation and related services. Pursuant to the guaranteed purchase offer provision of the relocation program, the Provider offers to purchase an employee's former residence at a purchase price equal to the average of two independent appraisals of the property (or if there is more than a 5% variance between the two appraised values, the average of the two out of three closest appraisal values) or equal to an independent third-party offer. Pursuant to the directed offer above appraised value provision of the relocation program, under which an employee that purchased or built their home within two years of the relocation may be offered a purchase price equal to such employee's cost basis, the Provider offers to purchase such employee's former residence at a purchase price equal to his or her cost basis of purchasing or building his or her home. Parent will reimburse the Provider for all expenses, including any losses from the resale of the residence to a third-party buyer, and Parent will receive the gains from the resale of the residence, if the resale price is greater than the price the Provider paid for the property.

Schedule 5.17  
Related Party Transactions

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**SCHEDULE 6.07**

**Permitted Self-Insurance**

Deductible levels in the Borrowers' high deductible insurance program are listed below:

Automobile Liability Insurance	\$ 2,000,000.00
Workers' Compensation and Employer's Liability Insurance	\$ 1,500,000.00
General Liability Insurance	\$ 1,000,000.00
Pollution Legal Liability (PLL) Insurance	\$ 250,000.00
Employment Practices Liability	\$ 250,000.00
Employee Group Health Insurance	\$ 250,000.00
All-Risk Property Insurance	\$ 25,000.00

Schedule 6.07  
Permitted Self-Insurance

**SCHEDULE 7.01****Existing Indebtedness**

<u>Lender</u>	<u>Borrower</u>	<u>Outstanding Balance</u>
California Pollution Control Financing Authority	Waste Connections, Inc.	15,500,000
California Pollution Control Financing Authority	Madera Disposal Systems, Inc.	1,800,000
California Pollution Control Financing Authority	Waste Connections of California, Inc.	1,815,000
California Pollution Control Financing Authority	Waste Connections of California, Inc.	290,000
Washington Economic Development Finance Authority	Harold LeMay Enterprises, Incorporated	15,930,000
Washington Economic Development Finance Authority	Harold LeMay Enterprises, Incorporated	2,120,000
SEI Solid Waste, Inc.	Waste Connections of California, Inc.	951,793
American Strategic Income Portfolio Inc.-II	Waste Connections of Colorado, Inc.	1,257,300
Michael L. Zupan	Waste Connections of Colorado, Inc.	437,948
Laura J. Long	LeMay Enterprises, Inc.	913,228
Antonio M. Totorica	Lakeshore Disposal, Inc.	59,276
Brenda Totorica	Lakeshore Disposal, Inc.	59,276
Craig and Linda Van Bockern	Waste Connections of South Dakota, Inc.	239,197
Northmarq Capital, Inc.	Waste Connections, Inc.	1,218,924
Statzman Trusts	Waste Connections of Kansas, Inc.	4,000,000
Paul and Brenda Pennington	Waste Connections of Tennessee, Inc.	790,265
Blue Star Holdings, Inc.	Waste Connections, Inc.	1,113,355
Private Placement Senior Note Holders	Waste Connections, Inc.	175,000,000
Private Placement Senior Note Holders	Waste Connections, Inc.	175,000,000
Private Placement Senior Note Holders	Waste Connections, Inc.	250,000,000

Schedule 7.01  
Existing Indebtedness

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<u>Lender</u>	<u>Borrower</u>	<u>Outstanding Balance</u>
Financial Federal Credit Inc.	Sanipac, Inc.	95,475
Town of Colonie	Capital Regional Landfills, Inc.	8,149,411
Bank of America	Waste Connections, Inc.	325,000,000
		<u>981,740,449</u>

Schedule 7.01  
Existing Indebtedness

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**SCHEDULE 7.02**

**Existing Liens**

1. Parent's investment in Evergreen National Indemnity Company (\$5,000,000) is posted as security to support surety and performance bonds issued by Evergreen on behalf of the Borrowers.
2. Liens Securing Indebtedness Listed on Schedule 7.01

<u>COMPANY</u>	<u>SECURED PARTY</u>	<u>COLLATERAL</u>
WASTE CONNECTIONS, INC.	Northmarq Capital, Inc.	Land and Improvements
WASTE CONNECTIONS OF COLORADO, INC.	American Strategic Income Portfolio Inc.-II	All Assets
WASTE CONNECTIONS OF TENNESSEE, INC.	Paul and Brenda Pennington	Deed of Trust
LAKESHORE DISPOSAL, INC.	Antonio M. Totorica	All Assets and Vehicles
LAKESHORE DISPOSAL, INC.	Brenda Totorica	All Assets and Vehicles
	Schedule 7.02 Existing Liens	

3. Other Liens

<u>COMPANY</u>	<u>JUR.</u>	<u>SECURED PARTY</u>	<u>FILE NO./ FILE DATE</u>	<u>COLLATERAL</u>
COLUMBIA RESOURCE CO., L.P.	WA	Dell Financial Services L.L.C.	2003-265-9726-4 09/2003	Specific leased computer equipment
		Dell Financial Services, L.L.C.	2003-276-3578-1 10/03/2003	Specific leased computer equipment
		Dell Financial Services, L.L.C.	2003-280-4224-3 10/07/2003	Specific leased computer equipment
EMPIRE DISPOSAL, INC.	WA	Kenworth Sales Co. Spokane	2010-228-9183-0 08/16/2010	Specific equipment and inventory
FINLEY-BUTTES LIMITED PARTNERSHIP	OR	Les Schwab Tire Centers of Portland, Inc.	8660664 11/16/2010	Goods and proceeds purchased from Secured Party by Debtor
LACASSINE HOLDINGS, L.L.C.	LA	CNH Capital America LLC	117-1327329 06/06/2008	Specific Leased Equipment (Kobelc Excavator)
LAKESHORE DISPOSAL, INC.	ID	Fluid Connector Products, Inc.	2010-1079717-3 06/07/2010	Specific Tools Loaned to Debtor
MURREY'S DISPOSAL COMPANY, INC.	WA	Associated Petroleum Products, Inc.	2008-168-2648-5 06/16/2008	Rectangular Tank
POTRERO HILLS LANDFILL, INC.	CA	United Rentals Northwest, Inc.	08-7142219569 01/03/2008	Towable Light Tower
		United Rentals Northwest, Inc.	08-7142220591 01/03/2008	Trash Pump

Schedule 7.02  
Existing Liens

<u>COMPANY</u>	<u>JUR.</u>	<u>SECURED PARTY</u>	<u>FILE NO./ FILE DATE</u>	<u>COLLATERAL</u>
PRAIRIE DISPOSAL, INC.	ND	RDO Equipment Co.	10-000608553-7 07/01/2010	Specific Leased Equipment (Compost Turner)
		North Central Rental & Leasing, LLC	11-000713030-0 12/22/2011	Specific Leased Equipment (Caterpillar)
		North Central Rental & Leasing, LLC	12-000725720-2 02/15/2012	Specific Leased Equipment (Caterpillar)
		North Central Rental & Leasing, LLC	12-000735036-4 03/26/2012	Specific Leased Equipment (Caterpillar)
		North Central Rental & Leasing, LLC	12-000756735-4 06/29/2012	Specific Leased Equipment (Caterpillar)
R360 ENVIRONMENTAL SOLUTIONS, LLC	DE	North Central Rental & Leasing, LLC	2012 2907097 07/28/2012	Specific Leased Equipment (Caterpillar)
		North Central Rental & Leasing, LLC	2012 3304195 08/26/2012	Specific Leased Equipment (Caterpillar)

Schedule 7.02  
Existing Liens

<u>COMPANY</u>	<u>JUR.</u>	<u>SECURED PARTY</u>	<u>FILE NO/ FILE DATE</u>	<u>COLLATERAL</u>
SANIPAC, INC.	OR	Financial Federal Credit Inc.	6988577 07/22/2005	All Assets
		Financial Federal Credit Inc.	7037432 09/13/2005	All Assets
		Financial Federal Credit Inc.	7760093 10/02/2007	All Assets
		Financial Federal Credit Inc.	7760104 10/02/2007	All Assets
		Financial Federal Credit Inc.	7788752 11/01/2007	All Assets
		Financial Federal Credit Inc.	7788780 11/01/2007	All Assets
SILVER SPRINGS ORGANICS L.L.C.	WA	Bank of the West, Trinity Division	2008-067-3426-4 03/07/2008	Komptech Crambo Shredders
		Clyde/West, Inc.	2008-162-1243-1 06/10/2008	Volvo Wheel Loader
		VFS Leasing Co.	2008-254-6392-3 09/19/2008	2008 Volvo
US LIQUIDS OF LA, L.P.	DE	Holt Cat	2011 2245721 06/13/2011	Specific Leased Equipment (Caterpillar Tractor)
		Holt Cat	2011 2474115 06/28/2011	Specific Leased Equipment (Caterpillar)
WASTE CONNECTIONS OF CALIFORNIA, INC.	CA	Wells Fargo Financial Leasing, Inc.	09-7208086212 09/14/2009	Specific Leased Equipment (Copiers)
		Bank of the West, Trinity Division	09-7212870703 10/30/2009	Security System
WASTE CONNECTIONS OF IOWA, INC.	IA	Bankers Leasing Company	E940742-6 09/26/2008	Specific Leased Equipment (Copier)

Schedule 7.02  
Existing Liens

<u>COMPANY</u>	<u>JUR.</u>	<u>SECURED PARTY</u>	<u>FILE NO./ FILE DATE</u>	<u>COLLATERAL</u>
WASTE CONNECTIONS OF KANSAS, INC.	DE	Key Equipment Finance Inc.	2007 1714715 05/07/2007	Specific Leased Equipment (pursuant to Master Lease)
		Deere Credit, Inc.	2008 0516391 02/12/2008	Specific Leased Equipment (John Deere Tractors)
		Deere Credit, Inc.	2008 3354691 10/03/2008	Specific Leased Equipment (John Deere Scraper)
WASTE CONNECTIONS OF MINNESOTA, INC.	MN	First National Bank	200813761116 11/04/2008	Specific Leased Equipment (Scanners, Copier)
WASTE CONNECTIONS OF MONTANA, INC.	DE	Deere Credit, Inc.	2007 2374030	Specific Leased Equipment (John Deere Excavator)
WASTE CONNECTIONS OF OKLAHOMA, INC.	OK	Oklahoma Office Systems, Inc.	E2006012339026 10/12/2006	Specific Leased Equipment (Copiers, Printers)
		Oklahoma Office Systems, Inc.	E2007015127631 12/28/2007	Specific Leased Equipment (Copiers, Printers)
		LCA Bank Corporation	E2008001361627 02/06/2008	Specific Leased Equipment (Security Equipment)
		Oklahoma Office Services	E2009006106832 06/18/2009	Specific Leased Equipment (Copiers, Printers)

Schedule 7.02  
Existing Liens

<u>COMPANY</u>	<u>JUR.</u>	<u>SECURED PARTY</u>	<u>FILE NO./ FILE DATE</u>	<u>COLLATERAL</u>
WASTE CONNECTIONS OF OREGON, INC.	OR	Les Schwab Warehouse Center, Inc.	7127192 12/19/2005	Purchased Goods (New and Used Wheels, Batteries)
WASTE CONNECTIONS OF TENNESSEE, INC.	DE	First Tennessee Bank National Association	2007 0360437 01/26/2007	Specific Leased Equipment (Power Washers)
		The McPherson Companies, Inc.	2007 1115566 03/26/2007	Specific Leased Equipment (Meters, Tubing, Reels)
		GreatAmerica Leasing Corporation	2009 0899200 03/20/2009	Specific Leased Equipment (Copiers)
		U.S. Bancorp	2008 1503919 04/30/2008	Specific Leased Equipment (Identifies by Serial Numbers Only)
		U.S. Bancorp	2009 3310718 10/14/2009	Specific Leased Equipment (Identifies by Serial Number Only)
WASTE CONNECTIONS OF TEXAS, LLC	DE	General Electric Capital Corporation	2009 1853552 06/10/2009	Specific Leased Equipment (Pursuant to Master Lease)
		U.S. Bancorp Business Equipment Finance Group	2011 0638224 02/22/2011	Specific Leased Equipment (Identifies by Serial Number Only)

