UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-32319

Sunstone Hotel Investors, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	**20-1296886** (I.R.S. Employer Identification Number)
120 Vantis, Suite 350 **Aliso Viejo, California** (Address of Principal Executive Offices)	**92656** (Zip Code)

Registrant s telephone number, including area code: **(949) 330-4000**

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 x No o

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 x No o

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.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

136,777,430 shares of Common Stock, $0.01 par value, as of November 1, 2012

Table of Contents

SUNSTONE HOTEL INVESTORS, INC.

QUARTERLY REPORT ON

FORM 10-Q

For the Quarterly Period Ended September 30, 2012

TABLE OF CONTENTS

		Page
	PART I FINANCIAL INFORMATION	
Item 1.	Financial Statements:	
	Consolidated Balance Sheets as of September 30, 2012 (unaudited) and December 31, 2011	1
	Unaudited Consolidated Statements of Operations and Comprehensive Income (Loss) for the Three and Nine Months Ended September 30, 2012 and 2011	2
	Consolidated Statement of Equity as of September 30, 2012 (unaudited) and December 31, 2011	3
	Unaudited Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011	4
	Notes to Unaudited Consolidated Financial Statements	5
Item 2.	Management s Discussion and Analysis of Financial Condition and Results of Operations	25
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	47
Item 4.	Controls and Procedures	47
	PART II OTHER INFORMATION	
Item 1.	Legal Proceedings	48
Item 1A.	Risk Factors	48
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	48
Item 3	Defaults Upon Senior Securities	48
Item 4.	Mine Safety Disclosures	48
Item 5.	Other Information	48

Item 6.	Exhibits	49
SIGNATURES		50

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

SUNSTONE HOTEL INVESTORS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	September 30, 2012 (unaudited)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 164,469
Restricted cash	76,790
Accounts receivable, net	28,534
Inventories	2,664
Prepaid expenses	9,554
Assets held for sale, net	
Total current assets	282,011
Investment in hotel properties, net	2,800,682
Other real estate, net	9,855
Deferred financing fees, net	12,865
Goodwill	13,088
Other assets, net	26,441
Total assets	$ 3,144,942
LIABILITIES AND EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	$ 25,267
Accrued payroll and employee benefits	22,326
Due to Third-Party Managers	9,050
Dividends payable	7,437
Other current liabilities	37,829
Current portion of notes payable	77,579

Notes payable of assets held for sale	
Liabilities of assets held for sale	
Total current liabilities	179,488
Notes payable, less current portion	1,318,102
Capital lease obligations, less current portion	15,630
Other liabilities	14,789
Total liabilities	1,528,009
Commitments and contingencies *(Note 14)*	
Preferred stock, Series C Cumulative Convertible Redeemable Preferred Stock, $0.01 par value, 4,102,564 shares authorized, issued and outstanding at September 30, 2012 and December 31, 2011, liquidation preference of $24.375 per share	100,000
Equity:	
Stockholders equity:	
Preferred stock, $0.01 par value, 100,000,000 shares authorized.	
8.0% Series A Cumulative Redeemable Preferred Stock, 7,050,000 shares issued and outstanding at September 30, 2012 and December 31, 2011, stated at liquidation preference of $25.00 per share	176,250
8.0% Series D Cumulative Redeemable Preferred Stock, 4,600,000 shares issued and outstanding at September 30, 2012 and December 31, 2011, stated at liquidation preference of $25.00 per share	115,000
Common stock, $0.01 par value, 500,000,000 shares authorized, 135,237,438 shares issued and outstanding	1,352

at September 30, 2012 and 117,265,090 shares issued and outstanding at December 31, 2011	
Additional paid in capital	1,492,528
Retained earnings	147,329
Cumulative dividends	(467,707)
Accumulated other comprehensive loss	(4,740)

Our customers are generally responsible for the delivery of their waste streams to us. We receive
and other drilling and production wastes at our facilities in vacuum trucks, dump trucks or contai
In certain markets, we offer bins and rails systems that capture and separate liquid and solid oilfie
customers' well sites and deliver the drilling and production wastes to our facilities. Waste gener
delivered by supply vessel from the drilling rig to one of our transfer stations, where the waste is
of barges for transport to our treatment facilities.

As of December 31, 2015, we provided E&P waste treatment, recovery and/or disposal services f
waste landfills, eleven MSW landfills that also received E&P waste during 2015, 24 E&P liquid
E&P waste treatment and oil recovery facilities. Treatment processes vary by site and regulatory
treatment facilities, loads of flowback and produced water and other drilling and production wast
are sampled, assessed and tested by third parties according to state regulations. Solids contained i
into a land treatment cell where liquids are removed from the solids and are sent through an oil re
injected into saltwater disposal injection wells or placed in evaporation cells that utilize specializ
evaporation of liquids. In certain locations, fresh water is then added to the remaining solids in th
times to remove contaminants, including oil and grease, chlorides and other contaminants, to ensu
regulatory criteria that, in certain areas, are administered by third-party labs and submitted to the

After the washing or treatment process, the treated solids are designated "reuse materials," and ar
product by state regulation. These materials are dried, removed from the treatment cells, stockpil
stockpile areas on site and at certain locations are available for use as feedstock for roadbase. At
the treatment process we reclaim oil for resale and we treat and recycle liquids for re-use in our o
parties as fresh or brine water.

7

COMPETITION

The U.S. municipal solid waste services industry is highly competitive and requires substantial la
Besides Waste Connections, the industry includes: two national, publicly held solid waste compa
and Republic Services, Inc.; several regional, publicly held and privately owned companies; and s
privately owned companies. Certain of the markets in which we compete or will likely compete a
national solid waste companies, as well as by numerous regional and local solid waste companies
some of which we believe have accumulated substantial goodwill in their markets. We compete f
disposal volume based primarily on the price and, to a lesser extent, quality of our services. We a
alternative disposal facilities, including incinerators, and with counties, municipalities and solid w
own waste collection and disposal operations. Public sector operators may have financial and oth
of their access to user fees and similar charges, tax revenues, tax-exempt financing and the ability
to publicly owned disposal facilities.

From time to time, competitors may reduce the price of their services in an effort to expand their
or to win competitively bid municipal contracts. These practices may cause us to reduce the price
not to do so, to lose business. We provide a significant amount of our residential, commercial an
under exclusive franchise and municipal contracts and G Certificates. Exclusive franchises and m
subject to periodic competitive bidding.

The U.S. municipal solid waste services industry has undergone significant consolidation, and we
efforts to acquire collection operations, transfer stations and landfills. We generally compete for
publicly owned regional and national waste management companies. Accordingly, it may becom
further acquisitions or we may be unable to locate or acquire suitable acquisition candidates at pri
conditions that we consider appropriate, particularly in markets we do not already serve. Compet
also affected by the increasing national emphasis on recycling and other waste reduction program
volume of waste deposited in landfills.

Competition for E&P waste comes primarily from smaller regional companies that utilize a variet
generally serve specific geographic markets. We also compete in certain markets with publicly he
companies such as Waste Management, Inc., Republic Services, Inc., Clean Harbors, Inc., Secure
Environmental Solutions, Trinity Environmental Services, LLC and Ecoserv. In addition, custom
option of using internal disposal methods or outsourcing to another third-party disposal company
factors in this business include: gaining customer approval of treatment and disposal facilities; lo
customer activity; reputation; reliability of services; track record of environmental compliance; al
types at a single facility; and price.

The intermodal services industry is also highly competitive. We compete against other intermoda
trucking companies and railroads, many of which have greater financial and other resources than
primarily on price, reliability and quality of service.

REGULATION

Introduction

Our operations, including landfills, solid waste transportation, transfer stations, intermodal operat
shops, fueling facilities, and oilfield waste treatment, recovery and disposal operations, are all sub
federal, state and local environmental, health, and safety laws and regulations, the enforcement of
stringent. These laws and regulations may, among other things, require the acquisition of permits
regulated activities; govern the amounts and types of substances that may be released into the env
our operations; impose clean-up or corrective action responsibility for releases of regulated subst
restrict the way we handle or dispose of wastes; limit or prohibit our or our customers' activities i
wetlands, wilderness areas or areas inhabited by endangered or threatened species; require investi
mitigate pollution conditions caused by our operations or attributable to former operations; and in
addressing worker protection and health. Compliance is often costly or difficult, and the violation
may result in the denial or revocation of permits, issuance of corrective action orders, assessment
penalties and even criminal prosecution. In many instances, liability is often "strict," meaning it i
of intent or fault on the part of the regulated entity. The environmental regulations that affect us a
Environmental Protection Agency, or the EPA, and numerous other federal, state and local agenc
operations including environmental, health and safety, zoning and other areas. For example, the W
our collection business in Washington performed under G Certificates.

With regard to any permit or authorization issued by a regulatory agency necessary for our operat
that we will be able to obtain or maintain all necessary permits or authorizations. With regard to a
has been issued, it remains subject to removal, modification, suspension or revocation by the ager

We currently comply in all material respects with applicable federal, state and local environmenta
safety laws, permits, orders and regulations. In addition, we attempt to anticipate future regulatory
advance as necessary to comply with them. We do not presently anticipate incurring any material
into environmental compliance with existing or expected future regulatory requirements, althoug
this will not change in the future. It is possible that substantial costs for compliance or penalties f
incurred in the future. It is also possible that other developments, such as the adoption of addition
laws, regulations and enforcement policies, could result in additional costs or liabilities that we ca
Moreover, changes in environmental laws or regulations could reduce the demand for our service
business. For example, changes in environmental laws or regulations could limit our customers' c
businesses or encourage our customers to handle and dispose of oil and natural gas E&P wastes i

Various federal and state laws impose clean-up or remediation liability on responsible parties, wh
below. Substances subject to clean-up liability have been or may have been disposed of or release
sites, including our E&P sites. At some of our facilities, we have conducted and continue to cond
of known soil and groundwater contamination, and we will continue to perform such monitoring
contamination, including any post-remediation groundwater monitoring that may be required, unt
standards have been achieved. These monitoring and remediation efforts are usually overseen by
agencies. Further, it is not uncommon for neighboring landowners and other third parties to file c
property damage allegedly caused by the release of hazardous substances or other pollutants into

In addition, from time to time our intermodal services business transports hazardous materials in
federal transportation requirements.

A number of the major federal, state and local statutes and regulations that apply to our operation
Certain of the statutes described below contain provisions that authorize, under certain circumstar
citizens to enforce the provisions of the statutes. In addition to penalties, some of those statutes au
fees to parties that successfully bring such an action. Enforcement actions under these statutes ma
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
develop programs to ensure the safe disposal of solid waste. RCRA generally divides solid waste
nonhazardous. Wastes are generally classified as hazardous if they either: (1) are specifically incl
wastes or (2) exhibit certain characteristics defined as hazardous. Household wastes are specifical
Wastes classified as hazardous under RCRA are subject to much stricter regulation than wastes cl
businesses that deal with hazardous waste are subject to regulatory obligations in addition to thos
nonhazardous waste. Some of our ancillary operations, such as vehicle maintenance operations, n
We manage these wastes in substantial compliance with applicable laws.

In October 1991, the EPA adopted the Subtitle D Regulations governing solid waste landfills. Th
generally became effective in October 1993, include location restrictions, minimum facility desig
operating criteria, closure and post-closure requirements, financial assurance requirements, groun
requirements, groundwater remediation standards and corrective action requirements. In addition,
require that new landfill sites meet more stringent liner design criteria (typically, composite soil a
more synthetic liners) intended to keep leachate out of groundwater and have extensive collection
for treatment prior to disposal. Groundwater monitoring wells must also be installed at virtually a
groundwater quality and, indirectly, the effectiveness of the leachate collection system. The Subti
where certain regulatory thresholds are exceeded, that facility owners or operators control emissio
landfills in a manner intended to protect human health and the environment. Each state is required
regulations to meet these requirements or such requirements will be imposed by the EPA on landf
state. Each state is also required to adopt and implement a permit program or other appropriate sy
the state comply with the Subtitle D Regulations. Accordingly, we are required to obtain permits
Moreover, various states in which we operate or may operate in the future have adopted regulatio
or more stringent than, the Subtitle D Regulations.

Most E&P waste is exempt from stringent regulation as a hazardous waste under RCRA. None of
treatment, and disposal facilities are currently permitted to accept hazardous wastes for disposal,
mitigate the potential that hazardous wastes could enter or be disposed of at these facilities. Some
currently are exempt from treatment as hazardous wastes may in the future be designated as "haz
other applicable statutes. For example, in September 2010, a nonprofit environmental group filed
requesting reconsideration of the RCRA E&P waste exemption. Although the EPA has not yet fo
petition, if the RCRA E&P waste exemption is repealed or modified, we could become subject to
operating and disposal requirements.

We are required to obtain permits for the land treatment and disposal of E&P waste as part of our
operation and closure of E&P waste land treatment and disposal operations are generally regulate
regulations vary widely from state to state.