Schedule 7.02  
Existing Liens

<u>COMPANY</u>	<u>JUR.</u>	<u>SECURED PARTY</u>	<u>FILE NO/ FILE DATE</u>	<u>COLLATERAL</u>
		U.S. Bancorp Business Equipment Finance Group	2011 0718992 02/26/2011	Specific Leased Equipment (Identifies by Serial Number Only)
WASTE CONNECTIONS OF WASHINGTON, INC.	WA	Holt Cat	2009-182-9173-0 07/01/2009	Specific Leased Equipment (Caterpillar)
WASTE CONNECTIONS, INC.	DE	US Bancorp	2010 2827040 08/12/2010	Specific Leased Equipment (Identifies by Serial Number Only)
		Les Schwab Tire Centers of Washington, Inc.	2011 3457325 09/08/2011	Specific Leased Equipment (Tires)
		The McPherson Companies, Inc.	2007 1122802 03/26/2007	Specific Leased Equipment (Pumps, Handles, Hardware)
		LCA Bank Corporation	2008 2385357 07/11/2008	Specific Leased Equipment (Radios)
		LC Bank Corporation	2008 2898789 08/26/2008	Specific Leased Equipment (Radios)
		Copeco Inc DBA Seamless Solutions	2009 2415872 07/28/2009	Specific Leased Equipment (Copiers, Printers)
		Wilmington Trust Company, not in its individual capacity but solely as Trustee under Trust Agreement dated as of April 3, 2006	2010 0114151 12/24/2009	Specific Leased Equipment (Aircraft)

Schedule 7.02  
Existing Liens

<u>COMPANY</u>	<u>JUR.</u>	<u>SECURED PARTY</u>	<u>FILE NO./ FILE DATE</u>	<u>COLLATERAL</u>
		Holt Cat	2010 0198402 01/20/2010	Specific Leased Equipment (Caterpillar Tractor)
		US Bancorp	2010 0352603 02/01/2010	Specific Leased Equipment (Identifies by Serial Number Only)
		U.S. Bancorp Equipment Finance, Inc.	2011 2298704 06/15/2011	Specific Leased Equipment (Identifies by Serial Number Only)
		U.S. Bancorp Equipment Finance, Inc.	2012 374719 09/28/2012	Specific Leased Equipment (Copier)
YAKIMA WASTE SYSTEMS, INC.	WA	Les Schwab Warehouse Center, Inc.	200533429334 11/30/2005	Specific Leased Equipment (Batteries)

Schedule 7.02  
Existing Liens

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**SCHEDULE 10.02**

**ADMINISTRATIVE AGENT'S OFFICE; CERTAIN ADDRESSES FOR NOTICES**

**BORROWERS:**

Waste Connections, Inc.  
10001 Woodloch Forest Drive  
Waterway Plaza Two, Suite 400  
The Woodlands, TX 77380  
Attention: Worthing F. Jackman, Executive Vice President  
and Chief Financial Officer  
Phone: (877) 288-9269  
Fax: (916) 471-0369  
Email: worthingj@wasteconnections.com

with a copy to:

Latham & Watkins LLP  
811 Main Street, Suite 3700  
Houston, TX 77002  
Attn: Craig Kornreich, Esq.  
Telephone: (713) 546-7489  
Facsimile: (713) 546-5401  
Email: craig.kornreich@lw.com

**ADMINISTRATIVE AGENT:**

*Administrative Agent's Office  
(for payments and Requests for Credit Extensions):*

Bank of America, N.A.  
101 N. Tryon Street  
Mail Code: NC1-001-04-39  
Charlotte, NC 28255-0001  
Attention: Rose M. Bollard  
Telephone: (980) 386-2881  
Telecopier: (704) 409-0355  
Electronic Mail: rose.bollard@baml.com  
Account No.: 1366212250600  
Ref: Waste Connections  
ABA# 026009593

Schedule 10.02  
Administrative Agent's Office; Certain Addresses for Notices

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Other Notices as Administrative Agent:

Bank of America, N.A.  
Agency Management  
901 Main Street  
Mail Code: TX1-492-14-11  
Dallas, TX 75202  
Attention: Ronaldo Naval  
Telephone: (214) 209-1162  
Telecopier: (877) 511-6124  
Electronic Mail: ronaldo.naval@baml.com

Other Notices as Administrative Agent (also copy):

Bank of America, N.A.  
100 Federal Street  
Mail Code: MA5-100-09-07  
Boston, MA 02110  
Attention: Maria F. Maia, Managing Director  
Telephone: (617) 434-5751  
Telecopier: (980) 233-7700  
Electronic Mail: maria.f.maia@baml.com

Other Notices as Administrative Agent (also copy):

Goulston & Storrs  
400 Atlantic Avenue  
Boston, MA 02110  
Attention: Pamela M. MacKenzie, Esq.  
Telephone: (617) 574-4106  
Telecopier: (617) 574-4112  
Electronic Mail: pmackenzie@goulstonstorrs.com

zzz



**EXHIBIT B**

**FORM OF TERM A NOTE**

\$ \_\_\_\_\_

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FOR VALUE RECEIVED, the undersigned (the "Borrowers") hereby, jointly and severally, promise to pay to \_\_\_\_\_ or registered assigns (the "Lender"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of the Term A Loan made by the Lender to the Borrowers under that certain Term Loan Agreement, dated as of October 25, 2012 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among the Borrowers, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The Borrowers, jointly and severally, promise to pay interest on the unpaid principal amount of the Term A Loan from the date of such Term A Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Term A Note is one of the Term A Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Term A Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. The Term A Loan made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Term A Note and endorse thereon the date, amount and maturity of its Term A Loan and payments with respect thereto.

Each of the Borrowers, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Term A Note.

THIS TERM A NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

*[Remainder of page intentionally left blank.]*

Exhibit B  
Form of Term A Note

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IN WITNESS WHEREOF, the Borrowers hereto have caused this Term A Note to be duly executed as of the date first above written.

**BORROWERS:**

WASTE CONNECTIONS, INC.  
ADVANCED SYSTEMS PORTABLE RESTROOMS, INC.  
ALASKA WASTE-INTERIOR, LLC  
ALASKA WASTE-KENAI PENINSULA, LLC  
ALASKA WASTE MAT-SU, LLC  
AMERICAN DISPOSAL COMPANY, INC.  
AMERICAN SANITARY SERVICE, INC.  
ANDERSON COUNTY LANDFILL, INC.  
ANDERSON REGIONAL LANDFILL, LLC  
BITUMINOUS RESOURCES, INC.  
BRENT RUN LANDFILL, INC.  
BROADACRE LANDFILL, INC.  
BUTLER COUNTY LANDFILL, INC.  
CALPET, LLC  
CAMINO REAL ENVIRONMENTAL CENTER, INC.  
CAPITAL REGION LANDFILLS, INC.  
CARPENTER WASTE HOLDINGS, LLC  
CHAMBERS DEVELOPMENT OF NORTH CAROLINA, INC.  
CHIQUITA CANYON, INC.  
CHIQUITA CANYON, LLC  
CLIFTON ORGANICS, LLC  
COLD CANYON LAND FILL, INC.  
COLUMBIA RESOURCE CO., L.P.  
COMMUNITY REFUSE DISPOSAL INC.  
CONTRACTORS WASTE SERVICES, INC.  
CORRAL DE PIEDRA LAND COMPANY  
COUNTY WASTE — ULSTER, LLC  
COUNTY WASTE AND RECYCLING SERVICE, INC.  
COUNTY WASTE TRANSFER CORP.  
CRI HOLDINGS, LLC  
CURRY TRANSFER & RECYCLING, INC.  
D. M. DISPOSAL CO., INC.  
DELTA CONTRACTS, LLC  
DENVER REGIONAL LANDFILL, INC.  
DIVERSIFIED BUILDINGS, L.L.C.  
EL PASO DISPOSAL, LP  
ELKO SANITATION COMPANY  
EMPIRE DISPOSAL, INC.  
ENVIRONMENTAL TRUST COMPANY  
ENTECH ALASKA LLC  
EVERGREEN DISPOSAL, INC.  
FINLEY-BUTTES LIMITED PARTNERSHIP  
FINNEY COUNTY LANDFILL, INC.  
FORT ANN TRANSFER STATION, LLC  
FRONT RANGE LANDFILL, INC.

Exhibit B  
Form of Term A Note

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G & P DEVELOPMENT, INC.  
GREEN WASTE SOLUTIONS OF ALASKA, LLC  
HAROLD LEMAY ENTERPRISES, INCORPORATED  
HIGH DESERT SOLID WASTE FACILITY, INC.  
HUDSON VALLEY WASTE HOLDING, INC.  
ISLAND DISPOSAL, INC.  
J BAR J LAND, INC.  
LACASSINE HOLDINGS, L.L.C.  
LAKESHORE DISPOSAL, INC.  
LAUREL RIDGE LANDFILL, L.L.C.  
LEALCO, INC.  
LFC, INC.  
MADERA DISPOSAL SYSTEMS, INC.  
MAMMOTH DISPOSAL COMPANY  
MANAGEMENT ENVIRONMENTAL NATIONAL, INC.  
MASON COUNTY GARBAGE CO., INC.  
MBO, LLC  
MDSI OF LA, INC.  
MILLENNIUM WASTE INCORPORATED  
MISSION COUNTRY DISPOSAL  
MORRO BAY GARBAGE SERVICE  
MURREY'S DISPOSAL COMPANY, INC.  
NEBRASKA ECOLOGY SYSTEMS, INC.  
NOBLES COUNTY LANDFILL, INC.  
NORTHWEST CONTAINER SERVICES, INC.  
OKLAHOMA CITY WASTE DISPOSAL, INC.  
OKLAHOMA LANDFILL HOLDINGS, INC.  
OSAGE LANDFILL, INC.  
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER I, INC.  
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER II, INC.  
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER III, INC.  
PAINE & PARTNERS CAPITAL FUND III AIV II B BLOCKER IV, INC.  
PIERCE COUNTY RECYCLING, COMPOSTING AND DISPOSAL, LLC  
POTRERO HILLS LANDFILL, INC.  
PRAIRIE DISPOSAL, LLC  
PRAIRIE LIQUIDS, LLC  
PSI ENVIRONMENTAL SERVICES, INC.  
PSI ENVIRONMENTAL SYSTEMS, INC.  
R360 ARTESIA, LLC  
R360 CLACO, LLC  
R360 ENVIRONMENTAL SOLUTIONS, LLC  
R360 HITCHCOCK, LLC  
R360 LOGISTICS, LLC  
R360 OKLAHOMA, LLC  
R360 PERMIAN BASIN, LLC  
R360 SHUTE CREEK, LLC  
R360 SILO, LLC  
R360 WILLISTON BASIN, LLC  
R.A. BROWNRIGG INVESTMENTS, INC.  
R.J.C. TRUCKING CO.

Exhibit B  
Form of Term A Note

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RAILROAD AVENUE DISPOSAL, LLC  
RED CARPET LANDFILL, INC.  
RH FINANCIAL CORPORATION  
RICH VALLEY, LLC  
RKS HOLDING, CORP.  
RURAL WASTE MANAGEMENT, INC.  
SAN LUIS GARBAGE COMPANY  
SANIPAC, INC.  
SCOTT SOLID WASTE DISPOSAL COMPANY  
SCOTT WASTE SERVICES, LLC  
SEABREEZE RECOVERY, INC.  
SEDALIA LAND COMPANY  
SIERRA HOLDING GROUP, LLC  
SIERRA PROCESSING, LLC  
SILVER SPRINGS ORGANICS L.L.C.  
SKB ENVIRONMENTAL, INC.  
SKB (AUSTIN) ENVIRONMENTAL, LLC  
SKB RECYCLING, LLC  
SOUTH COUNTY SANITARY SERVICE, INC.  
STERLING AVENUE PROPERTIES, LLC  
STUTZMAN REFUSE DISPOSAL INC.  
TACOMA RECYCLING COMPANY, INC.  
TENNESSEE WASTE MOVERS, INC.  
US LIQUIDS OF LA, L.P.  
VOORHEES SANITATION, L.L.C.  
WASCO COUNTY LANDFILL, INC.  
WASTE CONNECTIONS MANAGEMENT SERVICES, INC.  
WASTE CONNECTIONS OF ALABAMA, INC.  
WASTE CONNECTIONS OF ALASKA, INC.  
WASTE CONNECTIONS OF ARIZONA, INC.  
WASTE CONNECTIONS OF ARKANSAS, INC.  
WASTE CONNECTIONS OF CALIFORNIA, INC.  
WASTE CONNECTIONS OF CANADA HOLDINGS, INC.  
WASTE CONNECTIONS OF COLORADO, INC.  
WASTE CONNECTIONS OF GEORGIA, INC.  
WASTE CONNECTIONS OF IDAHO, INC.  
WASTE CONNECTIONS OF ILLINOIS, INC.  
WASTE CONNECTIONS OF IOWA, INC.  
WASTE CONNECTIONS OF KANSAS, INC.  
WASTE CONNECTIONS OF KENTUCKY, INC.  
WASTE CONNECTIONS OF LEFLORE, LLC  
WASTE CONNECTIONS OF LOUISIANA, INC.  
WASTE CONNECTIONS OF MINNESOTA, INC.  
WASTE CONNECTIONS OF MISSISSIPPI DISPOSAL SERVICES, LLC  
WASTE CONNECTIONS OF MISSISSIPPI, INC.  
WASTE CONNECTIONS OF MONTANA, INC.  
WASTE CONNECTIONS OF NEBRASKA, INC.  
WASTE CONNECTIONS OF NEW MEXICO, INC.  
WASTE CONNECTIONS OF NORTH CAROLINA, INC.  
WASTE CONNECTIONS OF OKLAHOMA, INC.

Exhibit B  
Form of Term A Note

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WASTE CONNECTIONS OF OREGON, INC.  
WASTE CONNECTIONS OF SOUTH CAROLINA, INC.  
WASTE CONNECTIONS OF SOUTH DAKOTA, INC.  
WASTE CONNECTIONS OF TENNESSEE, INC.  
WASTE CONNECTIONS OF TEXAS, LLC  
WASTE CONNECTIONS OF THE CENTRAL VALLEY, INC.  
WASTE CONNECTIONS OF UTAH, INC.  
WASTE CONNECTIONS OF WASHINGTON, INC.  
WASTE CONNECTIONS OF WYOMING, INC.  
WASTE CONNECTIONS TRANSPORTATION COMPANY, INC.  
WASTE REDUCTION SERVICES, L.L.C.  
WASTE SERVICES OF N.E. MISSISSIPPI, INC.  
WASTE SOLUTIONS GROUP OF SAN BENITO, LLC  
WCI-WHITE OAKS LANDFILL, INC.  
WCI HOLDINGS CO., INC.  
WEST BANK ENVIRONMENTAL SERVICES, INC.  
WEST COAST RECYCLING AND TRANSFER, INC.  
WYOMING ENVIRONMENTAL SERVICES, INC.  
YAKIMA WASTE SYSTEMS, INC.

By:

Name: Worthing F. Jackman  
Title: Authorized Signatory of Each of the  
Above-Listed Borrowers

Exhibit B  
Form of Term A Note

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**LOAN AND PAYMENTS WITH RESPECT THERETO**

<u>Date</u>	<u>Amount of Loan Made</u>	<u>Amount of Principal or Interest Paid This Date</u>	<u>Outstanding Principal Balance This Date</u>	<u>Notation Made By</u>
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Exhibit B  
Form of Term A Note

*EXHIBIT C*

**FORM OF COMPLIANCE CERTIFICATE**

Financial Statement Date: [           ,            ]

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement, dated as of October 25, 2012 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), by and among Waste Connections, Inc. (the "Parent"), and the other borrowers party thereto (collectively with the Parent, the "Borrowers"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned hereby certifies as of the date hereof that he/she is the Chief Financial Officer of the Parent, and that, as such, he/she is authorized to execute and deliver this Compliance Certificate to the Administrative Agent on the behalf of the Parent and the other Borrowers, and that:

1. Accompanying this certificate are the [audited][unaudited] financial statements required by Section 6.04(a)[(b)] of the Agreement for the fiscal quarter of the Consolidated Group ended as of the above date. [Such consolidated financial statements are prepared in accordance with GAAP and fairly present the consolidated financial condition of the Consolidated Group as at the close of business on such date and the results of operations for the period then ended.]<sup>2</sup>

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrowers during the accounting period covered by the attached financial statements.

3. A review of the activities of the Borrowers during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Borrowers performed and observed all their Obligations under the Loan Documents[, and to the best knowledge of the undersigned during such fiscal period, the Borrowers performed and observed each covenant and condition of the Loan Documents applicable to them, and no Default has occurred and is continuing].<sup>3</sup>

<sup>2</sup> Include in quarterly Compliance Certificate only.

<sup>3</sup> Address any Defaults or Events of Default in this paragraph.

Exhibit C  
Form of Compliance Certificate

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4. Set forth on Annex A attached hereto is a description of all changes to the information included in Schedule 1 (Subsidiaries) to the Agreement as may be necessary for such Schedule to be accurate and complete.

5. Complete and correct copies of all documents modifying any Organization Document of any Borrower on or prior to the date hereof have been previously delivered to the Administrative Agent or are attached hereto as Annex B.

6. The representations and warranties of the Borrowers contained in Article V of the Agreement, are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in Section 5.04(a) of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), as applicable, of Section 6.04 of the Agreement, including the statements in connection with which this Compliance Certificate is delivered.

7. The financial covenant analyses and information set forth on Schedule 1 attached hereto are true and accurate [on and as of the date of this Compliance Certificate] [on a pro forma basis as of the Interim Balance Sheet Date <sup>4</sup>].

*[Remainder of page intentionally left blank.]*

<sup>4</sup> For Certificate delivered on the Closing Date.

Exhibit C  
Form of Compliance Certificate

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IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of \_\_\_\_\_, \_\_\_\_\_.

**WASTE CONNECTIONS, INC.,  
on behalf of itself and the other Borrowers**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chief Financial Officer

Exhibit C  
Form of Compliance Certificate

**Waste Connections, Inc.**  
**Term Loan Agreement Compliance Certificate**  
*(All Figures To Be Rounded to the Nearest \$1,000)*

For the Fiscal Quarter/Year ended [                      , 20                      ] (the "Statement Date")

As of Statement  
Date

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**Leverage Ratio**

*Ratio of Consolidated Total Funded Debt outstanding to Consolidated EBITDA*

- 1.a. Indebtedness relating to the borrowing of money or the obtaining of credit
- b. Indebtedness in respect of any Capital Leases or Synthetic Leases
- c. Indebtedness relating to the non-contingent deferred purchase price of assets and companies (excluding short-term trade payables incurred in the ordinary course of business)
- d. Indebtedness relating to any unpaid reimbursement obligations with respect to letters of credit outstanding (excluding any contingent obligations with respect to letters of credit outstanding)
- e. Guarantees of Indebtedness of the type referred to in Lines 1(a), (b),(c), and (d)

total equals:

2. **Consolidated Total Funded Debt**  
(The sum of Lines 1(a), (b), (c), (d) and (e))

to the result of:

3. Consolidated Net Income (or Deficit) of the Consolidated Group
4. Interest Expense
5. Income Taxes
6. Non-cash compensation charges, to the extent that each was deducted in determining Consolidated Net Income (or Deficit), all as determined in accordance with GAAP
7. One-time, non-recurring acquisition costs to the extent such costs are expensed in accordance with FAS 141R and not capitalized
8. Noncontrolling interests expense

Exhibit C  
Form of Compliance Certificate

- 
9. Non-cash extraordinary non-recurring writedowns or writeoffs of assets, including non-cash losses on sale of assets outside the ordinary course of business
  10. Any losses associated with the extinguishment of Indebtedness
  11. Special charges relating to termination of a Swap Contract
  12. Any accrued settlement payments in respect of any Swap Contract owing by any member of the Consolidated Group
  13. One-time, non-recurring charges in connection with the modification of employment agreements with certain members of senior management as approved by the Administrative Agent
  14. Non-cash extraordinary gains on the sale of assets to the extent included in Consolidated Net Income (or Deficit)
  15. Any accrued settlement payments in respect of any Swap Contract payable to any member of the Consolidated Group
  16. **Consolidated EBIT**  
(Result of (i) the sum of Lines 3 through 13, minus (ii) the sum of Lines 14 and 15)  
*plus:*
  17. Depreciation and amortization expense to the extent that such was deducted in determining Consolidated Net Income (or Deficit), determined in accordance with GAAP
  18. EBITDA for the prior twelve months of all companies acquired by the Borrowers during the Reference Period (without duplication of any amounts previously reported)
  19. Depreciation and Amortization Expense (without duplication) of any company whose Consolidated EBITDA was included under Line 17 above  
*total equals:*
  20. **Consolidated EBITDA**  
(Sum of Lines 16 through 19)
  21. **Leverage Ratio**  
(Ratio of Line 2 to Line 20)  
**Maximum Permitted under Term Loan Agreement: 3.50 to 1.00**

Exhibit C  
Form of Compliance Certificate

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**Waste Connections, Inc.**  
**Term Loan Agreement Compliance Certificate**

As of Statement  
Date

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**Interest Coverage Ratio**

*Ratio of Consolidated EBIT to Consolidated Total Interest Expense*

22. **Consolidated EBIT** (from Line 16 above)

23. **Consolidated Total Interest Expense**

24. **Interest Coverage Ratio**

(Ratio of Line 22 to Line 23)

**Minimum Permitted under Term Loan Agreement: 2.75 to 1.00**

**Restrictions on Excluded Subsidiaries**

**A. Asset Value Limitation**

1. Aggregate book value of the assets of all Excluded Subsidiaries on Statement Date
2. Aggregate book value of the assets of the Consolidated Group on Statement Date
3. **Asset value percentage**  
(Ratio of Line A.2 to Line A.1 above)

**Maximum Permitted under Term Loan Agreement: 5%**

**B. Revenue Limitation**

1. Aggregate revenue of all Excluded Subsidiaries for the Subject Period
2. Aggregate revenue of the Consolidated Group for the Subject Period
3. **Revenue percentage**  
(Ratio of Line B.2 to Line B.1 above)

**Maximum Permitted under Term Loan Agreement: 5%**

Exhibit C  
Form of Compliance Certificate

**EXHIBIT D-1**

**FORM OF ASSIGNMENT AND ASSUMPTION**

This Assignment and Assumption (this “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [the][each] Assignor identified in item 1 below ([the][each, an] “Assignor”) and [the][each] Assignee identified in item 2 below ([the][each, an] “Assignee”). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees] hereunder are several and not joint.] Capitalized terms used but not defined herein shall have the meanings given to them in the Term Loan Agreement identified below (the “Loan Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Loan Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor’s][the respective Assignors’] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Loan Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the [respective] facility[y][ies] identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Loan Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] “Assigned Interest”). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

- 1. Assignor[s]: \_\_\_\_\_  
\_\_\_\_\_
- 2. Assignee[s]: \_\_\_\_\_  
\_\_\_\_\_

[for each Assignee, indicate [Affiliate][Approved Fund] of [ *identify Lender* ]]

3. Borrowers: Waste Connections, Inc., and certain of its Subsidiaries
4. Administrative Agent: Bank of America, N.A., as the administrative agent under the Loan Agreement
5. Loan Agreement: Term Loan Agreement, dated as of October 25, 2012, by and among Waste Connections, Inc., the other Borrowers party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent
6. Assigned Interest[s]:

<u>Assignor[s]</u>	<u>Assignee[s]</u>	<u>Outstanding Principal Amount of all Term A Loans of all Lenders</u>	<u>Principal Amount of Term A Loan Assigned</u>	<u>Term A Loan Percentage Assigned</u>
		\$	\$	%
		\$	\$	%
		\$	\$	%

[7. Trade Date: \_\_\_\_\_]

Effective Date: \_\_\_\_\_, 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

Exhibit D-1  
Form of Assignment and Assumption

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR  
[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Title:

ASSIGNEE  
[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Title:

[Consented to and]<sup>5</sup> Accepted:

BANK OF AMERICA, N.A., as  
Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:

[Consented to:]<sup>6</sup>

WASTE CONNECTIONS, INC.,  
on behalf of itself and the other Borrowers

By: \_\_\_\_\_  
Name:  
Title:

<sup>5</sup> To be added only if the consent of the Administrative Agent is required by the terms of the Loan Agreement.

<sup>6</sup> To be added only if the consent of the Borrower is required by the terms of the Loan Agreement.