In the course of our E&P waste operations, some of our equipment may be exposed to naturally o
with oil and gas deposits, and this exposure may result in the generation of wastes containing nat
materials, or NORM. NORM wastes exhibiting trace levels of naturally occurring radiation in ex
standards are subject to special handling and disposal requirements, and any storage vessels, pipi
NORM may be subject to remediation or restoration requirements. It is possible that we may incu
with elevated levels of NORM.

With respect to any of our permitted facilities, permits can impose various requirements and may
disposal operations, impose limits on the types and amount of waste a facility may receive and th
disposal facility. States may add additional restrictions on the operations of a disposal facility wh
amended. As these regulations change, our permit requirements could become more stringent and
expenditures at our facilities or impose significant restraints, or new or additional financial assura

RCRA also regulates underground storage of petroleum and other materials it defines as "regulat
registration, compliance with technical standards for tanks, release detection and reporting, and c
things. Certain of our facilities and operations are subject to these requirements and these require
implemented at the state level.

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, w
disposal sites, transfer stations, and oilfield waste facilities, into waters of the United States, inclu

If run-off or other contaminants from our owned or operated transfer stations or oilfield waste fac
leachate or other contaminants from our owned or operated landfills is discharged into streams, ri
Clean Water Act would require us to respond, apply for and obtain a discharge permit, conduct sa
under certain circumstances, reduce the quantity of pollutants in such discharge. Also, virtually al
comply with the EPA's storm water regulations issued in November 1990, which are designed to
storm water run-off from flowing into surface waters. Spill prevention, control and countermeasu
require appropriate containment berms and similar structures to help prevent the contamination o
of a hydrocarbon storage tank spill, rupture or leak. We believe that our facilities comply in all m
Water Act requirements. Various states in which we operate or may operate in the future have be
implement the Clean Water Act and its permitting requirements, and some of these states have ad
stringent than the federal Clean Water Act requirements. For example, states often require permit
ground water as well as surface water. Federal and state regulatory agencies can impose administ
penalties for non-compliance with discharge permits or other requirements of the Clean Water Ac
regulations. We believe that compliance with existing permits and regulatory requirements under
counterparts will not have a material adverse effect on our business. Future changes to permits or
the Clean Water Act, however, could adversely affect our business.

Safe Drinking Water Act, or SDWA

Our E&P underground injection operations are subject to the SDWA, as well as analogous state l
SDWA, the EPA established the underground injection control or UIC program, which includes r
testing, monitoring, record keeping, and reporting of injection well activities, as well as a prohibit
fluid containing any contaminant into underground sources of drinking water. State regulations re
the applicable regulatory agencies to operate our underground injection wells. We believe that we
permits from these agencies for our underground injection wells and that we are in substantial co
and state rules. Although we monitor the injection process of our wells, any leakage from the sub
wells could cause degradation of fresh groundwater resources, potentially resulting in suspension
fines and penalties from governmental agencies, incurrence of expenditures for remediation of th
imposition of liability by third parties for property damages and personal injuries. In addition, ou
collected as part of the saltwater injection process could impose liability on us in the event that th
transferred fails to manage and, as necessary, dispose of residual crude oil in accordance with app
occupational health and safety laws.

Oil Pollution Act of 1990, or OPA

The OPA, as amended, establishes strict liability for owners and operators of facilities that are the
waters of the U.S. The OPA also imposes ongoing requirements on owners or operators of faciliti
of oil, including the preparation of oil spill response plans and proof of financial responsibility to
and restoration costs that could be incurred in conjunction with an oil spill. We handle oil at many
release of oil into the waters of the U.S. occurred at one of our facilities, we could be liable for cl
the OPA.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or CER

CERCLA, which is also known as the “Superfund” law, established a regulatory and remedial pr
investigation and clean-up of facilities where, or from which, a release of any hazardous substanc
occurred or is threatened. CERCLA’s primary mechanism to address such a release or threatened
and several liability for clean-up of facilities on responsible parties. Responsible parties are curre
site, former owners and operators of the site at the time of the disposal of the hazardous substance
the transportation, disposal or treatment of the hazardous substances, and the transporters who sel
treatment facilities, regardless of the intent or care exercised by such persons. CERCLA also imp
evaluating and remedying any damage to natural resources. The costs of CERCLA investigation a
substantial. Liability under CERCLA does not depend on the existence or disposal of “hazardous
can also be based on the release of even very small amounts of the more than 700 “hazardous sub

of which can be found in household waste. In addition, the definition of "hazardous substances" i
substances designated as hazardous or toxic under the federal Clean Water Act, Clear Air Act and

We may handle hazardous substances within the meaning of CERCLA, or similar state statutes, i
operations and, as a result, may be jointly and severally liable under CERCLA for all or part of th
sites if and where these hazardous substances have been released into the environment. If we wer
party for a CERCLA clean-up, the enforcing agency could hold us, or any other responsible party
all response costs, even if others were also liable. Under such laws, we could be required to remo
substances and wastes (including substances disposed of or released by prior owners or operators)
property (including groundwater contamination, whether from prior owners or operators or other
These laws may also require us to conduct natural resource damage assessments and pay penaltie
and regulations may also expose us to liability for our acts that were in compliance with applicab
performed.

CERCLA also authorizes the imposition of a lien in favor of the United States on all real property
remedial action for all costs for which a party is liable. Subject to certain procedural restrictions, C
party the right to bring a contribution or cost recovery action against other responsible parties for
investigative and remedial costs. Our ability to obtain reimbursement from others for their allocab
be limited by our ability to find other responsible parties and prove the extent of their responsibili
and other procedural requirements. Various state laws also impose liability, which is typically stri
investigation, clean-up and other damages associated with the release of hazardous or other regula

The Clean Air Act, or CAA

The CAA generally regulates emissions of air pollutants from emissions sources, including certai
facilities, based on factors such as the date of the construction and tons per year of emissions of re
federal requirements are implemented at the state level. The CAA and analogous state laws requir
restrictions on facilities that have the potential to emit pollutants into the atmosphere above certai
manner that could adversely affect environmental quality. Failure to obtain a permit or to comply
result in the imposition of substantial administrative, civil and even criminal penalties.

Larger landfills and landfills located in areas where the ambient air does not meet certain air qual
CAA may be subject to even more extensive air pollution controls and emission limitations. In ad
permitting of landfill facilities, CAA permitting may be required for the construction of gas colle
composting and other operations. In some instances, operating permits may be required dependin
air emissions. Further, in those situations where major source permitting is not required, typically
require permitting or authorization as a type of minor source.

Additional or more stringent regulations of our facilities may occur in the future, which could inc
additional compliance burdens. In July 2014, the EPA proposed "Subpart XXX," a New Source P
that would apply to newly constructed or modified municipal solid waste, or MSW, landfills. Sub
non-methane organic compounds, or NMOC, emission threshold at which MSW landfills must in
compliance even during periods of start-up, shutdown, and malfunction, and impose other require
EPA proposed a supplemental proposal for the Standard of Performance for MSW landfills. This
address the NMOC emission rate threshold at which gas collection and controls must be installed
July 2014, the EPA used an Advanced Notice of Proposed Rule Making ("ANPRM") seeking inp
emissions from existing MSW landfills. This ANPRM was used to determine if additional change
were required beyond the proposed Subpart XXX. Based upon this ANPRM, the EPA proposed i
Cf that updates existing Emission Guidelines and Compliance Times for MSW landfills. The prop
landfills that accepted waste after November 8, 1987 and commenced construction or modificatio
The proposal would be expected to result in the reduction of landfill gas emissions, including met
thresholds where an MSW landfill must install a gas collection and control system. It is expected
proposed Subpart Cf would ultimately affect existing sources that may not have been affected by
air regulatory programs may impose additional restrictions beyond federal requirements. For exa
uniquely regulate odor and the emission of toxic air pollutants.

In addition, the EPA recently modified, or is in the process of modifying, other standards promul
manner which could increase our compliance costs. For example, the EPA has recently modified
ambient air quality standards applicable to particulate matter, carbon monoxide, and oxides of sul
standards to make them more stringent.

In addition, our customers' operations may be subject to existing and future CAA permitting and
could have a material effect on their operations, which could have an adverse effect on our busine
2012, the EPA approved new CAA rules requiring additional emissions controls and practices fo
wells, including wells that are the subject of hydraulic fracturing operations. These rules may inc
of developing and producing hydrocarbons, and as a result, may have an indirect and adverse effe
waste delivered to our facilities by our customers.

Climate Change Laws and Regulations

Generally, the promulgation of climate change laws or rules restricting greenhouse gas emissions
operate. For example, the EPA's current and proposed regulation of greenhouse gas, or GHG, em
operations. In 2009, the EPA made an endangerment finding allowing GHGs to be regulated und
stationary sources of air pollution to obtain New Source Review, or NSR, permits prior to constru
V operating permits. Pursuant to the EPA's rulemakings and interpretations, certain Title V and N
Deterioration, or PSD, permits issued on or after January 2, 2011, must address GHG emissions.
emissions sources may be required to install Best Available Control Technology to limit GHG em
Subpart XXX would also require the reduction of GHG emissions from new or modified landfills
2014 an Advanced Notice of Proposed Rulemaking, or ANPRM, that sought public comment on
emissions from existing landfills. In addition, the EPA's Mandatory Greenhouse Gas Reporting R
recordkeeping, and reporting requirements applicable to certain landfills and other entities.

At the state level, on September 27, 2006, California enacted AB 32, the Global Warming Solutio
established the first statewide program in the United States to limit GHG emissions and impose p
Because landfill and collection operations emit GHGs, our operations in California are subject to
32. The California Air Resources Board, or CARB, has taken, and plans to take, various actions t
approved a landfill methane control measure, which became effective in June 2010, and this meas
uncontrolled landfills install gas collection and control systems and also sets operating standards
systems. In addition, CARB implemented a GHG cap-and-trade program, which began imposing
January 2013.

State climate change laws could also affect our non-California operations. For example, the West
once included seven states and four Canadian provinces, has developed GHG reduction strategies
cap-and-trade program.

Heightened regulation of our customers' operations, could also adversely affect our business. The
from oil and gas E&P operations may increase the costs to our customers of developing and prod
result, may have an indirect and adverse effect on the amount of oilfield waste delivered to our fa
August 18, 2015, the EPA proposed measures to cut methane and volatile organic compounds, or
and natural gas industry. The measures include proposed NSPS Subpart OOOO, which sets meth
certain new and modified sources, including hydraulically fractured oil wells, pneumatic pumps,
controllers. The State of Colorado adopted rules in February 2014 that would directly regulate me
and gas sector, and other states have subsequently adopted or considered similar regulations, incl
Ohio.

These statutes and regulations increase the costs of our and our customers' operations, and future
regulations may have an impact as well. If we are unable to pass such higher costs through to our
costs of developing and producing hydrocarbons increase, our business, financial condition and o
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, a
programs have been approved by OSHA. The OSH Act establishes employer responsibilities for
including the obligation to maintain a workplace free of recognized hazards likely to cause death
adopted worker protection standards, maintain certain records, provide workers with required dis
health and safety training programs. Various OSHA standards may apply to our operations, inclu
notices of hazards, safety in excavation and demolition work, the handling of asbestos and asbest
worker training and emergency response programs. Moreover, the Department of Transportation,
regulate and have jurisdiction concerning the transport, movement, and related safety of hazardou
In some instances, state and local agencies also regulate the safe transport of such materials to the
federal law.

Hydraulic Fracturing Regulation

We do not conduct hydraulic fracturing operations, but we do provide treatment, recovery and dis
the fluids used and wastes generated by our customers in such operations, which are often necess
wells and maintain existing wells. Recently, there has been increased public concern regarding th
fracturing to adversely affect drinking water supplies, and proposals have been made to enact sep
legislation at the state and local government levels that would increase the regulatory burden imp
Bills and regulations have been proposed and/or adopted at the federal, state and local levels that
prohibit hydraulic fracturing operations or require the reporting and public disclosure of chemical
fracturing process. Additionally, the EPA is currently studying the environmental impacts of hydr
water. The EPA released its Draft Assessment outlining its findings in June 2015. In 2014, the EP
rules that would regulate hydraulic fracturing and the treatment and disposal of E&P wastes assoc

Hydraulic fracturing is regulated extensively at the state level, typically by state oil and natural ga
agencies. Certain states and localities have placed moratoria or bans on hydraulic fracturing or th
or have considered the same. For example, in December 2014, New York announced its intention
and bans or moratoria are in effect in localities in California, Colorado, Ohio, Pennsylvania and T
Several states, 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 discl
operations, which could result in increased public scrutiny.

As part of its efforts to regulate hydraulic fracturing, the EPA developed a proposed rule to amen
Guidelines and Standards, or ELGs, to address discharges of wastewater pollutants from onshore
extraction facilities to publicly-owned treatment works, or POTWs. The EPA sent the proposed r
of Management & Budget in November 2014 for pre-publication review and published the propo
is currently conducting a detailed study of centralized waste treatment, or CWT, facilities accepti
wastewater to ensure that current controls are adequate and to analyze the environmental impacts
available treatment technologies and their costs. In May 2014, the EPA issued an ANPR under th
Act, or TSCA, seeking comment on whether and how the EPA should regulate the reporting or di
fracturing chemical substances and mixtures. The EPA also released in 2014 guidance concerning
to hydraulic fracturing operations. The impacts of these rules that the EPA is proposing or consid
rules are finalized.