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**ANNEX 1 TO ASSIGNMENT AND ASSUMPTION**

**STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION**

1. Representations and Warranties.

1.1. Assignor. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Loan Agreement, (ii) it meets all the requirements to be an assignee under Section 10.06(b)(iii) and (v) of the Loan Agreement (subject to such consents, if any, as may be required under Section 10.06(b)(iii) of the Loan Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by [the][such] Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire [the][such] Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Loan Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.04 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) attached hereto is any documentation required to be delivered by it pursuant to the terms of the Loan Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

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2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

Exhibit D-1  
Form of Assignment and Assumption

EXHIBIT D-2

FORM OF ADMINISTRATIVE QUESTIONNAIRE

FAX ALONG WITH COMMITMENT LETTER TO: \_\_\_\_\_
FAX # \_\_\_\_\_

I. Borrower Name: Waste Connections, Inc. and certain of its Subsidiaries

\$ \_\_\_\_\_ Type of Loan Facility \_\_\_\_\_

II. Legal Name of Lender of Record for Signature Page:

- Signing Term Loan Agreement [ ] YES [ ] NO
Coming in via Assignment [ ] YES [ ] NO

III. Type of Lender: \_\_\_\_\_ (Bank, Asset Manager, Broker/Dealer, CLO/CDO, Finance Company, Hedge Fund, Insurance, Mutual Fund, Pension Fund, Other Regulated Investment Fund, Special Purpose Vehicle, Other – please specify)

IV. Domestic Address:

V. LIBOR Rate Address:

\_\_\_\_\_  
\_\_\_\_\_

VI. Contact Information:

Syndicate level information (which may contain material non-public information about the Borrower and its related parties or their respective securities) will be made available to the Loan Contact(s). The Loan Contacts identified must be able to receive such information in accordance with his/her institution's compliance procedures and applicable laws, including Federal and State securities laws.

Table with 3 columns: Loan Contact, Primary Operations Contact, Secondary Operations Contact. Rows include Name, Title, Address, Telephone, Facsimile, E Mail Address.

Does Secondary Operations Contact need copy of notices? [ ] YES [ ] NO

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**VII. Lender's Fed Wire Payment Instructions:**

Pay to: \_\_\_\_\_  
(Bank Name)

\_\_\_\_\_ (ABA#) \_\_\_\_\_ (City/State)

\_\_\_\_\_ (Account #) \_\_\_\_\_ (Account Name)

\_\_\_\_\_ (Attention)

**IX. Organizational Structure and Tax Status**

**Please refer to the enclosed withholding tax instructions below and then complete this section accordingly:**

Lender Taxpayer Identification Number (TIN): \_\_\_\_\_

Tax Withholding Form Delivered to Bank of America\*:

- \_\_\_\_\_ **W-9**
- \_\_\_\_\_ **W-8BEN**
- \_\_\_\_\_ **W-8ECI**
- \_\_\_\_\_ **W-8EXP**
- \_\_\_\_\_ **W-8IMY**

**NON-U.S. LENDER INSTITUTIONS**

**1. Corporations:**

If your institution is incorporated outside of the United States for U.S. federal income tax purposes, and is the beneficial owner of the interest and other income it receives, you must complete one of the following three tax forms, as applicable to your institution: a.) Form W-8BEN (Certificate of Foreign Status of Beneficial Owner), b.) Form W-8ECI (Income Effectively Connected to a U.S. Trade or Business), or c.) Form W-8EXP (Certificate of Foreign Government or Governmental Agency).

A U.S. taxpayer identification number is required for any institution submitting a Form W-8 ECI. It is also required on Form W-8BEN for certain institutions claiming the benefits of a tax treaty with the U.S. Please refer to the instructions when completing the form applicable to your institution. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **An original tax form must be submitted.**

**2. Flow-Through Entities**

If your institution is organized outside the U.S., and is classified for U.S. federal income tax purposes as either a Partnership, Trust, Qualified or Non-Qualified Intermediary, or other non-U.S. flow-through entity, an original Form

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W-8IMY (Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. branches for United States Tax Withholding) must be completed by the intermediary together with a withholding statement. Flow-through entities other than Qualified Intermediaries are required to include tax forms for each of the underlying beneficial owners.

Please refer to the instructions when completing this form. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **Original tax form(s) must be submitted.**

**U.S. LENDER INSTITUTIONS:**

If your institution is incorporated or organized within the United States, you must complete and return Form W-9 (Request for Taxpayer Identification Number and Certification). **Please be advised that we require an original form W-9.**

***Pursuant to the language contained in the tax section of the Loan Agreement, the applicable tax form for your institution must be completed and returned on or prior to the date on which your institution becomes a lender under this Loan Agreement. Failure to provide the proper tax form when requested will subject your institution to U.S. tax withholding.***

\* Additional guidance and instructions as to where to submit this documentation can be found at this link:

**X. Bank of America Payment Instructions:**

Pay to: Bank of America, N.A.  
ABA # 026009593  
New York, NY  
Acct. #  
Attn: [Corporate Credit Services]  
Ref: Waste Connections, Inc.

Exhibit D-2  
Form of Administrative Questionnaire

*EXHIBIT E-1*

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Lenders that Are Not Partnerships for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement, dated as of October 25, 2012 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among Waste Connections, Inc., the other Borrowers party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Pursuant to the provisions of Section 3.01(e) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Term A Loan(s) (as well as any Term A Note(s) evidencing such Term A Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrowers with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrowers and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrowers and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date:

*EXHIBIT E-2*

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Participants that Are Not Partnerships for U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement, dated as of October 25, 2012 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among Waste Connections, Inc., the other Borrowers party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Pursuant to the provisions of Section 3.01(e) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform its participating Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name:  
Title:

Date:

Exhibit E-2  
Form of U.S. Tax Compliance Certificate

*EXHIBIT E-3*

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement, dated as of October 25, 2012 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among Waste Connections, Inc., the other Borrowers party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Pursuant to the provisions of Section 3.01(e) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform its participating Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_

Name:

Title:

Date:

*EXHIBIT E-4*

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Term Loan Agreement, dated as of October 25, 2012 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among Waste Connections, Inc., the other Borrowers party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Pursuant to the provisions of Section 3.01(e) of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Term A Loan(s) (as well as any Term A Note(s) evidencing such Term A Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Term A Loan(s) (as well as any Term A Note(s) evidencing such Term A Loan(s)), (iii) with respect to the extension of credit pursuant to the Loan Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrowers with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrowers and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrowers and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date:

**Waste Connections, Inc.**  
**Amended and Restated**  
**Compensation Plan for Independent Directors**

This Compensation Plan for Independent Directors, as amended and restated herein, shall be effective January 1, 2013, until changed by the Board of Directors. This Plan shall apply to independent directors only. Directors who are employed by Waste Connections, Inc. (the "Company") are not entitled to receive separate compensation for participation in Board or Committee Meetings.

Independent directors shall be compensated by payment of a basic monthly retainer of \$5,000 per month. Committee Chairs shall be entitled to additional compensation, to be added to their monthly retainers, as follows:

Audit Committee Chair	\$ 1,250 per month
Compensation Committee Chair	\$ 833.33 per month
Nominating and Corporate Governance Committee Chair	416.67 per month

No additional payment shall be made with respect to attendance or participation in Board and Committee meetings, other than payment or reimbursement of out of pocket travel expenses incurred in connection with meetings attended in person.

All payments under this Compensation Plan shall be paid monthly on the 15<sup>th</sup> day of each month, or as soon thereafter as administratively practicable and, in any event, prior to March 15 of the calendar year following the year in which the services with respect to such payment were performed.

Independent directors shall be granted, at the discretion of the Board, an annual award of restricted stock units with a targeted value of approximately \$150,000 on the date of grant. The grant shall be made in conjunction with the Company's annual grant to officers and employees, typically in February of each year, provided that the grant date may be changed from time to time at the discretion of the Board. The restricted stock units will be granted pursuant to the Company's Third Amended and Restated 2004 Equity Incentive Plan and will vest, at the discretion of the Board, in two equal installments on the date of grant and the first anniversary of the date of grant. The number of restricted stock units granted may be less in future years if other types of equity awards are issued to independent directors in conjunction with the restricted stock unit grants.

## EXHIBIT 12.1

STATEMENT OF COMPUTATION OF RATIO OF EARNINGS  
TO FIXED CHARGES  
(In thousands)

	2012	2011	2010	2009	2008
<b>Earnings:</b>					
Income before income tax provision	265,103	273,129	225,476	175,376	171,918
Plus: fixed charges per below	57,274	46,562	43,163	52,798	45,462
Less: capitalized interest per below	—	—	—	—	29
Plus: current period amortization of interest capitalized in prior periods	49	39	39	39	39
Total earnings	<u>\$ 322,426</u>	<u>\$ 319,730</u>	<u>\$ 268,678</u>	<u>\$ 228,213</u>	<u>\$ 217,390</u>
<b>Fixed charges</b>					
Interest expense	\$ 53,037	\$ 44,520	\$ 40,134	\$ 49,161	\$ 43,102
Capitalized interest	—	—	—	—	29
Interest portion of rent expense	4,237	2,042	3,029	3,637	2,331
Total fixed charges	<u>\$ 57,274</u>	<u>\$ 46,562</u>	<u>\$ 43,163</u>	<u>\$ 52,798</u>	<u>\$ 45,462</u>
Ratio of earnings to fixed charges	<u>5.6</u>	<u>6.9</u>	<u>6.2</u>	<u>4.3</u>	<u>4.8</u>

## EXHIBIT 21.1

## SUBSIDIARIES OF WASTE CONNECTIONS, INC.

<u>Subsidiary</u>	<u>State of Incorporation/ Organization</u>	<u>Other Names Under Which Conducts Business</u>
ADVANCED SYSTEMS PORTABLE RESTROOMS, INC.	Oregon	Advanced Mobile Storage Advanced Systems Portable Restrooms McDonald Portable Toilets
ALASKA WASTE-INTERIOR, LLC	Alaska	
ALASKA WASTE-KENAI PENINSULA, LLC	Alaska	
ALASKA WASTE MAT-SU, LLC	Alaska	
AMERICAN DISPOSAL COMPANY, INC.	Washington	Vashon Disposal
AMERICAN SANITARY SERVICE, INC.	Oregon	
ANDERSON COUNTY LANDFILL, INC.	Delaware	Anderson County Landfill
ANDERSON REGIONAL LANDFILL, LLC	Delaware	
BITUMINOUS RESOURCES, INC.	Kentucky	Hopkins County Regional Landfill
BRENT RUN LANDFILL, INC.	Delaware	Brent Run Landfill
BROADACRE LANDFILL, INC.	Colorado	Pueblo Landfill and Recycling Center
BUTLER COUNTY LANDFILL, INC.	Nebraska	
CALPET, LLC	Wyoming	
CAMINO REAL ENVIRONMENTAL CENTER, INC.	New Mexico	
CAPITAL REGION LANDFILLS, INC.	New York	
CARPENTER WASTE HOLDINGS, LLC	New York	Carpenter Waste Carpenter Waste Removal Anson County Landfill
CHAMBERS DEVELOPMENT OF NORTH CAROLINA, INC.	North Carolina	
CHIQUITA CANYON, INC.	Delaware	
CHIQUITA CANYON, LLC	Delaware	Chiquita Canyon Landfill
CLIFTON ORGANICS, LLC	New York	
COLD CANYON LANDFILL, INC.	California	Cold Canyon Processing Facility
COLUMBIA RESOURCE CO., L.P.	Washington	
COMMUNITY REFUSE DISPOSAL, INC.	Nebraska	
CONTRACTORS WASTE SERVICES, INC.	Kentucky	
CORRAL DE PIEDRA LAND COMPANY	California	
COUNTY WASTE — ULSTER, LLC	New York	
COUNTY WASTE AND RECYCLING SERVICE, INC.	New York	Ace Carting County Waste MRI Rubbish Murphy's Disposal Superior Waste Troy Transfer Troy Transfer Station
COUNTY WASTE TRANSFER CORP.	New York	
CRI HOLDINGS, LLC	Delaware	
CURRY TRANSFER AND RECYCLING, INC.	Oregon	City Transfer & Recycling County Transfer & Recycling Country Transfer & Recycling Extra Mile Disposal & Hauling Harrell's Septic Roto-Rooter of Curry County Westlane Disposal
D.M. DISPOSAL CO., INC.	Washington	American Portable Storage D.M. Recycling Superior Refuse Removal
DELTA CONTRACTS, LLC	Delaware	
DENVER REGIONAL LANDFILL, INC.	Colorado	
DIVERSIFIED BUILDINGS, L.L.C.	Kansas	
ECOSORT, L.L.C.	Oregon	
EL PASO DISPOSAL, LP	Texas	El Paso Disposal
ELKO SANITATION COMPANY	Nevada	Waste Connections of

EMPIRE DISPOSAL, INC.  
ENTECH ALASKA, LLC  
ENVIRONMENTAL TRUST COMPANY  
EVERGREEN DISPOSAL, INC.  
FORT ANN TRANSFER STATION, LLC  
FINLEY-BUTTES LIMITED PARTNERSHIP

FINNEY COUNTY LANDFILL, INC.  
FRONT RANGE LANDFILL, INC.  
G&P DEVELOPMENT, INC.  
GREEN WASTE SOLUTIONS OF ALASKA, LLC  
HARDIN SANITATION, INC.  
HAROLD LEMAY ENTERPRISES, INCORPORATED

Washington  
Alaska  
Tennessee  
Montana  
New York  
Oregon

Delaware  
Delaware  
Nebraska  
Alaska  
Idaho  
Washington

Nevada

Glacier Disposal

Finley Buttes Landfill  
Company

Front Range Landfill

AA Better Trash & Junk  
Clean Up  
Aberdeen Sanitation Co.  
Butler's Cove Refuse  
Service

SUBSIDIARIES OF WASTE CONNECTIONS, INC.

<u>Subsidiary</u>	<u>State of Incorporation/ Organization</u>	<u>Other Names Under Which Conducts Business</u>
		City Sanitary Co. Eastern Grays Harbor Disposal EGH Disposal Harbor Disposal Co. Harold LeMay Enterprises Joes Refuse Service Lakewood Recycling Service Lakewood Refuse Service LeMay Inc LeMay Mobile Shredding LeMay Transportation Services Pacific Disposal Pierce County Refuse Recycle Services Rural Garbage Service White Pass Garbage
HIGH DESERT SOLID WASTE FACILITY, INC. HUDSON VALLEY WASTE HOLDING, INC. ISLAND DISPOSAL, INC.	New Mexico Delaware Washington	Whidbey Recycling Services
J BAR J LAND, INC. LACASSINE HOLDINGS, L.L.C. LAKESHORE DISPOSAL, INC. LAUREL RIDGE LANDFILL, L.L.C. LEALCO, INC.	Nebraska Louisiana Idaho Delaware Texas	ABC Waste Collection Waste Connections of Texas Waste Connections of Texas Rio Grande Valley
LFC, INC. MADERA DISPOSAL SYSTEMS, INC.	Delaware California	Allied Disposal Company Avenal Landfill Bishop Waste Disposal Coastal Rolloff Service Riverdale Disposal Service Sierra Disposal Western Johns
MAMMOTH DISPOSAL COMPANY MANAGEMENT ENVIRONMENTAL NATIONAL, INC. MASON COUNTY GARBAGE CO., INC. MBO, LLC MDSI OF LA, INC. MILLENIUUM WASTE INCORPORATED MISSION COUNTRY DISPOSAL MORRO BAY GARBAGE SERVICE MURREY'S DISPOSAL COMPANY, INC. NEBRASKA ECOLOGY SYSTEMS, INC. NOBLES COUNTY LANDFILL, INC. NORTHWEST CONTAINER SERVICES, INC. OKLAHOMA CITY WASTE DISPOSAL, INC. OKLAHOMA LANDFILL HOLDINGS, INC. OSAGE LANDFILL, INC. PIERCE COUNTY RECYCLING COMPOSTING AND DISPOSAL, LLC POTRERO HILLS LANDFILL, INC. PRAIRIE DISPOSAL LLC PRAIRIE LIQUIDS, LLC PSI ENVIRONMENTAL SERVICES INC. PSI ENVIRONMENTAL SYSTEMS, INC. R360 ARTESIA, LLC R360 CLACO, LLC	California Washington Washington Delaware California Indiana California California Washington Nebraska Minnesota Oregon Oklahoma Delaware Oklahoma Washington California North Dakota Delaware Indiana Indiana Delaware Delaware	Lacassine Oilfield Services Quad Cities Landfill Olympic Disposal LRI Potrero Hills Landfill PSI WASTE PSI WASTE

R360 ENVIRONMENTAL SOLUTIONS, LLC  
R360 ES HOLDINGS, INC.  
R360 HITCHCOCK, LLC  
R360 LOGISTICS, LLC  
R360 OKLAHOMA, LLC  
R360 PERMIAN BASIN, LLC  
R360 SHUTE CREEK, LLC  
R360 SILO, LLC  
R360 WILLISTON BASIN, LLC  
R.A. BROWNRIGG INVESTMENTS, INC.

Delaware  
Delaware  
Delaware  
Delaware  
Delaware  
New Mexico  
Delaware  
Delaware  
Delaware  
Oregon

Cascade Disposal Company  
Cascade Recycling Co.  
Kevic Disposal Co.  
Kevic Dropbox Company  
Sun Country Disposal

RAILROAD AVENUE DISPOSAL, LLC  
RED CARPET LANDFILL, INC.

Delaware  
Oklahoma

SUBSIDIARIES OF WASTE CONNECTIONS, INC.

<u>Subsidiary</u>	<u>State of Incorporation/ Organization</u>	<u>Other Names Under Which Conducts Business</u>
RH FINANCIAL CORPORATION	Washington	
RICH VALLEY, LLC	Minnesota	
R.J.C. TRUCKING CO.	Oregon	Eugene Drop Box
RKS HOLDING, CORP.	New York	
SANIPAC, INC.	Oregon	
SAN LUIS GARBAGE COMPANY	California	
SCOTT SOLID WASTE DISPOSAL COMPANY	Tennessee	Reliable Waste Services Volunteer Landfill
SCOTT WASTE SERVICES, LLC	Kentucky	
SEABREEZE RECOVERY, INC.	Delaware	Seabreeze Environmental Seabreeze Environmental Landfill
SEDALIA LAND COMPANY	Colorado	
SIERRA HOLDING GROUP, LLC	New York	
SIERRA PROCESSING, LLC	New York	
SILVER SPRINGS ORGANICS L.L.C.	Washington	
SKB (AUSTIN) ENVIRONMENTAL, LLC	Minnesota	
SKB ENVIRONMENTAL, INC.	Minnesota	
SKB RECYCLING, LLC	Minnesota	
SOUTH COUNTY SANITARY SERVICE, INC.	California	
STERLING AVENUE PROPERTIES, LLC	New York	
STUTZMAN REFUSE DISPOSAL, INC.	Kansas	
TACOMA RECYCLING COMPANY, INC.	Washington	
TENNESSEE WASTE MOVERS, INC.	Delaware	TWM-Landfill
US LIQUIDS OF LA., L.P.	Delaware	
VOORHEES SANITATION, L.L.C.	Idaho	
WASCO COUNTY LANDFILL, INC.	Delaware	
WASTE CONNECTIONS MANAGEMENT SERVICES, INC.	Delaware	
WASTE CONNECTIONS OF ALABAMA, INC.	Delaware	Competitive Waste Systems
WASTE CONNECTIONS OF ALASKA, INC.	Delaware	Alaska Green Waste Solutions Alaska Pacific Environmental Services Anchorage Alaska Waste Alaska Waste—Anchorage Alaska Waste Transfer Anchorage Refuse Commercial Refuse Eagle River Refuse Green Waste Kodiak Sanitation Peninsula Sanitation Valley Refuse Wasilla Refuse
WASTE CONNECTIONS OF ARIZONA, INC.	Delaware	
WASTE CONNECTIONS OF ARKANSAS, INC.	Delaware	
WASTE CONNECTIONS OF CALIFORNIA, INC.	California	Amador Disposal Service Bear Valley Disposal Service Betts Disposal Service Calaveras Sanitation Services Ebbetts Pass Disposal Service El Dorado Disposal Service GreenTeam GreenTeam of San Jose GreenWaste of Tehama GT Waste Mother Lode Sani-Hut Rent-A-Bin Sani-Hut Portable Toilets SEI Debris Box SEI Solid Waste Western El Dorado Recovery Systems Westside Sanitation

WASTE CONNECTIONS OF CANADA HOLDINGS, INC.  
WASTE CONNECTIONS OF COLORADO, INC.

Delaware  
Delaware

All Trash Service  
Aspen Waste  
Aspen Waste Systems  
Community Recycling  
Denver Roll-Off Service  
Diamond Disposal  
Eagle Waste & Recycling Service

SUBSIDIARIES OF WASTE CONNECTIONS, INC.

<u>Subsidiary</u>	<u>State of Incorporation/ Organization</u>	<u>Other Names Under Which Conducts Business</u>
		Eagle Waste Services Eagle Waste Services, Inc. Eagle Roll-Off, Inc. El Paso Disposal Services Fremont Disposal Horizon Property Management Platte Valley Disposal Pueblo Disposal Pueblo Disposal & Recycling Service Snowy Peaks Trash Company Solid Waste Transfer Services Southside Landfill The Trash Company Town & Country Disposal U.S. Disposal U.S. Disposal Services
WASTE CONNECTIONS OF GEORGIA, INC.	Delaware	Baxter Waste Systems
WASTE CONNECTIONS OF IDAHO, INC.	Indiana	Mountain Jack Environmental Services T, T & R Enterprises Valley Waste and Recycling
WASTE CONNECTIONS OF ILLINOIS, INC.	Delaware	Millenium Waste
WASTE CONNECTIONS OF IOWA, INC.	Iowa	EZ Roll Off EZ Roll Off Systems E-Z Sanitation Frangenberg Sanitation Huberg Solid Waste Management Millenium Waste Stone Roll-Off Stone Sanitation Town & Country Disposal Whaley Waste Systems
WASTE CONNECTIONS OF KANSAS, INC.	Delaware	Anderson Trash Service Best Yet Refuse Collectia LTD. Dual County Sanitation Northend Disposal Plumb Thicket Landfill R-Arrow Salina Waste Systems
WASTE CONNECTIONS OF KENTUCKY, INC.	Delaware	Corbin's Disposal Service Kentucky Waste Systems, Inc. Mid-State Recycling Waste Disposal Mid-State Recycling Waste Systems Mid-State Waste Waste Systems, Inc.
WASTE CONNECTIONS OF LEFLORE, LLC	Mississippi	
WASTE CONNECTIONS OF LOUISIANA, INC.	Delaware	Delta Disposals Diamond Disposal Good Neighbor Disposal
WASTE CONNECTIONS OF MINNESOTA, INC.	Minnesota	Hendrickson Sanitation L & L Sanitation Schaap Sanitation Scotting Sanitation Ulrich Sanitation
WASTE CONNECTIONS OF MISSISSIPPI DISPOSAL SERVICES, LLC	Mississippi	
WASTE CONNECTIONS OF MISSISSIPPI, INC.	Delaware	Asco Sanitation Best Waste & Recycling Best Waste and Recycling Buck Run Landfill Northeast Mississippi Regional Landfill

WASTE CONNECTIONS OF MONTANA, INC.

Delaware

Oxford Waste Services  
Bitterroot Disposal  
Valley Recycling  
Victor Transfer

WASTE CONNECTIONS OF NEBRASKA, INC.

Delaware

Allied Refuse Countryside Services  
Art's Garbage Service  
B&B Sanitary Service  
Big Red Roll Off

SUBSIDIARIES OF WASTE CONNECTIONS, INC.

<u>Subsidiary</u>	<u>State of Incorporation/ Organization</u>	<u>Other Names Under Which Conducts Business</u>
		Central Waste Disposal Community Refuse Countryside Services Duren Sanitation J&J Sanitation Junk in the Box Midwest Refuse Service Commercial Omega Systems Papillion Sanitation River City Recycling Sanitation Systems Saunders County Disposal Schaben Sanitation SGS Sanitation Shrader Refuse and Recycling Service Company Steve's Sanitation Steve's Sanitation Service The Garbage Company Ummel Sanitation Wahoo Sanitation White Sanitation Silva Sanitation Southwest Disposal Queen City Transfer Station Waste Connections of the Carolinas Metropolitan Waste Services Oklahoma Disposal & Sanitation Waste Connections Arrow Sanitary Service Babe's Garbage Service Bandon Disposal & Recycling Clatskanie Sanitary Service EWSI Environmental Waste Systems Hood River Garbage Service Hood River Recycling & Transfer Station Hudson Portable Toilet Service Hudson's Garbage Service Jack Fleming Sanitary Service Les' County Sanitary Les' Sanitary Service North Bend Sanitation Service Oregon Paper Fiber Public Disposal and Recycling Center Refuse Removal Sweet Home Sanitation Service Sweet Home Transfer & Recycling The Dalles Disposal The Dalles Transfer Station Wally's Portable Restrooms Waste Connections of the Carolinas A & C Keiffer Sanitation Art's Garbage Service Cook's Wastepaper & Recycling Dakota Data Shred Envirotech Waste Services Kieffer Sanitation Novak Enterprises
WASTE CONNECTIONS OF NEW MEXICO, INC.	Delaware	
WASTE CONNECTIONS OF NORTH CAROLINA, INC.	Delaware	
WASTE CONNECTIONS OF OKLAHOMA, INC.	Oklahoma	
WASTE CONNECTIONS OF OREGON, INC.	Oregon	
WASTE CONNECTIONS OF SOUTH CAROLINA, INC.	Delaware	
WASTE CONNECTIONS OF SOUTH DAKOTA, INC.	South Dakota	

SUBSIDIARIES OF WASTE CONNECTIONS, INC.