If the EPA's newly proposed or discussed rules, or other new federal, state or local laws or regula
hydraulic fracturing, are adopted, such legal requirements could result in delays, eliminate certai
and make it more difficult or costly for our customers to perform hydraulic fracturing. Any such
prohibiting hydraulic fracturing could reduce oil and natural gas exploration and production activ
therefore, adversely affect our business. Such laws or regulations could also materially increase o

Flow Control/Interstate Waste Restrictions

Certain permits and approvals and state and local regulations may limit a landfill's or transfer sta
originates from specified geographic areas, import out-of-state waste or wastes originating outsid
otherwise discriminate against non-local waste. These restrictions, generally known as flow contr
and some courts have held that some state and local flow control schemes violate constitutional li
of interstate commerce, while other state and local flow control schemes do not. Certain state and
enforce flow control restrictions through local legislation or contractually. These actions could li
of wastes originating outside of local jurisdictions or direct that wastes be handled at specified fa
adversely affect our transfer stations and landfills. These restrictions could also result in higher d
operations. If we were unable to pass such higher costs through to our customers, our business, fi
results could be adversely affected. Additionally, certain local jurisdictions have sought or may s
obligations on our operations in an effort to affect flow control and enforce tax and fee arrangem
jurisdictions.

Disposal of Drilling Fluids

Certain of our facilities accept drilling fluids and other E&P wastes for disposal via underground
regulated at the state level, claims, including some regulatory actions, have been brought against
these types of facilities for nuisance, seismic disturbances, and other claims in relation to the oper
facilities. To date, our facilities have not been subject to any such litigation.

State and Local Regulations

Each state in which we now operate or may operate in the future has laws and regulations govern
generation, storage, treatment, handling, transportation and disposal of solid waste, oilfield waste
water and air pollution and, in most cases, the siting, design, operation, maintenance, corrective a
maintenance of landfills and transfer stations. State and local permits and approval for these oper
be subject to periodic renewal, modification or revocation by the issuing agencies. In addition, m
comparable to, and in some cases more stringent than, their federal counterparts, including CERC
CERCLA typically impose requirements for investigation and clean-up of contaminated sites and
associated with such sites, and some provide for the imposition of liens on property owned by res

Many municipalities also have enacted or could enact ordinances, local laws and regulations affe
include zoning and health measures that limit solid waste management activities to specified sites
provisions that direct or restrict the delivery of solid wastes to specific facilities, laws that grant t
for collection services and bidding for such franchises, and bans or other restrictions on the move
municipality.

Various jurisdictions have enacted “fitness” regulations which allow agencies with authority over
permits to deny or revoke such contracts or permits based on the compliance history of the provid
consider the compliance history of the parent, subsidiaries, or affiliated companies of the provide

Permits or other land use approvals with respect to a landfill, as well as state or local laws and re
quantity of waste that may be accepted at the landfill during a given time period and/or the types
the landfill. Once an operating permit for a landfill is obtained, it generally must be renewed peri

14

There has been an increasing trend at the state and local level to mandate and encourage waste re
recycling, and to prohibit or restrict the disposal in landfills of certain types of solid wastes, such
leaves, tires, computers and other electronic equipment waste, and painted wood and other constr
The enactment of regulations reducing the volume and types of wastes available for transport to a
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
example, in some states, local or state authorities enforce requirements of RCRA, the OSH Act a
Clean Water Act instead of the EPA or OSHA, as applicable, and in some states such laws are en
and federal authorities.

E&P waste treatment, recovery and disposal operations are also regulated at the state level. For e
Louisiana Department of Natural Resources, or LDNR is responsible for regulating and permittin
activities in the state, including E&P waste treatment and disposal operations, such as injection w
facilities and transfer stations. As an example of the impact state regulations can have, in Novem
its regulations allowing operators to reuse certain E&P waste in hydraulic fracturing operations o
must dispose of the waste, and on June 20, 2010, the LDNR amended its regulations to allow ope
hydraulic fracturing as many times as reasonably feasible. This regulatory action allows operator
sending their E&P waste to commercial disposal facilities such as ours, directly impacting our op
environmental laws and regulations require that we obtain permits and authorizations prior to the
E&P waste treatment and storage facilities and in connection with the disposal and transportation
applicable regulatory agencies strictly monitor production and disposal practices at all of our faci
process, we participate in annual monitoring, internal testing and third-party testing. A breach of
result in suspension or revocation of necessary permits and authorizations, civil liability and imp
Moreover, if we experience a delay in obtaining, are unable to obtain, or suffer the revocation of
unable to serve our customers, our operations may be interrupted, and our growth and revenue m

Public Utility Regulation

In some states, public authorities regulate the rates that landfill operators may charge. The adopti
reduction of current rates in states in which we own or operate landfills could adversely affect ou
and operating results.

Solid waste collection services in all unincorporated areas of Washington and in electing municip
provided under G Certificates awarded by the WUTC. In association with the regulation of solid
in these areas, the WUTC also reviews and approves rates for regulated solid waste collection an

RISK MANAGEMENT, INSURANCE AND FINANCIAL SURETY BONDS

Risk Management

We maintain environmental and other risk management programs that we believe are appropriate
environmental risk management program includes evaluating existing facilities and potential acqu
compliance. We do not presently expect environmental compliance costs to increase materially a
cannot predict whether future acquisitions will cause such costs to increase. We also maintain a v
encourages safe practices in the workplace. Operating practices at our operations emphasize min
environmental contamination and litigation. Our facilities comply in all material respects with ap
regulations.

Insurance

We have a high deductible or self-insured retention insurance program for automobile liability, ge
liability claims, environmental liability, cyber liability, employment practices liability and directo
as for employee group health insurance, property and workers' compensation. Our loss exposure
limited to per incident deductibles or self-insured retentions. Losses in excess of deductible or se
insured subject to policy limits. Under our current insurance program, we carry per incident dedu
retentions of $2 million for automobile liability claims, $1.5 million for workers' compensation a
$1 million for general liability claims, $1 million for directors' and officers' liability claims, $250
insurance and employment practices liability, and primarily $100,000 for property claims, subject
conditions. We also have a policy covering risks associated with cyber liability that has a $50,00
Additionally, we have umbrella policies with insurance companies for automobile liability, gener
liability. Since workers' compensation is a statutory coverage limited by the various state jurisdic
not applicable. Also, our umbrella policy does not cover property claims, as the insurance limits
accordance with the replacement values of the insured property. From time to time, actions filed
punitive damages, which are generally excluded from coverage under our liability insurance polic

We carry environmental protection insurance which has a $250,000 per incident deductible. This
owned or operated landfills, certain transfer stations and other facilities, subject to the policy term
provides insurance for new pollution conditions that originate after the commencement of our cov
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 a
guaranteeing municipal contract performance and providing financial assurances to meet asset clo
requirements under certain environmental regulations. In addition to surety bonds, such guarante
met through alternative financial assurance instruments, including insurance, letters of credit and
December 31, 2015 and 2014, we had provided customers and various regulatory authorities with
amount of approximately $353.8 million and $342.6 million, respectively, to secure our asset clos
requirements and $121.7 million and $94.4 million, respectively, to secure performance under co
operating agreements.

We own a 9.9% interest in a company that, among other activities, issues financial surety bonds t
closure and post-closure obligations for companies operating in the solid waste sector, including a

EMPLOYEES

At December 31, 2015, we had 7,227 employees, of which 797, or approximately 11.0% of our w
collective bargaining agreements, primarily with the Teamsters Union. These collective bargaini
periodically. We have 11 collective bargaining agreements covering 358 employees that have ex
2016. We do not expect any significant disruption in our overall business in 2016 as a result of la
strikes or organizational efforts.

SEASONALITY

We expect our operating results to vary seasonally, with revenues typically lowest in the first qua
third quarters and lower in the fourth quarter than in the second and third quarters. This seasonal
of solid waste generated during the late fall, winter and early spring because of decreased constru
during winter months in the U.S., and (b) reduced E&P activity during harsh weather conditions,

such seasonality between our highest and lowest quarters of approximately 12% to 15%. In addit
may be higher in the winter months. Adverse winter weather conditions slow waste collection ac
and operational costs. Greater precipitation in the winter increases the weight of collected munic
higher disposal costs, which are calculated on a per ton basis.

16

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information concerning our executive officers as of Februar

NAME	AGE	POSITIONS
Ronald J. Mittelstaedt (1)	52	Chief Executive Officer and Chairman
Steven F. Bouck	58	President
Darrell W. Chambliss	51	Executive Vice President and Chief Operating Officer
Worthing F. Jackman	51	Executive Vice President and Chief Financial Officer
David G. Eddie	46	Senior Vice President and Chief Accounting Officer
David M. Hall	58	Senior Vice President – Sales and Marketing
James M. Little	54	Senior Vice President – Engineering and Disposal
Patrick J. Shea	45	Senior Vice President, General Counsel and Secretary
Matthew S. Black	43	Vice President and Chief Tax Officer
Robert M. Cloninger	43	Vice President, Deputy General Counsel and Assistant Secretary
Eric O. Hansen	50	Vice President – Chief Information Officer
Susan R. Netherton	46	Vice President – People, Training and Development
Scott I. Schreiber	59	Vice President – Disposal Operations
Gregory Thibodeaux	49	Vice President – Maintenance and Fleet Management
Mary Anne Whitney	52	Vice President – Finance
Richard K. Wojahn	58	Vice President – Business Development

(1) Member of the Executive Committee of the Board of I

Ronald J. Mittelstaedt has served as Chief Executive Officer and a director of Waste Connections
formed, and was elected Chairman in January 1998. Mr. Mittelstaedt also served as President fro
through August 2004. Mr. Mittelstaedt has more than 26 years of experience in the solid waste in
as a director of SkyWest, Inc. Mr. Mittelstaedt holds a B.A. degree in Business Economics with a
University of California at Santa Barbara.

Steven F. Bouck has served as President of Waste Connections since September 1, 2004. From F
Bouck served as Executive Vice President and Chief Financial Officer. Mr. Bouck held various p
Corporation from 1986 to 1998, focusing on financial services to the environmental industry. Mr.
degrees in Mechanical Engineering from Rensselaer Polytechnic Institute, and an M.B.A. in Fina
Business.

Darrell W. Chambliss has served as Executive Vice President and Chief Operating Officer of Wa
October 2003. From October 1, 1997, to that date, Mr. Chambliss served as Executive Vice Presi
Chambliss has more than 25 years of experience in the solid waste industry. Mr. Chambliss holds
Administration from the University of Arkansas.

Worthing F. Jackman has served as Executive Vice President and Chief Financial Officer of Was
September 1, 2004. From April 2003 to that date, Mr. Jackman served as Vice President – Financ
Jackman held various investment banking positions with Alex. Brown & Sons, now Deutsche Ba
through 2003, including most recently as a Managing Director within the Global Industrial & Env
that capacity, he provided capital markets and strategic advisory services to companies in a variet
waste services. Mr. Jackman serves as a director of Quanta Services, Inc. He holds a B.S. degree
University and an M.B.A. from the Harvard Business School.

David G. Eddie has served as Senior Vice President and Chief Accounting Officer of Waste Conn
From February 2010 to that date, Mr. Eddie served as Vice President – Chief Accounting Officer
2010, Mr. Eddie served as Vice President – Corporate Controller. From April 2003 to February 2
President – Public Reporting and Compliance. From May 2001 to March 2003, Mr. Eddie served
Eddie served as Corporate Controller for International Fibercom, Inc. from April 2000 to May 20
April 2000, Mr. Eddie served as Waste Connections' Manager of Financial Reporting. From Sept
Mr. Eddie held various positions, including Audit Manager, for PricewaterhouseCoopers LLP. M
Accountant and holds a B.S. degree in Accounting from California State University, Sacramento.

David M. Hall has served as Senior Vice President – Sales and Marketing of Waste Connections
August 1998 to that date, Mr. Hall served as Vice President – Business Development. Mr. Hall ha
experience in the solid waste industry with extensive operating and marketing experience in the V
B.S. degree in Management and Marketing from Missouri State University.

James M. Little has served as Senior Vice President – Engineering and Disposal of Waste Conne
September 1999 to that date, Mr. Little served as Vice President – Engineering. Mr. Little held va
Waste Management, Inc. (formerly USA Waste Services, Inc., which acquired Waste Manageme
Development Co. Inc.) from April 1990 to September 1999, including Regional Environmental M
Manager, and most recently Division Manager in Ohio, where he was responsible for the operatio
in the Northern Ohio area. Mr. Little is a certified professional geologist and holds a B.S. degree
University.