<u>Subsidiary</u>	<u>State of Incorporation/ Organization</u>	<u>Other Names Under Which Conducts Business</u>
		Novak Sanitary Service Pierre Recycling Center Ron's Dray Sioux Valley Sanitation Service Steve's Garbage Service Van Zee Sanitary Service Walker Refuse
WASTE CONNECTIONS OF TENNESSEE, INC.	Delaware	Asco Sanitation Clarksville Disposal Cumberland Waste Cumberland Waste Disposal LMP Transportation Company Ocoee Environmental Services Scott Solid Waste Snelson's Trash Service Southern Disposal
WASTE CONNECTIONS OF TEXAS, LLC	Delaware	Hardy Road Transfer Station Waste Connections of Texas West Texas Disposal
WASTE CONNECTIONS OF THE CENTRAL VALLEY, INC.	California	Environmental Waste Management Kingsburg Disposal Service
WASTE CONNECTIONS OF UTAH, INC.	Delaware	City Sanitation Roche & Sons
WASTE CONNECTIONS OF WASHINGTON, INC.	Washington	Buchmann Sanitation Service Empire Disposal Hauling Lakeside Disposal & Recycling Company The Disposal Group Triangle Resources Twin City Sanitary Service Vancouver Sanitary Service
WASTE CONNECTIONS OF WYOMING, INC.	Delaware	American Disposal American Disposal, Inc. BW Waste Edwal Services Green River Valley Refuse
WASTE CONNECTIONS TRANSPORTATION COMPANY, INC.	Oregon	
WASTE REDUCTION SERVICES, L.L.C.	Oregon	
WASTE SERVICES OF N.E. MISSISSIPPI, INC.	Mississippi	
WASTE SOLUTIONS GROUP OF SAN BENITO, LLC	Delaware	
WCI HOLDINGS CO., INC.	Delaware	
WCI-WHITE OAKS LANDFILL, INC.	Delaware	White Oaks Landfill
WEST BANK ENVIRONMENTAL SERVICES, INC	Indiana	Jackson Hole Environmental Systems, Inc. Westbank Sanitation
WEST COAST RECYCLING AND TRANSFER, INC.	Oregon	Public Disposal and Recycling Center Store-It
WEST VALLEY COLLECTION & RECYCLING, LLC	California	
WYOMING ENVIRONMENTAL SERVICES, INC.	Indiana	Wyoming Waste Systems
YAKIMA WASTE SYSTEMS, INC.	Washington	

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements of Waste Connections, Inc. listed below of our report dated March 1, 2013 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K:

Registration Statement (Form S-8 No. 333-170193) pertaining to the Amended and Restated 2004 Equity Incentive Plan of Waste Connections, Inc.;

Registration Statement (Form S-8 No. 333-153621) pertaining to the Amended and Restated 2004 Equity Incentive Plan of Waste Connections, Inc.;

Registration Statement (Form S-8 No. 333-83172) pertaining to the 2002 Stock Option Plan and 2002 Senior Management Equity Incentive Plan of Waste Connections, Inc.;

Registration Statement (Form S-8 No. 333-90810) pertaining to the 2002 Restricted Stock Plan;

Registration Statement (Form S-8 No. 333-102413) pertaining to the Consultant Incentive Plan;

Registration Statement (Form S-8 No. 333-117764) pertaining to the Amended and Restated 2004 Equity Incentive Plan of Waste Connections, Inc.; and

Registration Statement (Form S-3 No. 333-179724) pertaining to the offer and sale from time to time of debt securities, common stock, preferred stock, warrants, shareholder rights or units.

/s/ PricewaterhouseCoopers LLP  
Houston, TX  
March 1, 2013

**CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

I, Ronald J. Mittelstaedt, certify that:

1. I have reviewed this annual report on Form 10-K of Waste Connections, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter of 2012 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2013

/s/ Ronald J. Mittelstaedt

Ronald J. Mittelstaedt  
Chairman and  
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Worthing F. Jackman, certify that:

1. I have reviewed this annual report on Form 10-K of Waste Connections, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter of 2012 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2013

/s/ Worthing F. Jackman  
Worthing F. Jackman  
Executive Vice President and  
Chief Financial Officer

**CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER**

The undersigned, Ronald J. Mittelstaedt and Worthing F. Jackman, being the duly elected and acting Chief Executive Officer and Chief Financial Officer, respectively, of Waste Connections, Inc., a Delaware corporation (the "Company"), hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the annual report of the Company on Form 10-K for the year ended December 31, 2012, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and that information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2013

By: /s/ Ronald J. Mittelstaedt

Ronald J. Mittelstaedt  
Chief Executive Officer

Date: March 1, 2013

By: /s/ Worthing F. Jackman

Worthing F. Jackman  
Executive Vice President and  
Chief Financial Officer



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**Research Update:**

## Waste Connections Inc. Rating Lowered To 'BBB-' Due To Proposed R360 Acquisition; Outlook Stable

**Primary Credit Analyst:**

James T Siahann, CFA, New York (1) 212-438-3023; james\_siahann@standardandpoors.com

**Secondary Credit Analyst:**

Henry Fukuchi, New York (1) 212-438-2023; henry\_fukuchi@standardandpoors.com

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## Research Update:

# Waste Connections Inc. Rating Lowered To 'BBB-' Due To Proposed R360 Acquisition; Outlook Stable

## Overview

- U.S.-based Waste Connections Inc. plans to issue a term loan and incur revolving facility borrowings to fund its proposed acquisition of R360 Environmental Solutions Inc.
- We are removing our corporate credit rating on Waste Connections from CreditWatch and are lowering it by one notch to 'BBB-'.
- The stable outlook reflects our view that the company will achieve and maintain credit measures that are appropriate for the rating during the next two years.

## Rating Action

On Oct. 19, 2012, Standard & Poor's Ratings Services lowered its corporate credit rating on Woodlands, Texas-based Waste Connections Inc. by one notch to 'BBB-' from 'BBB'. The outlook is stable. We are removing the rating from CreditWatch, where we placed it with negative implications on Sept. 17, 2012, following the company's announcement of its plans to acquire non-hazardous oilfield waste services provider R360 Environmental Solutions Inc. for \$1.3 billion.

The purchase price represents an EBITDA multiple of roughly 6.5x, in our view. We expect the acquisition to close in the fourth quarter of 2012, subject to certain closing conditions, including the receipt of regulatory approvals.

## Rationale

The one-notch downgrade reflects our view that the additional debt incurrence needed to finance the \$1.3 billion acquisition will hurt Waste Connections' financial risk profile to some extent, though we still view it as an "intermediate" risk. We believe the company intends to issue a sizable unrated term loan and to borrow a substantial amount on its unrated revolving facility. At the outset, we estimate that the company's pro forma funds from operations to debt ratio and its free operating cash flow to debt ratio will be 21% and 12%, respectively. In comparison, these figures were 36% and 22%, respectively, as of June 30, 2012, having benefitted from the issuance of \$370 million of equity and associated debt reduction earlier this year. We believe that the company will stay committed to maintaining investment-grade financial policies and will use its free cash flow primarily to reduce debt over time, but we also believe that it is likely to remain acquisitive. Therefore, we

think the company is unlikely to return credit measures to levels appropriate for the former rating within a two-year time horizon.

Waste Connections' acquisition of Houston-based R360 is a larger-than expected transaction, a major departure from its core business, and a bold move into the field of oil and gas production-related waste services. We believe this will have a mixed effect on our view of the company's "satisfactory" business risk profile. Revenues from these services are less stable and predictable than those from Waste Connections' core essential services of solid waste collection and disposal, as market volatility in oil prices tend to govern the demand for services. With the addition of R360, we believe that the proportion of the company's sales from oilfield waste services will rise to over 15% from 2%, and that EBITDA from such services will exceed 25% of total EBITDA. On the other hand, R360's profit margins are very good at present, and are supported by a difficult-to-replicate network of permitted disposal sites, transfer stations, and saltwater injection wells. R360's operating site and geographic diversity is solid, as it operates 26 facilities in many active oil-rich shale basins including the Williston, Permian, and Eagle Ford.

The use of unconventional hydraulic fracturing to extract natural gas, natural gas liquids, and oil from shale deposits has increased rapidly in recent years, but as of late the supply-demand imbalances and low natural gas prices have resulted in declining rig counts and lower activity in certain dry-gas concentrated areas. Consequently, many oilfield services companies and environmental companies have re-mobilized assets to more oil-rich areas, creating greater competition. R360's assets are positioned in areas with more exposure to oil and natural gas liquids, which are currently performing well. However, if oil prices were to drop to a low level, then oil exploration and production could slow, potentially causing lower demand for oilfield waste logistics and disposal services, which could result in revenue declines and some margin compression.

Waste Connections provides collection services (64% of revenues through the first six months of 2012), disposal and transfer services (29%), and recycling, intermodal, and other services (7%) in mostly secondary (non-urban) markets. The company serves more than two million residential, commercial, and industrial customers in 30 U.S. states, primarily in the western and southeastern regions.

The company's demonstrated operating strength reflects its unique business strategy, including a focus on secondary markets and significant operations under exclusive franchise contracts. The relatively high proportion of exclusive arrangements is an advantage for the company, as higher customer retention affords Waste Connections greater ability to maintain solid pricing and reduces volume erosion during recessionary periods.

The essential nature of Waste Connections' services, its leading presence in a number of growth markets, and the benefits expected from recently completed acquisitions enhance the company's earnings prospects. However, the solid waste management industry is mature and competitive, which results in some

pressure to pursue acquisitions to promote growth and to contain costs. The company's still relatively limited exposure to more cyclical industrial markets somewhat mitigates these concerns.

We characterize the company's financial risk profile as intermediate, as it has a demonstrated track record of maintaining prudent financial policies. We believe management will remain committed to sound financial policies, and will primarily use cash flow to reduce debt until debt leverage is lower. On a pro forma basis, we expect the company's funds from operations to debt ratio to improve to 25% by year-end 2013, which is at the low-end of the 25% to 30% range we expect at the current ratings. We also expect the company's free cash flow to debt ratio to improve to 14%, which is within the 10% to 15% we anticipated. We anticipate that steady operating performance and solid generation of free cash flow will benefit credit metrics as the company prioritizes debt repayments in lieu of large acquisitions or share repurchases. Our belief in the company's cash-generating capability and our view of management's commitment to using a major portion of cash flow to pay down debt is a critical underpinning to the ratings.

### **Liquidity**

The company's liquidity is "adequate," characterized by strong and historically consistent internally generated free cash flows, which are partially offset by a sizable amount borrowed under its revolving credit facility to fund the R360 acquisition. The company's sources of cash should be sufficient to cover its needs for the foreseeable future, even if EBITDA declines sharply. We base our liquidity assessment on the following factors and assumptions:

- The company has good relationships with its banks, in our assessment, and has a good standing in the credit markets.
- We expect the company's liquidity sources (including cash, funds from operations, and credit facility availability) over the next 12 to 18 months to exceed its uses by more than 1.2x.
- Even if EBITDA declines by 15%, we believe net sources would be sufficient to cover cash requirements. Compliance with the credit facility's total debt to EBITDA financial covenant could also survive a 15% drop, in our view.
- In our analysis, we assume liquidity over the next 12 months of about \$800 million, mainly consisting of availability under the credit facility and funds from operations. We estimate that the company will use approximately \$550 million to \$600 million during the same period mainly for capital spending, debt repayment, and dividends.

As of June 30, 2012, Waste Connections had about \$136 million in cash and \$785 million available under its \$1.2 billion unsecured revolving credit facility maturing in July 2016. Pro forma for the acquisition, we believe that these figures will be roughly \$15 million and \$275 million. Revolving facility borrowings of over \$900 million are substantial, though we do expect the company to use free cash flow to reduce this amount during the next two years.