Patrick J. Shea has served as Senior Vice President, General Counsel and Secretary of Waste Co
From February 2009 to that date, Mr. Shea served as Vice President, General Counsel and Secret
February 2009, Mr. Shea served as General Counsel and Secretary. He served as Corporate Coun
February 2008. Mr. Shea practiced corporate and securities law with Brobeck, Phleger & Harriso
1999 to 2003 and Winthrop, Stimson, Putnam & Roberts (now Pillsbury Winthrop Shaw Pittman
from 1995 to 1999. Mr. Shea holds a B.S. degree in Managerial Economics from the University o
degree from Cornell University.

Matthew S. Black has served as Vice President and Chief Tax Officer of Waste Connections sinc
2006 to that date, Mr. Black served as Executive Director of Taxes. Mr. Black served as Tax Dir
Company from April 2001 to November 2006, and served as Tax Manager from December 2000
1994 to November 2000, Mr. Black held various positions, including Tax Manager, for Pricewate
Black is a Certified Public Accountant and holds a B.S. degree in Accounting and M.S. degree in
University, Sacramento.

Robert M. Cloninger has served as Vice President, Deputy General Counsel and Assistant Secreta
August 2014. From February 2013 to that date, Mr. Cloninger served as Deputy General Counsel
Counsel from February 2008 to February 2013. Mr. Cloninger practiced corporate, securities and
with Schiff Hardin LLP in Chicago from 1999 to 2004 and Downey Brand LLP in Sacramento fr
holds a B.A. degree in History from Northwestern University and a J.D. degree from the Universi

Eric O. Hansen has served as Vice President – Chief Information Officer of Waste Connections s
January 2001 to that date, Mr. Hansen served as Vice President – Information Technology. From
Mr. Hansen served as Director of Management Information Systems. Mr. Hansen holds a B.S. de

University.

Susan R. Netherton has served as Vice President – People, Training and Development since July
that date, Ms. Netherton served as Director of Human Resources and Employment Manager. Fror
held various human resources positions at Carpenter Technology Corporation, a publicly traded s
company. Ms. Netherton holds a B. S. in Elementary Education from Kutztown University and ar
College of California.

Scott I. Schreiber has served as Vice President – Disposal Operations of Waste Connections since
1998 to that date, Mr. Schreiber served as Director of Landfill Operations. Mr. Schreiber has mo
in the solid waste industry. From September 1993 to September 1998, Mr. Schreiber served as co
Development and corporate Director of Environmental Compliance for Allied Waste Industries, I
September 1993, Mr. Schreiber served as Regional Engineer (Continental Region) and corporate
Development for Laidlaw Waste Systems Inc. From June 1979 to August 1988, Mr. Schreiber he
technical positions in the solid waste and environmental industry. Mr. Schreiber holds a B.S. deg
University of Wisconsin at Parkside.

Gregory Thibodeaux has served as Vice President – Maintenance and Fleet Management of Wast
2011. From January 2000 to that date, Mr. Thibodeaux served as Director of Maintenance. Mr. T
29 years of experience in the solid waste industry having held various management positions witl
Sanifill, and USA Waste Services, Inc. Before coming to Waste Connections, Mr. Thibodeaux se
Maintenance for Texas Disposal Systems.

Mary Anne Whitney has served as Vice President - Finance of Waste Connections since March 2
that date, Ms. Whitney served as Director of Finance. Ms. Whitney held various finance position
Technologies from 1990 to 2001. Ms. Whitney holds a B.A. degree in Economics from Georgeto
in Finance from New York University Stern School of Business.

Richard K. Wojahn has served as Vice President – Business Development of Waste Connections
September 2005 to that date, Mr. Wojahn served as Director of Business Development. Mr. Woj
Operations for Mountain Jack Environmental Services, Inc. (which was acquired by Waste Conn
from January 2004 to September 2005. Mr. Wojahn has more than 34 years of experience in the
various management positions with Waste Management, Inc. and Allied Waste Industries, Inc. M
Illinois University.

AVAILABLE INFORMATION

Our corporate website address is http://www.wasteconnections.com. The information on our web
reference in this annual report on Form 10-K. We make our reports on Forms 10-K, 10-Q and 8-
reports available on our website free of charge as soon as reasonably practicable after we file the
Securities and Exchange Commission, or SEC. The public may read and copy any materials we f
Public Reference Room at 100 F Street, NE, Washington, DC, 20549. The public may obtain inf
Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet
that contains reports, proxy and information statements, and other information regarding issuers t
SEC.

ITEM 1A. RISK FACTORS

Certain statements contained in this Annual Report on Form 10-K are forward-looking in nature,
the impact of global economic conditions, including the price of crude oil, on our volume, busine
ability to generate internal growth or expand permitted capacity at landfills we own or operate; ou
acquisitions and our expectations with respect to the impact of acquisitions on our expected rever
integration of such businesses; the competitiveness of our industry and how such competition ma
our ability to provide adequate cash to fund our operating activities; our ability to draw on our cre
additional capital; our ability to generate free cash flow and reduce our leverage; the effects of lan
volume results; the impact that price increases may have on our business and operating results; de
commodities and recyclable commodity pricing; the effects of seasonality on our business and res
obtain additional exclusive arrangements; increasing alternatives to landfill disposal; increases in
the impact that labor union activity may have on our operating results; our expectations with resp
fuel prices; our expectations with respect to capital expenditures; our expectations with respect to
proceedings; the impairment of our goodwill; insurance costs; disruptions to or breaches of our in
environmental, health and safety laws and regulations, including changes to the regulation of lanc
waste disposal, or hydraulic fracturing; and the Merger Agreement, including the ability of the pa
proposed Merger. These statements can be identified by the use of forward-looking terminology s
"will," "should," or "anticipates," or the negative thereof or comparable terminology, or by discu
operations are subject to a variety of risks and uncertainties and, consequently, actual results may
projected by any forward-looking statements. Factors that could cause actual results to differ fro
are not limited to, those listed below and elsewhere in this report. There may be additional risks
aware or that we currently believe are immaterial which could have an adverse impact on our bus
commitment to revise or update any forward-looking statements in order to reflect events or circu

Negative trends or volatility in crude oil prices may adversely affect the level of exploration, deve
activity of E&P companies and the demand for our E&P waste services.

The price of crude oil stayed lower in 2015 and has dropped again at the beginning of 2016. This
to affect the profitability and creditworthiness of many E&P companies and therefore may affect
amount of linear feet drilled in the basins where we operate. Lower crude oil prices and the volati
the ability of E&P companies to access capital on economically advantageous terms or at all; in a
elect to decrease investment in basins where the returns on investment are inadequate or uncertai
or volatility in crude oil prices. Such reductions in capital spending would negatively impact E&P
the demand for our services. Further, we cannot provide assurances that higher crude oil prices w
spending and linear feet drilled by our customers in the basins where we operate.

Our results are vulnerable to economic conditions.

Our business and financial results would be harmed by downturns in the general economy, or in t
which we operate as well as other factors affecting those regions, including the price of crude oil.
experience the negative effects of decreased waste generation, increased competitive pricing pres
reductions in customer service requirements. Two lines of business that could see a more immed
construction and demolition and E&P waste disposal. In addition, a weaker economy may result i
commodity prices. Worsening economic conditions or a prolonged or recurring economic recessi
operating results and expected seasonal fluctuations. Further, we cannot assure you that any impr
conditions after such a downturn will result in an immediate, if at all positive, improvement in ou
flows.

Our financial and operating performance may be affected by the inability to renew landfill operat
and expand existing ones.

We currently own and/or operate 62 landfills. Our ability to meet our financial and operating obj
our ability to acquire, lease, or renew landfill operating permits, expand existing landfills and dev
especially in our E&P waste business. It has become increasingly difficult and expensive to obta
approvals to build, operate and expand solid waste management facilities, including landfills and
process generally takes less time, the process of obtaining permits and approvals for E&P landfill
Operating permits for landfills in states where we operate must generally be renewed every five t
permits are required to be renewed more frequently. These operating permits often must be renew
permitted life of a landfill. The permit and approval process is often time consuming, requires nu
compliance with zoning, environmental and other requirements, is frequently challenged by speci
may result in the denial of a permit or renewal, the award of a permit or renewal for a shorter dura
otherwise required by law, or burdensome terms and conditions being imposed on our operations
new landfill sites or expand the permitted capacity of our landfills when necessary and may be re
carrying value of the landfill or expansion project, less the recoverable value of the property and
Obtaining new landfill sites is important to our expansion into new, non-exclusive solid waste ma
business. If we do not believe that we can obtain a landfill site in a non-exclusive market, we ma
market. Expanding existing landfill sites is important in those markets where the remaining lives
short. We may choose to forego acquisitions and internal growth in these markets because increa
shorten the lives of these landfills. Any of these circumstances could adversely affect our operati

20

A portion of our growth and future financial performance depends on our ability to integrate acqu
of our acquisitions.

A component of our growth strategy involves achieving economies of scale and operating efficien
acquisitions. We may not achieve these goals unless we effectively combine the operations of ac
existing operations. Similar risks may affect contracts that we are awarded to operate municipally
landfills. In addition, we are not always able to control the timing of our acquisitions. Our inabili
within the time frames that we expect may cause our operating results to be less favorable than ex
stock price to decline.

Even if we are able to make acquisitions on advantageous terms and are able to integrate them su
and organization, some acquisitions may not fulfill our anticipated financial or strategic objective
factors that we cannot control, such as market conditions, including the price of crude oil, market
base, loss of key employees, third-party legal challenges or governmental actions. In addition, we
respect to a market or acquired businesses and decide to sell such operations at a loss, or keep tho
impairment of goodwill and/or intangible assets. Similar risks may affect contracts that we are aw
municipally-owned assets, such as landfills.

Each business that we acquire or have acquired may have liabilities or risks that we fail or are una
more adverse to our business than we anticipated at the time of acquisition.

It is possible that the corporate entities or sites we have acquired, or which we may acquire in the
in respect of former or existing operations or properties, or otherwise, which we have not been ab
our due diligence investigations. As a successor owner, we may be legally responsible for those l
businesses that we acquire. Even if we obtain legally enforceable representations, warranties and
such businesses, they may not cover the liabilities fully or the sellers may not have sufficient fund
Some environmental liabilities, even if we do not expressly assume them, may be imposed on us
schemes and other applicable laws. In addition, our insurance program may not cover such sites a
associated with some environmental issues that may have existed prior to attachment of coverage
against us could harm our financial condition or operating results. Additionally, there may be othe
unaware that could have an adverse effect on businesses that we acquire or have acquired. For ex
bring actions against us in connection with operations that we acquire or have acquired. Furthern
judge to be not material or remote at the time of acquisition may develop into more serious risks t
outcome resulting from such risks or liabilities could harm our operations and financial results an
which could damage our reputation, competitive position and stock price. For example, see the d
Duwamish Waterway Superfund Site Allocation Process under the "Legal Proceedings" section o
financial statements included in Item 8 of this report.

Competition for acquisition candidates, consolidation within the waste industry and economic and our ability to grow through acquisitions.

We seek to grow through strategic acquisitions in addition to internal growth. Although we have a identify numerous acquisition candidates that we believe may be suitable, we may not be able to a terms and conditions favorable to us.

21

Other companies have adopted or may in the future adopt our strategy of acquiring and consolida
businesses. We expect that increased consolidation in the solid waste services industry will conti
attractive acquisition candidates. Moreover, general economic conditions and the environment fo
affect the desire of the owners of acquisition candidates to sell their companies. As a result, we n
opportunities, and those opportunities may be on less attractive terms than in the past, which coul
of growth from acquisitions.

Our ability to access the capital markets may be severely restricted at a time when we would like,
expect we will be able to fund some of our acquisitions with our existing resources, additional fin
acquisitions may be required. However, particularly if market conditions deteriorate, we may be
financing or any such additional financing may be available to us on unfavorable terms, which co
flexibility to pursue additional acquisition opportunities. In addition, disruptions in the capital an
adversely affect our ability to draw on our credit agreement or raise other capital. Our access to f
is dependent on the ability of the banks that are parties to the facility to meet their funding comm
be able to meet their funding commitments if they experience shortages of capital and liquidity o
volumes of borrowing requests within a short period of time.

Our industry is highly competitive and includes larger and better capitalized companies, compani
expectations or other advantages, and governmental service providers, which could adversely aff
our operating results.

Our industry is highly competitive and requires substantial labor and capital resources. Some of t
compete or will seek to compete are served by one or more large, national companies, as well as l
of varying sizes and resources, some of which we believe have accumulated substantial goodwill
competitors may also be better capitalized than we are, have greater name recognition than we do
willing to bid their services at a lower price than we may be willing to offer. In addition, existing
develop or offer services or new technologies, new facilities or other advantages. Our inability to
hinder our growth or negatively impact our operating results.

In our solid waste business, we also compete with counties, municipalities and solid waste distric
future choose to maintain their own waste collection and disposal operations, including through tl
control ordinances or similar legislation. These operators may have financial advantages over us
fees and similar charges, tax revenues and tax-exempt financing.

In our E&P waste business, we compete for disposal volumes with existing facilities owned by th
potential competition from new facilities that are currently under development. Increased compet
result in lower pricing and decreased volumes at our facilities. In addition, customers in certain m

internal disposal methods for the treatment and disposal of their waste.

Our indebtedness could adversely affect our financial condition and limit our financial flexibility.

As of December 31, 2015, we had approximately $2.2 billion of total indebtedness outstanding, a
in the future. This amount of indebtedness could:

- increase our vulnerability to general adverse economic and indus
- expose us to interest rate risk since a majority of our indebtedness is a
- limit our ability to obtain additional financing or refinancings at a
- require the dedication of a substantial portion of our cash flow from operations to the payment o
our indebtedness, thereby reducing the availability of such cash flow to fund our growth strategy
expenditures, dividends, share repurchases and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business an
- place us at a competitive disadvantage relative to our competitors

Further, our outstanding indebtedness is subject to financial and other covenants, which may be a
or business conditions or other events that are beyond our control. If we fail to comply with the c
indebtedness, we may be in default under the loan, which may entitle the lenders to accelerate the
under one of our loans could result in cross-defaults under our other indebtedness. In order to avo
indebtedness, we may be required to take actions such as reducing or delaying capital expenditur
dividends or stock repurchases, selling assets, restructuring or refinancing all or part of our existi
equity capital, any of which may not be available on terms that are favorable to us, if at all.

Price increases may not be adequate to offset the impact of increased costs, or may cause us to los

We seek price increases necessary to offset increased costs, to improve operating margins and to deployed capital. Contractual, general economic, competitive or market-specific conditions may As a result of these factors, we may be unable to offset increases in costs, improve operating marg investment returns through price increases. We may also lose volume to lower-price competitors

Fluctuations in prices for recycled commodities that we sell and rebates we offer to customers ma operating results to decline.

We provide recycling services to some of our customers. The majority of the recyclables we proc that are shipped to customers in Asia. The sale prices of and demands for recyclable commoditie are frequently volatile and when they decline, our revenues, operating results and cash flows will recycling operations offer rebates to customers based on the market prices of commodities we bu Therefore, if we recognize increased revenues resulting from higher prices for recyclable commo suppliers will also increase, which also may impact our operating results.

The seasonal nature of our business and "event-driven" waste projects cause our results to fluctua

Based on historic trends, we expect our operating results to vary seasonally, with revenues typica higher in the second and third quarters, and lower in the fourth quarter than in the second and thir fluctuation in our revenues between our highest and lowest quarters to be approximately 12% to 1 the lower volume of solid waste generated during the late fall, winter and early spring because of demolition activities during the winter months in the U.S., and reduced E&P activity during harsh Conversely, mild winter weather conditions may reduce demand for oil and natural gas, which ma curtail their drilling programs, which could result in production of lower volumes of E&P waste.

Adverse winter weather conditions slow waste collection activities, resulting in higher labor and c precipitation in the winter increases the weight of collected waste, resulting in higher disposal cos per ton basis. Certain weather conditions, including severe storms, may result in temporary suspe can significantly impact the operating results of the affected areas. Conversely, weather-related oc "event-driven" waste projects can boost revenues through heavier weight loads or additional work factors impact period-to-period comparisons of financial results, and our stock price may be nega variations.

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 arran
agreements, municipal contracts and G Certificates. Many franchise agreements and municipal c
and are, or will be, subject to competitive bidding in the future. For example, we have approxima
approximately 2.5% of our annual revenues, which are set for expiration or automatic renewal on
Although we intend to bid on additional municipal contracts and franchise agreements, we may n
addition, some of our customers, including municipalities, may terminate their contracts with us b
those contracts. Similar risks may affect contracts that we are awarded to operate municipally-ow
For example, see the discussion regarding the Madera County, California Materials Recovery Fac
the "Legal Proceedings" section of Note 10 of our consolidated financial statements included in I

Governmental action may also affect our exclusive arrangements. Municipalities may annex unin
counties where we provide collection services. As a result, our customers in annexed areas may b
from competitors that have been franchised by the annexing municipalities to provide those servic
in which we provide services on a competitive basis may elect to franchise those services. Unless
these municipalities, we will lose customers. Municipalities may also decide to provide services
an optional or mandatory basis, causing us to lose customers. Municipalities in Washington may
unincorporated territory, which could remove such territory from an area covered by a G Certifica
Such occurrences could subject more of our Washington operations to competitive bidding. More
amend or repeal the laws governing WUTC regulation, which could harm our competitive positio
competitive bidding and/or overlapping service. If we are not able to replace revenues from contr
bidding or early termination or from the renegotiation of existing contracts with other revenues w
our revenues could decline.

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 imple
reduce the volume of municipal solid waste deposited in landfills through waste planning, compo
programs. Some state and local governments prohibit the disposal of certain types of wastes, suc
Although such actions are useful to protect our environment, these actions, as well as the actions
waste or seek disposal alternatives, have reduced and may in the future further reduce the volume
certain areas, which may affect our ability to operate our landfills at full capacity and could adver

Increases in labor costs could impact our financial results.

Labor is one of our highest costs and relatively small increases in labor costs per employee could
structure. We compete with other businesses in our markets for qualified employees and the labo
our markets. In our E&P waste business, for example, we are exposed to the cyclical variations i
the development and production of oil and natural gas in the U.S. A shortage of qualified employ
additional costs related to wages and benefits, to hire more expensive temporary employees or to
expensive third-party vendors.

Increases in the price of diesel or compressed natural gas fuel may adversely affect our collection
operating margins.

The market price of diesel fuel is volatile. We generally purchase diesel fuel at market prices, an
significantly in recent years. A significant increase in market prices for fuel could adversely affe
through a combination of higher fuel and disposal-related transportation costs and reduce our ope
earnings. To manage a portion of this risk, we have entered into fuel hedge agreements related to
purchases and fixed-price fuel purchase contracts. During periods of falling diesel fuel prices, ou
increase and it may become more expensive to purchase fuel under fixed-price fuel purchase cont

We utilize compressed natural gas, or CNG, in a small percentage of our fleet and may convert m
to CNG over time. The market price of CNG is also volatile; a significant increase in such cost co
operating margins and reported earnings.

Labor union activity could divert management attention and adversely affect our operating results

From time to time, labor unions attempt to organize our employees. Some groups of our employe
and we have negotiated collective bargaining agreements with most of these unions. Additional g
union representation in the future. As a result of these activities, we may be subjected to unfair la
complaints and other legal and administrative proceedings initiated against us by unions or the Na
which could negatively impact our operating results. Negotiating collective bargaining agreement
management attention, which could also adversely affect operating results. If we are unable to ne
bargaining agreements, we might have to wait through "cooling off" periods, which are often foll
stoppages, including strikes. Depending on the type and duration of any labor disruptions, our op
significantly, which could adversely affect our financial condition, results of operations and cash

We could face significant withdrawal liability if we withdraw from participation in one or more n
which we participate and the accrued pension benefits are not fully funded.

We participate in two "multiemployer" pension plans administered by employee and union truste
contributions to these plans to fund pension benefits for our union employees pursuant to our vari
do so. In the event that we withdraw from participation in or otherwise cease our contributions to
applicable law regarding withdrawal liability could require us to make additional contributions to
are not fully funded, and we would have to reflect that "withdrawal liability" as an expense in our
operations and as a liability on our consolidated balance sheet. Our withdrawal liability for any m
depend on the extent to which accrued benefits are funded. In the ordinary course of our renegotia
agreements with labor unions that participate in these plans, we may decide to discontinue partici
and in that event, we could face withdrawal liability. Some multiemployer plans in which we part
have significant accrued benefits that are not funded. The size of our potential withdrawal liability
of unfunded accrued benefits, the actuarial assumptions used by the plan and the investment gains
plan.

Pending or future litigation or governmental proceedings could result in material adverse consequ
settlements.

We are, and from time to time become, involved in lawsuits, regulatory inquiries, and governmen
arising out of the ordinary course of our business. Many of these matters raise complicated factua
subject to uncertainties and complexities, all of which makes the matters costly to address. For ex
and hour and employment laws have changed regularly and become increasingly complex, which
including purported class actions. Similarly, citizen suits brought pursuant to environmental laws
treatment of storm water runoff, have proliferated. The timing of the final resolutions to lawsuits,
governmental and other legal proceedings is uncertain. Additionally, the possible outcomes or res
include adverse judgments or settlements, either of which could require substantial payments, adv
consolidated financial condition, results of operations and cash flows. See discussion under the "I
Note 10 of our consolidated financial statements included in Item 8 of this report.

We may be subject in the normal course of business to judicial, administrative or other third-party
interrupt or limit our operations, require expensive remediation, result in adverse judgments, settl
negative publicity.

Governmental agencies may, among other things, impose fines or penalties on us relating to the c
to revoke or deny renewal of our operating permits, franchises or licenses for violations or alleged
laws or regulations or as a result of third-party challenges, require us to install additional pollutio
us to remediate potential environmental problems relating to any real property that we or our pred
operated or any waste that we or our predecessors ever collected, transported, disposed of or store
trade associations or environmental activists may also bring actions against us in connection with
interrupt or limit the scope of our business. Any adverse outcome in such proceedings could harr
results and create negative publicity, which could damage our reputation, competitive position an

Our financial results could be adversely affected by impairments of goodwill, indefinite-lived inta
equipment.

As a result of our acquisition strategy, we have a material amount of goodwill, indefinite-lived in
equipment recorded in our financial statements. We do not amortize our existing goodwill or inde
required to test goodwill and indefinite-lived intangibles for impairment annually in the fourth qu
events or changes in circumstances indicate that the carrying value of goodwill and/or indefinite-l
be recoverable using the two-step process prescribed in the accounting guidance. The first step is
impairment, using either a qualitative or quantitative assessment, while the second step measures
if any. We perform the first step of the required impairment tests of goodwill and indefinite-lived

quantitative assessment. The recoverability of property and equipment is tested for impairment w
circumstances indicate that their carrying amount may not be recoverable.

The decline in oil prices that began in late 2014, and continued during 2015, together with market
recovery in oil prices, reduced the expected future period cash flows of our E&P segment, causin
segment to decrease below its carrying value. During the year ended December 31, 2015, we reco
$411.8 million associated with goodwill, $38.4 million associated with indefinite-lived intangible
associated with property and equipment in our E&P segment. Following the impairment charge, a
segment has remaining balances of $77.3 million in goodwill, $21.5 million in indefinite-lived in
million in property and equipment. Continued declines in oil prices, and/or a slower recovery in o
expectations could result in additional impairment charges associated with goodwill, indefinite-li
property and equipment in our E&P segment, which could adversely affect our financial conditio

25

Increases in insurance costs and the amount that we self-insure for various risks could reduce our earnings.

We maintain high deductible insurance policies for automobile, general, employer's, environmen and directors' and officers' liability as well as for employee group health insurance, property insu compensation. We carry umbrella policies for certain types of claims to provide excess coverage and per incident deductibles. The amounts that we effectively self-insure could cause significant margins and reported earnings based on the event and claim costs of incidents, accidents, injuries insurance accruals are based on claims filed and estimates of claims incurred but not reported and management with assistance from our third-party actuary and our third-party claims administrator are inaccurate, we may recognize substantial additional expenses in future periods that would red reported earnings. Furthermore, while we maintain liability insurance, our insurance is subject to were to incur substantial liability, our insurance coverage may be inadequate to cover the entirety have a material adverse effect on our financial position, results of operations and cash flows. One concerns claims for punitive damages, which are generally excluded from coverage under all of o A punitive damage award could have an adverse effect on our reported earnings in the period in v increases in premiums on insurance that we retain also could reduce our margins.

We rely on computer systems to run our business and disruptions or privacy breaches in these sys service our customers and adversely affect our financial results, damage our reputation, and expo

Our businesses rely on computer systems to provide customer information, process customer tran general information necessary to manage our businesses. We also rely on a payment card industry protect our customers' credit card information. We have an active disaster recovery plan in place However, our computer systems are subject to damage or interruption due to system conversions, telecommunication failures, catastrophic events such as fires, tornadoes and hurricanes and usage the unpredictability of the timing, nature and scope of such disruptions, we could potentially be su interruptions in our ability to provide services to our customers. Any disruption caused by the una systems could adversely affect our revenues or could require significant investment to fix or repla affect our operating results.

In addition, cyber-security attacks are evolving and include, but are not limited to, malicious softv unauthorized access to data and other electronic security breaches that could lead to disruptions in of confidential or otherwise protected information and corruption of data. If the network of securi mechanisms or monitoring systems we use to address these threats to technology fail, the compro otherwise protected company, customer or employee information, destruction or corruption of dat manipulation or improper use of our systems and networks could result in financial losses from re or potential liability and damage to our reputation.

Extensive and evolving environmental, health and safety laws and regulations may restrict our op
increase our costs.