We anticipate the amortization on the proposed term loan and other debt maturities to be manageable for the next several years and believe the company will continue to have appropriate access to sources of capital. In addition to the revolving facility borrowings and proposed term loan, its debt includes the following privately placed debt: \$175 million of 6.22% senior notes due October 2015, \$100 million of 3.3% senior notes due April 2016, \$50 million of 4% senior notes due April 2018, \$175 million of 5.25% senior notes due November 2019, and \$100 million of 4.64% senior notes due April 2021.

Financial covenants include a maximum debt to EBITDA ratio (no more than 3.5x under the credit facility and no more than 3.75x under the senior notes) and a minimum EBIT to interest coverage ratio (no less than 2.75x). The company was well in compliance with the financial covenants as of June 30, with respective headroom levels of more than 45% and 60%, but headroom levels will likely be tighter at the end of the December quarter immediately following the acquisition because of the additional debt. We anticipate that the terms of the financial covenants will allow for a pro forma acquisition-related adjustment to EBITDA, but headroom under the debt to EBITDA covenant could still slip to less than 15% at the end of the December quarter before improving in subsequent periods as debt is repaid. Waste Connections benefits from good free cash generation.

Adjusted free operating cash flow to total adjusted debt as of June 30, 2012, was roughly 22%, which exceeds the median for the 'BBB' rating category. This figure has averaged 16% per year for the past five years. Working capital is usually a modest source of cash, and capital expenditures average 10% of sales. Pro forma for the acquisition, we expect Waste Connections' capital spending to be about \$200 million in 2013. We expect the company to use free cash generation mainly for debt reduction and tuck-in acquisitions. The company has suspended share repurchases in advance of the R360 acquisition, and we believe management will not resume large repurchase activity until debt leverage has been reduced.

## Outlook

The outlook is stable. Despite the substantial addition to debt to fund the R360 acquisition and the potential for somewhat increased earnings volatility, Waste Connections' leading positions in most of its markets and its strong free cash generation support credit quality. Although we expect muted growth in the core solid waste collection and disposal business stemming from weak volumes, along with headwinds from fuel costs and recycled commodities prices, stable pricing in its legacy business and effective cost management should keep profitability solid. We expect management to maintain prudent financial and strategic policies, and to improve its credit measures.

We could raise the ratings during the next two years if the economy rebounds more rapidly and solid waste collection and disposal sales improve; if activity in oilfield waste services remains solid, and if the company adheres to prudent financial policies. Profitability has continued to improve over the

years, and could be boosted by the company's enhanced position in oilfield waste disposal. If the company uses its free cash flow to reduce outstanding borrowings such that its FFO to debt ratio improves to (and then consistently exceeds) 30%, then we may consider an upgrade.

Though less likely, we could consider a negative rating action during the next couple of years if Waste Connections undertakes more or larger-than-expected acquisitions before repairing its balance sheet or if cash flow generation declines to a level we deem inappropriate for the current ratings. The latter could occur if market conditions prompt weaker-than-expected volumes, pricing pressures, or contract cancellations, or if liquidity deteriorates. We estimate that it could take a roughly 10% decline in the company's pro forma revenue to \$1.8 billion combined with a marked compression in adjusted EBITDA margins to 27% in order to yield an FFO-to-debt ratio of approximately 20%, which could prompt a review of the ratings.

## Related Criteria And Research

- Waste Connections Inc. 'BBB' Rating Placed On CreditWatch Negative On Acquisition Of R360 Environmental Solutions Inc., Sept. 17, 2012
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Corporate Ratings Criteria 2008, published April 15, 2008

## Ratings List

Downgraded; Off CreditWatch; Outlook Stable

	To	From
Waste Connections Inc. Corporate Credit Rating	BBB-/Stable/--	BBB/Watch Neg/--

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**McGRAW-HILL**



# Appendix N—One-Way Trip Miles From DRTS to North Bay Area Landfills





# MAPQUEST.

## Trip to 3675 Potrero Hills Ln

Suisun City, CA 94585

18.93 miles - about 24 minutes

Notes

POTRERO HILLS LANDFILL



### 889 Devlin Rd, American Canyon, CA 94503-9623



1. Start out going **southeast** on **Devlin Rd** toward **S Kelly Rd**.

go 0.0 mi



2. Turn **left** onto **S Kelly Rd**.

go 0.2 mi



3. Turn **left** onto **CA-29 N / Broadway St**.

go 1.1 mi



4. Turn **right** onto **Jameson Canyon Rd / CA-12**.

go 5.8 mi



5. Merge onto **I-80 E**.

go 3.9 mi



6. Merge onto **CA-12 E** toward **Rio Vista / Suisun City**.

go 7.3 mi



7. Turn **right** onto **Scally Rd**.

go 0.0 mi



8. Turn **right** onto **Kildeer Rd**.

go 0.3 mi



9. **Kildeer Rd** becomes **Potrero Hills Ln**.

go 0.2 mi



10. **3675 POTRERO HILLS LN** is on the **right**.

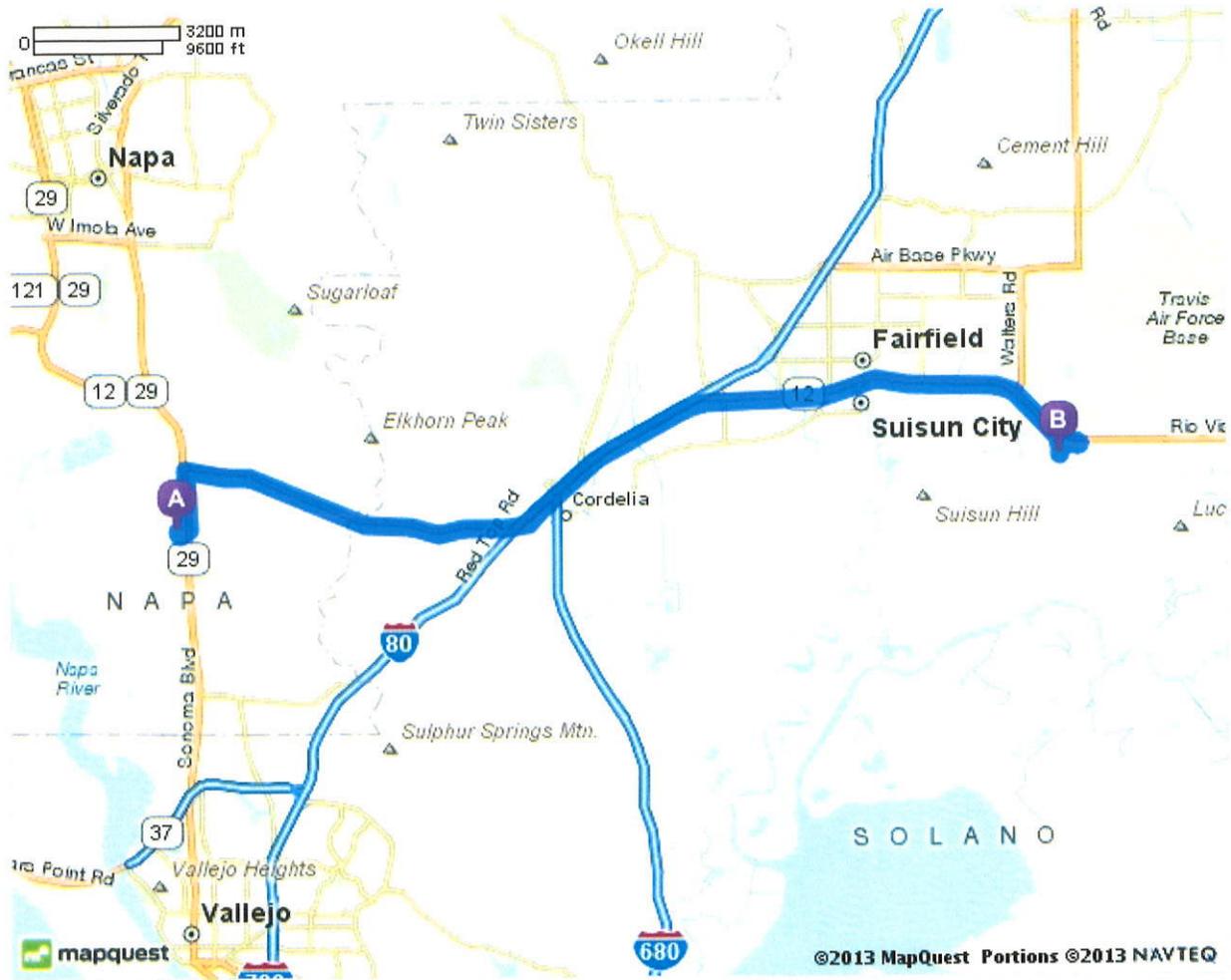
go 0.0 mi



### 3675 Potrero Hills Ln, Suisun City, CA 94585

Total Travel Estimate : 18.93 miles - about 24 minutes

Route Map [Hide](#)



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# MAPQUEST.

**Trip to 8950 Redwood Hwy**  
 Novato, CA 94945-1435  
**29.70 miles - about 33 minutes**

Notes

REDWOOD LANDFILL



**889 Devlin Rd, American Canyon, CA 94503-9623**



1. Start out going **southeast** on **Devlin Rd** toward **S Kelly Rd.**

go 0.0 mi



2. Turn **left** onto **S Kelly Rd.**

go 0.2 mi



3. Turn **right** onto **CA-29 S / Broadway St.** Continue to follow **CA-29 S.**

go 4.4 mi



4. Merge onto **CA-37 W** toward **San Rafael.**

go 19.2 mi



5. Merge onto **US-101 N** toward **Santa Rosa / Eureka.**

go 5.9 mi



6. **8950 REDWOOD HWY.**

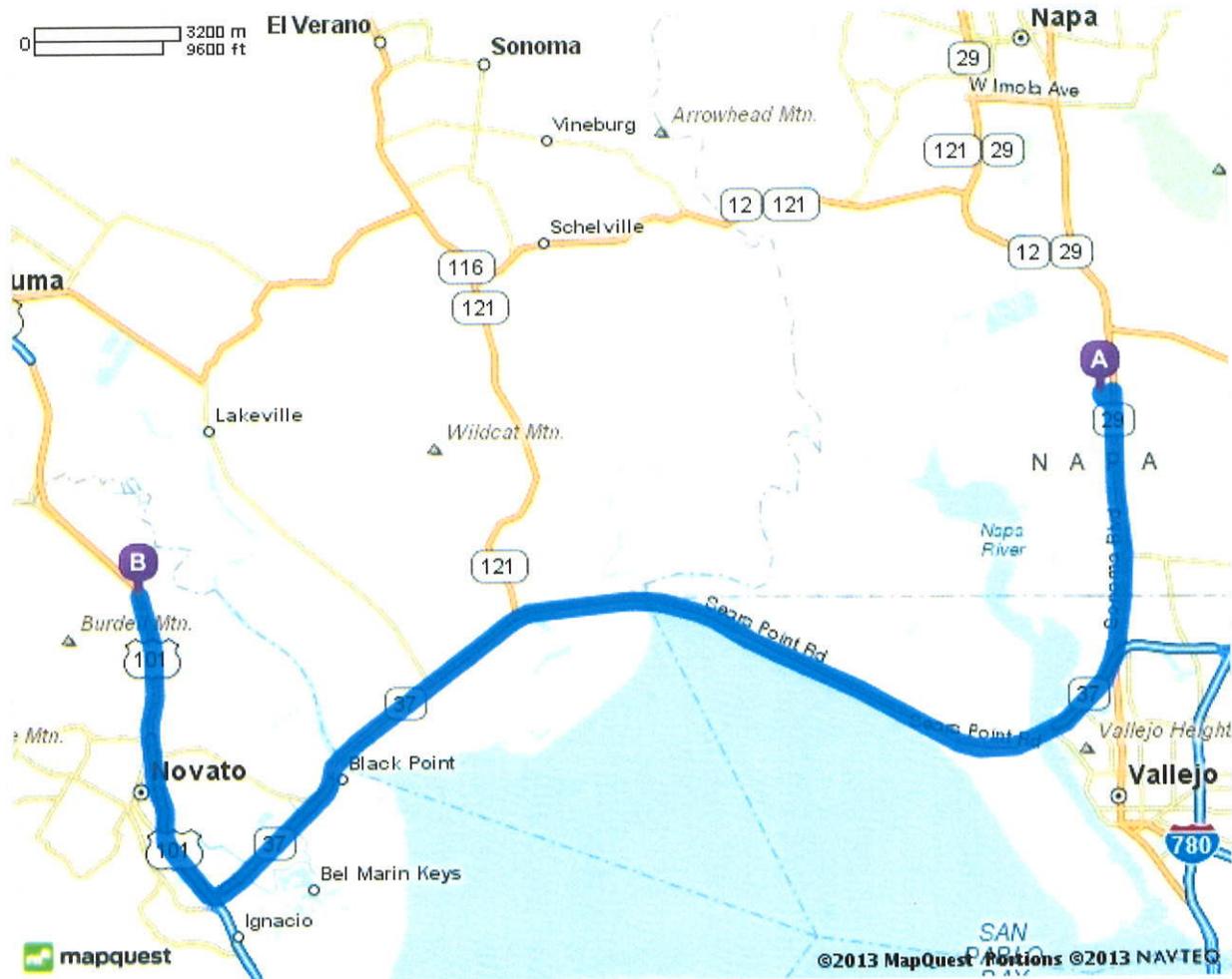
go 0.0 mi



**8950 Redwood Hwy, Novato, CA 94945-1435**

Total Travel Estimate : 29.70 miles - about 33 minutes

Route Map [Hide](#)