Existing environmental laws and regulations have become more stringently enforced in recent ye
subject to regular enactment of new or amended federal, state and local environmental and health
and ballot initiatives, as well as judicial decisions interpreting these requirements, which have be
Citizen suits brought pursuant to environmental laws have proliferated. We expect these trends to
material increases in our costs for future environmental, health and safety compliance. These requ
substantial capital and operating costs and operational limitations on us and may adversely affect
federal, state and local governments may change the rights they grant to, the restrictions they imp
regulations they enforce against, solid waste and E&P waste services companies. These changes c
operations in various ways, including without limitation, by restricting the way in which we mana
with health and safety laws, treat and dispose of E&P or other waste or our ability to operate and

Governmental authorities and various interest groups have promoted laws and regulations that co
due to concerns that GHGs are contributing to climate change. The State of California has alread
and other states in which we operate are considering similar actions. In addition, the EPA made a
allowing certain GHGs to be regulated under the CAA. This finding allows the EPA to create reg
operations – including imposing emission reporting, permitting, control technology installation, a
although the materiality of the impacts will not be known until all applicable regulations are prom
Regulation of GHG emissions from oil and natural gas E&P operations may also increase the cos
developing and producing hydrocarbons, and as a result, may have an indirect and adverse effect
delivered to our facilities by our customers. These statutes and regulations increase the costs of ou
change statutes and regulations may have an impact as well.

Our E&P waste business could be adversely affected by changes in laws regulating E&P waste.

We believe that the demand for our E&P waste services is directly related to the regulation of E&
which governs the disposal of solid and hazardous waste, currently exempts certain E&P wastes f
wastes. In recent years, proposals have been made to rescind this exemption from RCRA. If the e
is repealed or modified, or if the regulations interpreting the rules regarding the treatment or dispo
changed, our operations could face significantly more stringent regulations, permitting requireme
which could have a material adverse effect on our business.

Our E&P waste business depends on the willingness of E&P companies to outsource their waste s

The demand for E&P waste services in the basins in which we operate may be adversely affected
companies to outsource their waste services activities. In certain basins, we are largely dependent
companies to outsource their waste services activities generally, and to us specifically, rather than
extent that E&P companies, including our current customers, elect not to outsource their E&P wa
prices decline, our results may be affected. E&P companies have varying market shares within ba
share, the loss of any customer in a given basin could have an adverse effect on results of operatio
market. Furthermore, while our E&P customers frequently require us to enter into master service
typically do not include volume commitments from the customers and typically are terminable at
These factors introduce greater volatility to our revenues and operating margins for this business,
adverse effect on our financial position, results of operations and cash flows.

Changes in laws or government regulations regarding hydraulic fracturing could increase our cust
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 dis
the fluids used and wastes generated by our customers in such operations, which are often necess
wells and maintain existing wells. Recently, there has been increased public concern regarding th
fracturing to adversely affect drinking water supplies, and proposals have been made to enact sep
legislation that would increase the regulatory burden imposed on hydraulic fracturing. Bills and r
and/or adopted at the federal, state, and local levels that would regulate, restrict, or prohibit hydra
require the reporting and public disclosure of chemicals used in the hydraulic fracturing process.
currently studying the environmental impacts of hydraulic fracturing, including the impacts result
disposal of E&P wastes associated with the hydraulic fracturing process, which could result in inc
fracturing and new rules regarding the treatment and disposal of E&P wastes associated with frac

If new federal, state, or local laws or regulations that significantly restrict hydraulic fracturing are
requirements could result in delays, eliminate certain drilling and injection activities, and make it
customers to perform fracturing. Any such regulations limiting or prohibiting hydraulic fracturing
gas E&P activities by our customers and, therefore, adversely affect our business. Such laws or re
increase our costs of compliance and doing business by more strictly regulating how hydraulic fra
disposed. Conversely, any loosening of existing federal, state, or local laws or regulations regardi
or disposed could adversely impact demand for our services.

Future changes in laws regulating the flow of solid waste in interstate commerce could adversely

Various state and local governments have enacted, or are considering enacting, laws and regulatio
within the jurisdiction of solid waste generated outside the jurisdiction. In addition, some state an
promulgated, or are considering promulgating, laws and regulations which govern the flow of wa
respective jurisdictions. These "flow control" laws and regulations typically require that waste ge
directed to specified facilities for disposal or processing, which could limit or prohibit the disposa
transfer stations and landfills. Such flow control laws and regulations could also require us to deli
within a particular jurisdiction to facilities not owned or controlled by us, which could increase ou
revenues. In addition, such laws and regulations could require us to obtain additional costly licens
deemed an authorized hauler or disposal facility. All such waste disposal laws and regulations are
interpretation and review. Court decisions, legislation, and state and local regulation in the waste
affect our operations.

Extensive regulations that govern the design, operation, expansion and closure of landfills may re
increase our costs of operating landfills.

If we fail to comply with state and federal regulations governing the design, operation, expansion
assurance of MSW, non-MSW and E&P landfills, we could be required to undertake investigator
operations or close such landfills temporarily or permanently. Future changes to these regulation
supplement or replace equipment or facilities at substantial costs. If regulatory agencies fail to en
vigorously or consistently, our competitors whose facilities are not forced to comply with the regu
advantage over us. Our financial obligations arising from any failure to comply with these regula
and operating results.

27

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 acc
and assumptions are made that affect the accounting for and recognition of assets, liabilities, reve
estimates and assumptions must be made because certain information that is used in the preparatio
dependent on future events, cannot be calculated with a high degree of precision from data availab
readily calculated based on generally accepted methodologies. In some cases, these estimates are
determine and we must exercise significant judgment. The most difficult, subjective and complex
that deal with the greatest amount of uncertainty are related to our accounting for landfills, self-in
allocation of acquisition purchase price, asset impairments and litigation, claims and assessments
could differ materially from the estimates and assumptions that we use, which could have an adve
condition and results of operations.

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
also required to pay capping, closure and post-closure maintenance costs for operated landfills for
agreements. Our obligations to pay closure or post-closure costs may exceed the amount we have
amounts available from funds or reserves established to pay such costs. In addition, the completio
does not end our environmental obligations. After completion or closure of a landfill site, there e
unforeseen environmental problems to occur that could result in substantial remediation costs or p
additional amounts for closure or post-closure costs and/or for environmental remediation and/or
financial condition or operating results.

We depend significantly on the services of the members of our senior and regional management t
those persons could cause our operating results to suffer.

Our success depends significantly on the continued individual and collective contributions of our
management team. Of particular importance to our success are the services of our founder, Chief
Chairman, Ronald J. Mittelstaedt. Key members of our management, including Mr. Mittelstaedt,
agreements, but we may not be able to enforce these agreements. The loss of the services of any
regional management or the inability to hire and retain experienced management personnel could

Our decentralized decision-making structure could allow local managers to make decisions that m
operating results.

We manage our operations on a decentralized basis. Local managers have the authority to make r
operations without obtaining prior approval from executive officers, subject to compliance with g
Poor decisions by local managers could result in the loss of customers or increases in costs, in eitl
operating results.

Liabilities for environmental damage may adversely affect our financial condition, business and e

We may be liable for any environmental damage that our current or former operations cause, incl
landowners or residents, particularly as a result of the contamination of soil, groundwater or surfa
drinking water, or to natural resources. We may be liable for damage resulting from conditions e
operations. Even if we obtain legally enforceable representations, warranties and indemnities fron
they may not cover the liabilities fully or the sellers may not have sufficient funds to perform thei

We may also be liable for any on-site environmental contamination caused by pollutants or hazar
transportation, treatment or disposal we or our predecessors arranged or conducted. Some enviro
may impose strict, joint and several liability in connection with releases of regulated substances in
in some situations we could be exposed to liability as a result of our conduct that was lawful at th
conduct of, or conditions caused by, third parties, including our predecessors. If we were to incur
damage, environmental clean-ups, corrective action or damage not covered by insurance or in exc
coverage, our financial condition or operating results could be materially adversely affected. For
regarding the Lower Duwamish Waterway Superfund Site Allocation Process under the “Legal P
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 obta
breakthrough technology, our financial results may suffer.

Our existing and proposed service offerings to customers may require that we develop or license,
We may experience difficulties or delays in the research, development, production and/or market
services which may negatively impact our operating results and prevent us from recouping or rea
investments required to bring new products and services to market. Further, protecting our intelle
combating unlicensed copying and use of intellectual property is difficult, and any inability to ob
could impact our services to customers and development of new revenue sources. Additionally, a
obtain exclusive rights to a "breakthrough technology" that provides a revolutionary change in tr
have inferior intellectual property to our competitors, our financial results may suffer.

Risks Related to our Proposed Merger with Progressive Waste

The proposed Merger is subject to various closing conditions, including regulatory and stockhold
uncertainties and there can be no assurances as to whether and when the Merger may be complet

As previously announced, on January 18, 2016, we entered into the Merger Agreement with Prog
a wholly-owned subsidiary of Progressive Waste, under which, subject to the terms and condition
Merger Sub will be merged with and into Waste Connections, with Waste Connections surviving
subsidiary of Progressive Waste, which we refer to as the Merger. The consummation of the Mer
customary conditions, including the affirmative vote of holders of a majority of the outstanding s
expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust
amended, and other regulatory clearances. If these conditions to the closing of the Merger are not
within our control, then the Merger cannot be consummated. If the Merger does not receive, or ti
regulatory approvals and clearances, or if another event occurs that delays or prevents the Merge
complete the Merger may cause uncertainty and other negative consequences that may materially
business, financial position, and results of operations.

In addition, under certain circumstances in connection with a termination of the Merger Agreeme
termination fee of up to $150 million to Progressive Waste. We can give you no assurance that th
in which case we would not realize the anticipated benefits of having completed the Merger, whi

In the event that the proposed Merger is not completed, the trading price of our common stock an
financial results may be negatively impacted.

As noted above, the conditions to the completion of the Merger with Progressive Waste may not l
completed for any reason, including those not involving the payment by us of the termination fee
would still be liable for significant transaction costs and the focus of our management would have
other potential opportunities without realizing any benefits of the completed Merger. If we do not
of our common stock may decline from the current market price, which may reflect a market assu
completed.

The proposed Merger may divert management attention and not achieve the intended benefits or r

The pendency of the Merger could cause the attention of our management to be diverted from the
customers or suppliers may seek to modify or terminate their business relationships with us. Thes
exacerbated by a delay in the completion of the Merger and could have an adverse effect on our b
prospects.

If and when the Merger closes, we may not achieve anticipated synergies, integration may result i
may not realize the anticipated benefits of the integration plan. Our business may be negatively in
we are unable to effectively manage our expanded operations. The integration will require signifi
management and may disrupt achievement of other strategic objectives.

29

<u>The exchange ratio is fixed and will not be adjusted in the event of any change in the price of eith</u>
<u>Progressive Waste common shares.</u>

At the effective time of the Merger, each share of our common stock issued and outstanding imm
be converted into the right to receive 2.076843 validly issued, fully paid and nonassessable comm
(or, if the anticipated consolidation of shares of Progressive Waste is approved by the shareholder
implemented, one common share of Progressive Waste on a post-consolidation basis). This excha
for changes in the market price of either our common stock or Progressive Waste common shares
Merger Agreement and completion of the Merger. Changes in the price of Progressive Waste con
of the Merger will affect the value of Progressive Waste common shares that our stockholders wi
The exchange ratio will, however, be adjusted appropriately to fully reflect the effect of any recla
dividend or distribution, recapitalization or other similar transaction with respect to either our con
Waste common shares prior to the effective date of the Merger.

The prices of our common stock and Progressive Waste common shares on the effective date of t
prices between the date the Merger Agreement was executed and the effective date of the Merger
represented by the exchange ratio will also vary. These variations could result from changes in th
prospects of either Waste Connections or Progressive Waste prior to or following the effective da
considerations, general market and economic conditions and other factors both within and beyon
Connections or Progressive Waste.

30

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2015, we owned 155 solid waste collection operations, 52 transfer stations, 3
waste landfills, eight non-MSW landfills, 37 recycling operations, five intermodal operations, 24
wells and 20 E&P waste treatment and oil recovery facilities, and operated, but did not own, an a
nine MSW landfills, one non-MSW landfill and two intermodal operations, in 32 states. Non-MS
and demolition, industrial and other non-putrescible waste. We lease certain of the sites on which
lease various office facilities, including our corporate offices in The Woodlands, Texas, where w
53,000 square feet of space. We also maintain regional administrative offices in each of our segm
equipment, including waste collection and transportation vehicles, related support vehicles, doub
containers, chassis and heavy equipment used in landfill, collection, transfer station, waste treatm
We believe that our existing facilities and equipment are adequate for our current operations. Ho
additional investments in property and equipment for expansion and replacement of assets in con

ITEM 3. LEGAL PROCEEDINGS

Information regarding our legal proceedings can be found under the "Legal Proceedings" section
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 PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the symbol “WCN”. The fo and low prices per share of our common stock, as reported on the New York Stock Exchange, an per share of common stock, for the periods indicated.

	HIGH	LOW	**DIVIDENDS DECLARED[1]**
2016			
First Quarter (through January 29, 2016)	$60.24	$50.64	$ 0.145
2015			
Fourth Quarter	$57.65	$48.16	$ 0.145
Third Quarter	51.10	45.70	0.13
Second Quarter	49.39	44.81	0.13
First Quarter	48.96	42.05	0.13
2014			
Fourth Quarter	$50.73	$42.86	$ 0.13
Third Quarter	50.93	46.60	0.115
Second Quarter	48.80	41.76	0.115
First Quarter	44.62	39.69	0.115

(1) On February 8, 2016, we announced that our Board of Directors approved a regular quarterl share on our common stock. Our Board of Directors will review the cash dividend periodically, w increasing the amount of the dividend. We cannot assure you as to the amounts or timing of futur under our credit agreement and master note purchase agreement to repurchase our common stock maintain specified financial ratios.

As of January 29, 2016, there were 95 record holders of our common stock.

Performance Graph

The following performance graph compares the total cumulative stockholder returns on our comm
fiscal years with the total cumulative returns for the S&P 500 Index and the Dow Jones U.S. Was
or DJ Waste Services Index.

The graph assumes an investment of $100 in our common stock on December 31, 2010, and the r
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 SE
by reference in any filing by us under the Securities Act of 1933, as amended, or the Securities E
amended, whether made before or after the date hereof and irrespective of any general incorporat

	Base Period	Indexed Returns Years Ending			
Company Name / Index	Dec10	Dec11	Dec12	Dec13	Dec1
Waste Connections, Inc.	$ 100	$121.56	$125.42	$163.63	$166
S&P 500 Index	$ 100	$102.11	$118.45	$156.82	$178
Dow Jones U.S. Waste & Disposal Services Index	$ 100	$100.18	$108.70	$135.80	$154

THE STOCK PRICE PERFORMANCE INCLUDED IN THIS GRAPH IS NOT NECESSARIL
STOCK PRICE PERFORMANCE.

ITEM 6. SELECTED FINANCIAL DATA

This table sets forth our selected financial data for the periods indicated. This data should be reac
qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Re
Item 7 of this Annual Report on Form 10-K and our audited consolidated financial statements, inc
independent registered public accounting firm's report and the other financial information include
Report on Form 10-K. The selected data in this section is not intended to replace the consolidatec
in this report.

	YEARS ENDED DECEMBER 31,		
	2015 [(a)]	**2014** [(a)]	**2013** [(a)]
	(in thousands, except share and per share data)		
STATEMENT OF OPERATIONS DATA:			
Revenues	$2,117,287	$2,079,166	$1,928,795
Operating expenses:			
Cost of operations	1,177,409	1,138,388	1,064,819
Selling, general and administrative	237,484	229,474	212,637
Depreciation	240,357	230,944	218,454
Amortization of intangibles	29,077	27,000	25,410
Loss on prior office leases	-	-	9,902
Impairments and other operating items	494,492	4,091	4,129
Operating income (loss)	(61,532)	449,269	393,444
Interest expense	(64,236)	(64,674)	(73,579)
Other income (expense), net	(518)	1,067	1,056
Income (loss) before income tax provision	(126,286)	385,662	320,921
Income tax (provision) benefit	31,592	(152,335)	(124,916)
Net income (loss)	(94,694)	233,327	196,005
Less: Net income attributable to noncontrolling interests	(1,070)	(802)	(350)
Net income (loss) attributable to Waste Connections	$(95,764)	$232,525	$195,655
Earnings (loss) per common share attributable to Waste Connections' common stockholders:			
Basic	$(0.78)	$1.87	$1.58
Diluted	$(0.78)	$1.86	$1.58
Shares used in the per share calculations:			
Basic	123,491,931	124,215,346	123,597,540
Diluted	123,491,931	124,787,421	124,165,052

Cash dividends per common share	$0.535	$0.475	$0.415
Cash dividends paid	$65,990	$58,906	$51,213

(a) For more information regarding this financial data, see the Management's Discussio Condition and Results of Operations section included in this report.

34

	DECEMBER 31,				
	2015	2014	2013	2012	2011
	(in thousands, except share and per share data)				
BALANCE SHEET DATA:					
Cash and equivalents	$10,974	$14,353	$13,591	$23,212	$12,64
Working capital surplus (deficit)	(15,847)	5,833	(16,513)	(55,086)	(34,5
Property and equipment, net	2,738,288	2,594,205	2,450,649	2,457,606	1,450
Total assets	5,121,798	5,245,267	5,057,617	5,067,199	3,325
Long-term debt and notes payable	2,147,127	1,971,152	2,060,955	2,196,140	1,170
Total equity	1,991,784	2,233,741	2,048,207	1,883,130	1,399

35

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION A
OPERATIONS

As previously noted, the following discussion excludes any impact that may result from the Merg
should be read in conjunction with the “Selected Financial Data” included in Item 6 of this Annua
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 substanti
The participants compete for collection accounts primarily on the basis of price and, to a lesser ex
compete for landfill business on the basis of tipping fees, geographic location and quality of opera
waste industry has been consolidating and continues to consolidate as a result of a number of fact
costs and complexity associated with waste management operations and regulatory compliance.
operators and municipalities lack the capital resources, management, operating skills and technica
effectively in such an environment. The consolidation trend has caused municipal solid waste co
landfills that have complementary collection routes that can use company-owned disposal capacit
transfer from haulers to landfills has become increasingly important as landfills continue to close
farther from the collection markets it serves.

Generally, the most profitable operators within the municipal solid waste industry are those comp
integrated or enter into long-term collection contracts. A vertically integrated operator will benef
of waste, which is bringing waste to a company-owned landfill; (2) the ability to charge third-part
landfills or at transfer stations; and (3) the efficiencies gained by being able to aggregate and proc
prior to landfilling.

The E&P waste services industry is regional in nature and is also highly fragmented, with acquisi
several active natural resource basins. Competition for E&P waste comes primarily from smaller
a variety of disposal methods and generally serve specific geographic markets, and other solid wa
customers in many markets have the option of using internal disposal methods or outsourcing to a
company. The principal competitive factors in this business include: gaining customer approval o
facilities; location of facilities in relation to customer activity; reputation; reliability of services; t
compliance; ability to accept multiple waste types at a single facility; and price. The demand for
depends on the continued demand for, and production of, oil and natural gas. Crude oil and natura
been volatile and the substantial reductions in crude oil prices that began in October 2014, and co
early 2016, have resulted in a decline in the level of drilling and production activity, reducing the
services in the basins in which we operate. During the year ended December 31, 2015, we record
million associated with the impairment of a portion of our goodwill, intangible assets and propert

E&P segment as a result of the sustained decline in oil prices in recent months, together with mar
recovery in such prices, making it more likely than not that the fair value of these assets had decr
carrying values. A further reduction in crude oil and natural gas prices could lead to continued de
activity and demand for our E&P waste services, which could result in the recognition of addition
goodwill, intangible assets and property and equipment associated with our E&P operations.

Executive Overview

We are an integrated municipal solid waste services company that provides solid waste collection
recycling services primarily in exclusive and secondary markets in the U.S. and a leading provide
and production, or E&P, waste treatment, recovery and disposal services in several of the most ac
areas of the U.S. We also provide intermodal services for the rail haul movement of cargo and sol
Pacific Northwest through a network of intermodal facilities.

We seek to avoid highly competitive, large urban markets and instead target markets where we ca
either through exclusive contracts, vertical integration or asset positioning. In markets where was
provided under exclusive arrangements, or where waste disposal is municipally owned or funded
municipal sources, we believe that controlling the waste stream by providing collection services u
often more important to our growth and profitability than owning or operating landfills. We also
waste treatment and disposal services.

As of December 31, 2015, we served residential, commercial, industrial and E&P customers in 32
Arizona, Arkansas, California, Colorado, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Ma
Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, N
Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington and Wyoming. As
owned or operated a network of 155 solid waste collection operations; 69 transfer stations; seven
37 recycling operations, 62 active MSW, E&P and/or non-MSW landfills, 24 E&P liquid waste in
waste treatment and oil recovery facilities.

2015 Financial Performance

Operating Results

Revenues in 2015 increased 1.8% to $2.12 billion from $2.08 billion in 2014, as a result of growt
by decreased E&P waste activity. Solid waste revenues increased 7.5%, due to internal growth an
internal growth decreased to 4.2% in 2015, from 4.3% in 2014. Pricing growth was 0.2 percentag
due to lower fuel, materials and environmental surcharges. Increases in landfill and hauling volum
growth increasing to 2.2% in 2015 from 2.1% in 2014. A similar decrease in recycled commodity
resulted in recycling contributing negative 0.6% to internal growth in 2015 and 2014. E&P waste
million from $310.1 million in 2014, due to decreased activity at existing facilities partially offset
facilities.

In 2015, adjusted earnings before interest, taxes, depreciation and amortization, or adjusted EBIT
measure (refer to page 62 of this report for a definition and reconciliation to Net income (loss)), d
million, from $717.1 million in 2014. As a percentage of revenue, adjusted EBITDA decreased f
2015. This 0.9 percentage point decrease was primarily attributable to the decrease in higher mar
Adjusted net income attributable to Waste Connections, a non-GAAP financial measure (refer to
definition and reconciliation to Net income (loss) attributable to Waste Connections), in 2015 dec
from $254.2 million in 2014.

Adjusted Free Cash Flow

Net cash provided by operating activities increased 5.9% to $577.0 million in 2015, from $545.1
expenditures decreased from $241.3 million in 2014 to $238.8 million in 2015, a decrease of $2.5
in capital expenditures was primarily due to pulling forward into 2014 capital expenditures from 2
depreciation tax benefits available in 2014, and the construction of two new E&P waste disposal f

and demolition landfill in 2014. Adjusted free cash flow, a non-GAAP financial measure (refer t
definition and reconciliation to Net cash provided by operating activities), increased 6.7% to $34
$321.4 million in 2014. Adjusted free cash flow as a percentage of revenues was 16.2% in 2015,
This increase as a percentage of revenues was primarily due to higher net cash provided by opera

Return of Capital to Stockholders

In 2015, we returned $66.0 million to stockholders through cash dividends declared by our Board
increased the quarterly cash dividend by 11.5% from $0.13 to $0.145 per share of common stock
Directors intends to review the quarterly dividend during the fourth quarter of each year, with a lo
the amount of the dividend. In 2015, we also repurchased approximately 1.96 million shares of co
million. We expect the amount of capital we return to stockholders through stock repurchases to
condition and results of operations, capital structure, the amount of cash we deploy on acquisition
common stock, and overall market conditions. We cannot assure you as to the amounts or timing
dividends. We have the ability under our credit agreement and master note purchase agreement to
and pay dividends provided that we maintain specified financial ratios.

Capital Position

We target a leverage ratio, as defined in our credit agreement, of approximately 2.75x – 3.0x tota
$347.9 million during 2015 for acquisitions, and we increased our debt by $177.7 million. As a re
increased to 2.88x at December 31, 2015, from 2.67x at December 31, 2014.

Critical Accounting Estimates and Assumptions

The preparation of financial statements in conformity with U.S. generally accepted accounting pr
assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and r
assets and liabilities in the consolidated financial statements. As described by the SEC, critical ac
assumptions are those that may be material due to the levels of subjectivity and judgment necessa
uncertain matters or the susceptibility of such matters to change, and that have a material impact o
operating performance of a company. Such critical accounting estimates and assumptions are app
segments. Based on this definition, we believe the following are our critical accounting estimates

Insurance liabilities. We maintain high deductible or self-insured retention insurance policies for
employer's, environmental, cyber, employment practices and directors' and officers' liability as w
insurance, property insurance and workers' compensation. We carry umbrella policies for certain
excess coverage over the underlying policies and per incident deductibles or self-insured retention
based on claims filed and estimates of claims incurred but not reported and are developed by our
from our third-party actuary and third-party claims administrator. The insurance accruals are infl
experience factors, which have a limited history, and by published industry development factors.
claims or costs above or below our historically evaluated levels, our estimates could be materially
amount of claims or incidents could vary significantly over time, which could materially affect ou
Additionally, the actual costs to settle the self-insurance liabilities could materially differ from the
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 the
tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are ex
differences are expected to reverse. If our judgment and estimates concerning assumptions made
future income tax rates are incorrect, our deferred tax assets and liabilities would change. Based
balance at December 31, 2015, each 0.1 percentage point change to our expected future income ta
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 cons
rates are based on the remaining disposal capacity at our landfills, considering both permitted and
We calculate the net present value of our final capping, closure and post-closure commitments by
in current dollars, inflating the obligation based upon the expected date of the expenditure and dis
present value using a credit-adjusted risk-free rate. Any changes in expectations that result in an
estimated undiscounted cash flows are treated as a new liability and are inflated and discounted at
conditions. Any changes in expectations that result in a downward revision (or no revision) to the
flows result in a liability that is inflated and discounted at rates reflecting the market conditions at
originally estimated. This policy results in our final capping, closure and post-closure liabilities b
resulting final capping, closure and post-closure obligation is recorded on the balance sheet along

site costs, which is amortized to depletion expense as the remaining landfill airspace is consumed
recorded liability using the corresponding discount rate. The accounting methods discussed belo
estimates and assumptions. Changes to these estimates and assumptions could have a material ef
and results of operations. Any changes to our estimates are applied prospectively.