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Notes

KELLER CANYON LANDFILL

### Trip to 901 Bailey Rd

Bay Point, CA 94565-4309

31.18 miles - about 36 minutes



### 889 Devlin Rd, American Canyon, CA 94503-9623

- |  |  |           |
|--|--|-----------|
|  | 1. Start out going <b>southeast</b> on <b>Devlin Rd</b> toward <b>S Kelly Rd</b> .                     | go 0.0 mi |
|  | 2. Turn <b>left</b> onto <b>S Kelly Rd</b> .   | go 0.2 mi |
|  | 3. Turn <b>right</b> onto <b>CA-29 S / Broadway St</b> . Continue to follow <b>CA-29 S</b> .           | go 4.7 mi |
|  | 4. Merge onto <b>CA-37 E</b> toward <b>I-80 / Sacramento / San Francisco</b> .                         | go 2.0 mi |
|  | 5. Merge onto <b>I-80 W</b> toward <b>San Francisco</b> .  | go 3.5 mi |
|  | 6. Take the <b>I-780</b> exit toward <b>Benicia / I-680 / Martinez</b> .                               | go 0.1 mi |
|  | 7. Take the <b>I-80 W</b> exit on the <b>left</b> toward <b>Benicia / Martinez</b> .                   | go 0.2 mi |
|  | 8. Merge onto <b>I-780 E</b> toward <b>I-680 / Benicia / Martinez</b> .                                | go 6.2 mi |
|  | 9. Merge onto <b>I-680 S</b> via <b>EXIT 7B</b> on the <b>left</b> toward <b>Martinez / San Jose</b> . | go 5.2 mi |
|  | 10. Merge onto <b>CA-4 E</b> via <b>EXIT 53</b> toward <b>Antioch / Pittsburg</b> .                    | go 7.9 mi |
|  | 11. Take the <b>Bailey Road South</b> exit.  | go 0.3 mi |
|  | 12. Turn <b>right</b> onto <b>Bailey Rd</b> .  | go 0.8 mi |



13. 901 BAILEY RD is on the left.

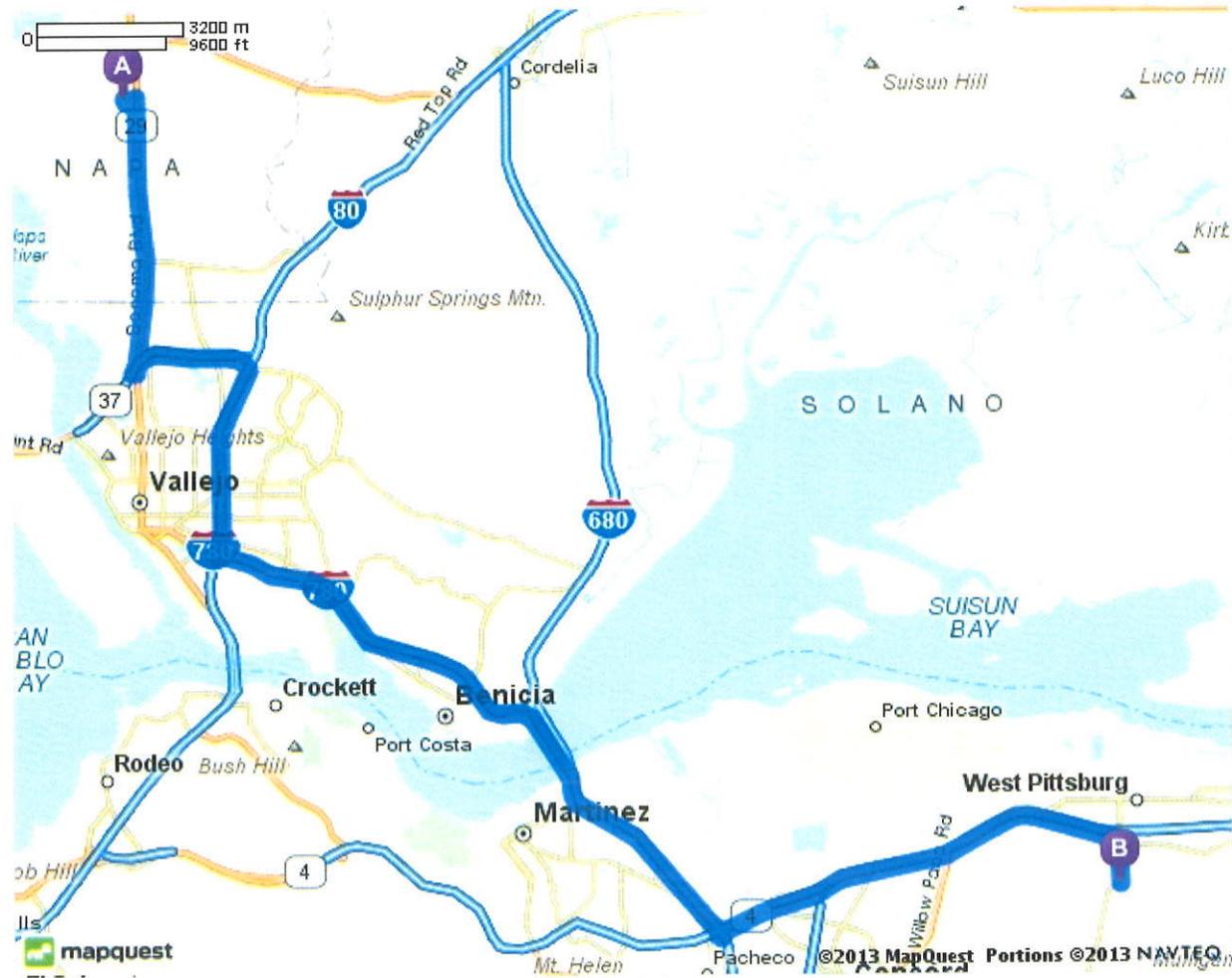
go 0.0 mi



**901 Bailey Rd, Bay Point, CA 94565-4309**

Total Travel Estimate : 31.18 miles - about 36 minutes

**Route Map** [Hide](#)



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Notes

RECOLOGY HAY ROAD LANDFILL

### Trip to 6426 Hay Rd

Vacaville, CA 95687-9457

32.83 miles - about 42 minutes



### 889 Devlin Rd, American Canyon, CA 94503-9623



1. Start out going **southeast** on **Devlin Rd** toward **S Kelly Rd**.

go 0.0 mi



2. Turn **left** onto **S Kelly Rd**.

go 0.2 mi



3. Turn **left** onto **CA-29 N / Broadway St**.

go 1.1 mi



4. Turn **right** onto **Jameson Canyon Rd / CA-12**.

go 5.8 mi



5. Merge onto **I-80 E**.

go 13.4 mi



6. Take the exit toward **Alamo Dr / Merchant St**.

go 0.0 mi



7. Keep **right** to take the **Alamo Dr South** ramp.

go 0.3 mi



8. Turn **slight right** onto **Alamo Dr**.

go 3.6 mi



9. **Alamo Dr** becomes **Fry Rd**.

go 6.0 mi



10. Turn **right** onto **CA-113 / Rio Dixon Rd**.

go 1.5 mi



11. Turn **right** onto **Hay Rd**.

go 0.8 mi

12. **6426 HAY RD** is on the **left**.

go 0.0 mi

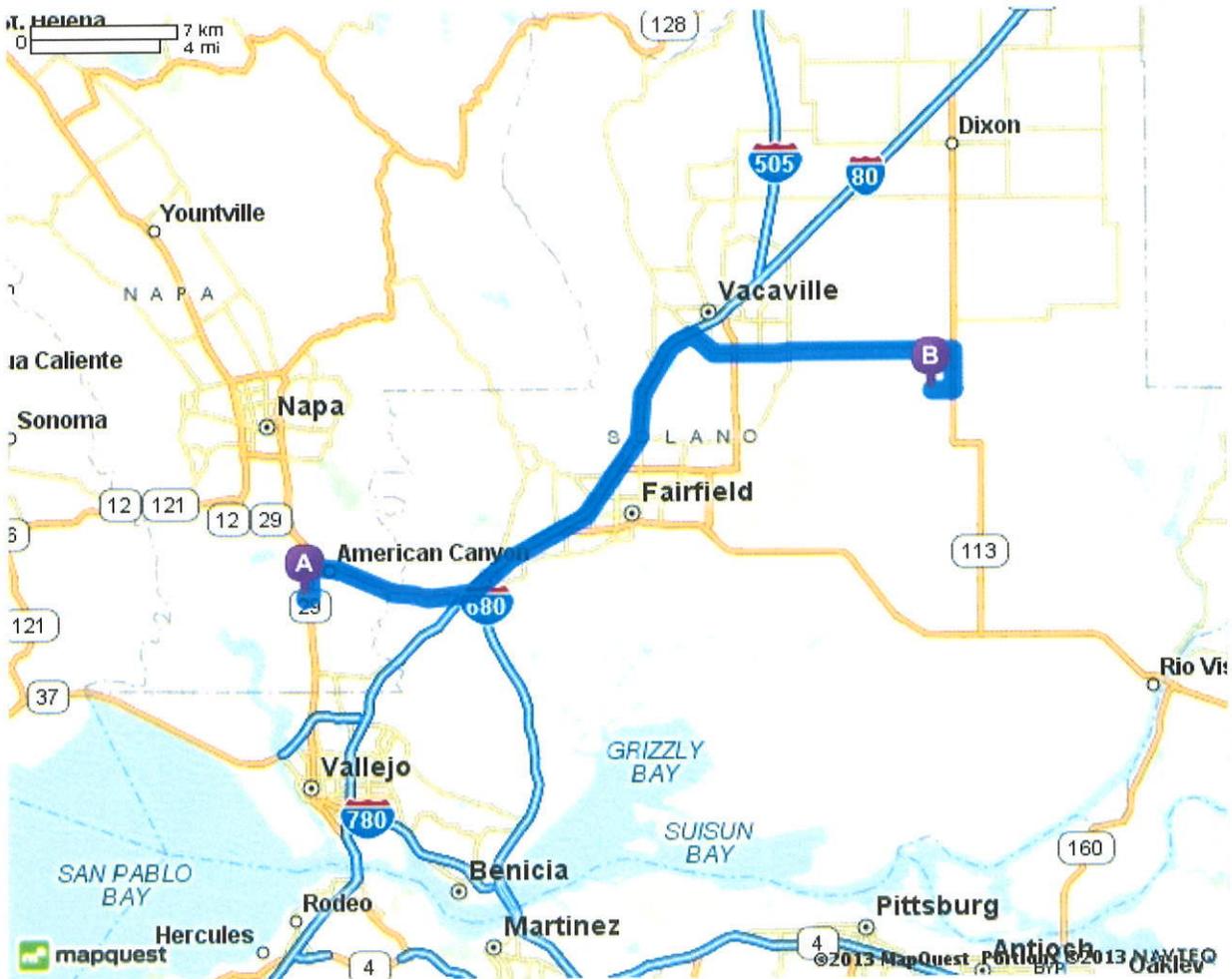
END



6426 Hay Rd, Vacaville, CA 95687-9457

Total Travel Estimate : 32.83 miles - about 42 minutes

Route Map [Hide](#)



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POTRERO HILLS  
LANDFILL

Potrero Hills Landfill, Inc.  
3675 Potrero Hills Lane, Suisun City, CA 94585  
Tel: (707) 432-4627, Fax: (707) 432-4630

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