Landfill development costs. Landfill development costs include the costs of acquisition, construc
liners, site berms, groundwater monitoring wells, gas recovery systems and leachate collection sy
costs associated with developing each landfill site to its final capacity. Total landfill costs includ
associated with expansion airspace. Expansion airspace is described below. Landfill developme
and thus actual costs could vary significantly from our estimates. Material differences between e
development costs may affect our cash flows by increasing our capital expenditures and thus affe
increasing our landfill depletion expense.

Final capping, closure and post-closure obligations. We accrue for estimated final capping, closu
maintenance obligations at the landfills we own, and the landfills that we operate, but do not own
We could have additional material financial obligations relating to final capping, closure and post
facilities that we currently own or operate or that we may own or operate in the future. Our disco
purposes of computing 2015 and 2014 “layers” for final capping, closure and post-closure obligat
respectively, which reflects our long-term credit adjusted risk free rate as of the end of 2014 and
assumption was 2.5% for the years ended December 31, 2015 and 2014. Significant reductions in
lives of our landfills or significant increases in our estimates of the landfill final capping, closure
costs could have a material adverse effect on our financial condition and results of operations. A
regulatory or legislative requirements could increase our costs related to our landfills, resulting in
financial condition and results of operations.

We own two landfills for which the prior owners are obligated to reimburse us for certain costs w
closure and post-closure activities on the portion of the landfill utilized by the prior owners. We a
of the final capping, closure and post-closure obligation within the balance sheet classification of
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 est
capacity at our landfills. Our landfill depletion rates are based on the remaining disposal capacity
and probable expansion airspace, at the landfills that we own and at landfills that we operate, but
agreements. Our landfill depletion rate is based on the term of the operating agreement at our ope
capitalized expenditures. Expansion airspace consists of additional disposal capacity being pursu
expansion that has not yet been permitted. Expansion airspace that meets the following criteria is
total landfill airspace:

1) whether the land where the expansion is being sought is contiguous to the current disposal site,
expansion property or have rights to it under an option, purchase, operating or other similar agr
2) whether total development costs, final capping costs, and closure/post-closure costs
3) whether internal personnel have performed a financial analysis of the proposed expansion site a
a positive financial and operational impact;
4) whether internal personnel or external consultants are actively working to obtain the necessary
expansion permit; and
5) whether we consider it probable that we will achieve the expansion (for a pursued expansion to
must be no significant known technical, legal, community, business or political restrictions or s
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
previously capitalized development costs to expense. This will adversely affect our operating res
result in greater landfill depletion expense being recognized on a prospective basis.

We periodically evaluate our landfill sites for potential impairment indicators. Our judgments reg
impairment indicators are based on regulatory factors, market conditions and operational perform
events could cause us to conclude that impairment indicators exist and that our landfill carrying c
resulting impairment loss could have a material adverse effect on our financial condition and resu

Goodwill and indefinite-lived intangible assets testing. Goodwill and indefinite-lived intangible a
on at least an annual basis in the fourth quarter of the year. In addition, we evaluate our reporting
or circumstances change between annual tests indicating a possible impairment. Examples of suc
include, but are not limited to, the following:

- a significant adverse change in legal factors or in the busine
- an adverse action or assessment by a regula
- a more likely than not expectation that a segment or a significant portion th
- the testing for recoverability of a significant asset group within th
- current period or expected future operating cash flov

In the first step ("Step 1") of testing for goodwill impairment, we estimate the fair value of each r
determined to be our three geographic operating segments and our E&P segment, and compare th
value of the net assets assigned to each reporting unit. If the fair value of a reporting unit is great
net assets, including goodwill, assigned to the reporting unit, then no impairment results. If the fa
value, then we would perform a second step ("Step 2") and determine the fair value of the goodw
goodwill is determined by deducting the fair value of a reporting unit's identifiable assets and lial
reporting unit as a whole, as if that reporting unit had just been acquired and the purchase price w
the fair value of the goodwill is less than its carrying value for a reporting unit, an impairment cha
earnings in our Consolidated Statements of Net Income (Loss). In testing indefinite-lived intangi
compare the estimated fair value of each indefinite-lived intangible asset to its carrying value. If
indefinite-lived intangible asset is less than its carrying value, an impairment charge would be rec
Consolidated Statements of Net Income (Loss).

During the third quarter of 2015, we determined that sufficient indicators of potential impairment
goodwill and indefinite-lived intangible assets impairment analysis for our E&P segment as a resu
prices in the recent months, together with market expectations of a likely slow recovery in such p
a Step 1 assessment of our E&P segment during the third quarter of 2015. The Step 1 assessment
recoverability of goodwill by comparing the E&P segment's carrying amount, including goodwil
reporting unit. The fair value was estimated using an income approach employing a discounted ca
DCF model incorporated projected cash flows over a forecast period based on the remaining estir
locations comprising the E&P segment. This was based on a number of key assumptions, includi
rate of 11.6%, annual revenue projections based on E&P waste resulting from projected levels of
and production activity during the forecast period, gross margins based on estimated operating ex
forecast period and estimated capital expenditures over the forecast period, all of which were clas
value hierarchy. As a result of the Step 1 assessment, we determined that the E&P segment did no
the carrying value exceeded the estimated fair value of the reporting unit. We then performed the
value of goodwill for our E&P segment. Based on the Step 1 and Step 2 analyses, we recorded a g
Impairments and other operating items in the Consolidated Statements of Net Income (Loss) with
million in the third quarter of 2015. Additionally, we evaluated the recoverability of the E&P seg
intangible assets (other than goodwill) by comparing the estimated fair value of each indefinite-li
carrying value. We estimated the fair value of the indefinite-lived intangible assets using an exces
the result of the recoverability test, we determined that the carrying value of certain indefinite-liv
E&P segment exceeded their fair value and were therefore not recoverable. We recorded an impa
and other operating items in the Consolidated Statements of Net Income (Loss) on certain indefin
within our E&P segment of $38.4 million in the third quarter and fourth quarter of 2015. We did
charge to our E&P segment as a result of our goodwill and indefinite-lived intangible assets impa

During our annual impairment analysis, we determined the fair value of each of our three geograp
whole and each indefinite-lived intangible asset within those segments using discounted cash flov
significant assumptions and estimates about the future operations of each reporting unit and the fu
to each indefinite-lived intangible asset. Significant judgments inherent in these analyses include
appropriate discount rates, the amount and timing of expected future cash flows and growth rates.
our 2015 discounted cash flow analyses of our three geographic operating segments were based o
which in turn were based on the 2016 annual budget developed internally by management. These
profit margins that were consistent with 2015 results and annual revenue growth rates of 3.3% in
assumptions are based on an assessment of our weighted average cost of capital which approxima
reasonableness of our determined fair values of our reporting units, we evaluate our results agains
capitalization. We did not record an impairment charge to our three geographic operating segmen
and indefinite-lived intangible assets impairment tests in 2015 and 2014.

Business Combination Accounting. We recognize, separately from goodwill, the identifiable asse
assumed at their estimated acquisition date fair values. We measure and recognize goodwill as of
excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any nor
acquiree (if any) and the acquisition date fair value of our previously held equity interest in the ac
value of net assets acquired and liabilities assumed. At the acquisition date, we measure the fair v
liabilities assumed that arise from contractual contingencies. We measure the fair values of all no

as of the acquisition date, it is more likely than not that the contingency will give rise to an asset o

General

Our revenues consist mainly of fees we charge customers for collection, transfer, recycling and di
waste and treatment, recovery and disposal of non-hazardous E&P waste. Our collection busines
the sale of recyclable commodities, which have significant variability. A large part of our collect
providing residential, commercial and industrial services. We frequently perform these services u
municipal contracts or franchise agreements with governmental entities. Our existing franchise a
existing municipal contracts give us the exclusive right to provide specified waste services in the
contract term. These exclusive arrangements are awarded, at least initially, on a competitive bid b
or negotiated basis. We also provide residential collection services on a subscription basis with in

40

We typically determine the prices of our solid waste collection services by the collection frequenc
density, volume, weight and type of waste collected, type of equipment and containers furnished,
processing facility, the cost of disposal or processing, and prices charged by competitors for simil
contracts sometimes limit our ability to pass on price increases. Long-term solid waste collection
formula, generally based on a published price index, that automatically adjusts fees to cover incre
operating costs, or that limit increases to less than 100% of the increase in the applicable price inc

We charge transfer station and landfill customers a tipping fee on a per ton and/or per yard basis f
waste at our transfer stations and landfill facilities. Many of our transfer station and landfill custo
ten year disposal contracts with us, most of which provide for annual indexed price increases.

Our revenues from E&P waste services consist mainly of fees that we charge for the treatment an
waste derived from the drilling of wells for the production of oil and natural gas. We also generat
transportation of waste to the disposal facility in certain markets and the sale of reclaimed oil, roa
waters.

Our revenues from recycling services consist of proceeds generated from selling recyclable mater
cardboard, office paper, plastic containers, glass bottles and ferrous and aluminum metals) collect
customers and at our recycling operations to third parties for processing before resale.

Our revenues from intermodal services consist mainly of fees we charge customers for the mover
containers between our intermodal facilities. We also generate revenue from the storage, mainter
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 consolid
during the periods presented. The following tables reflect a breakdown of our revenue and inter-c
periods indicated (dollars in thousands):

	Year Ended December 31, 2015			
	Revenue	Intercompany Revenue	Reported Revenue	% of Re Revenu
Solid waste collection	$ 1,378,679	$ (4,623)	$ 1,374,056	64.9
Solid waste disposal and transfer	670,369	(255,200)	415,169	19.6
Solid waste recycling	47,292	(924)	46,368	2.2
E&P waste treatment, recovery and disposal	228,529	(13,156)	215,373	10.2

Intermodal and other	66,321	-	66,321	3.1
Total	$2,391,190	$ (273,903)	$2,117,287	100.0

	Year Ended December 31, 2014			
	Revenue	Intercompany Revenue	Reported Revenue	% of Re Revenu
Solid waste collection	$1,289,906	$ (3,593)	$1,286,313	61.9
Solid waste disposal and transfer	617,161	(235,851)	381,310	18.3
Solid waste recycling	58,226	(2,118)	56,108	2.7
E&P waste treatment, recovery and disposal	326,934	(16,862)	310,072	14.9
Intermodal and other	46,291	(928)	45,363	2.2
Total	$2,338,518	$ (259,352)	$2,079,166	100.0

	Year Ended December 31, 2013			
	Revenue	Intercompany Revenue	Reported Revenue	% of Re Revenu
Solid waste collection	$1,219,091	$ (4,304)	$1,214,787	63.0
Solid waste disposal and transfer	579,379	(226,897)	352,482	18.3
Solid waste recycling	71,831	(6,101)	65,730	3.4
E&P waste treatment, recovery and disposal	262,286	(11,462)	250,824	13.0
Intermodal and other	46,038	(1,066)	44,972	2.3
Total	$2,178,625	$ (249,830)	$1,928,795	100.0

Cost of operations includes labor and benefits, tipping fees paid to third-party disposal facilities, v
maintenance, workers' compensation, vehicle and equipment insurance, insurance and employee
third-party transportation expense, fuel, the cost of materials we purchase for recycling, district ar
community fees and royalties. Our significant costs of operations in 2015 were labor, third-party
vehicle and equipment maintenance, taxes and fees, insurance and fuel. We use a number of prog
operations, including increasing the use of automated routes to reduce labor and workers' compen
comprehensive maintenance and health and safety programs, and increasing the use of transfer sta
internalization rates. We carry high-deductible or self-insured retention insurance for automobile
employer's liability, environmental liability, cyber liability, employment practices liability and di
well as for employee group health claims, property and workers' compensation. If we experience
or below our historically evaluated levels, our estimates could be materially affected.

Selling, general and administrative, or SG&A, expense includes management, sales force, clerica
compensation and benefits, legal, accounting and other professional services, acquisition expense
expense for our corporate headquarters.

Depreciation expense includes depreciation of equipment and fixed assets over their estimated us
method. Depletion expense includes depletion of landfill site costs and total future development c
the landfill is consumed. Remaining airspace at our landfills includes both permitted and probabl
Amortization expense includes the amortization of finite-lived intangible assets, consisting prima
agreements and contracts, customer lists and non-competition agreements, over their estimated us
method. Goodwill and indefinite-lived intangible assets, consisting primarily of certain perpetual
collection and transportation services in specified territories, are not amortized.

We capitalize some third-party expenditures related to development projects, such as legal, engin
We expense all third-party and indirect acquisition costs, including third-party legal and engineer
corporate overhead, public relations and other corporate services, as we incur them. We charge a
unamortized capitalized expenditures and advances (net of any portion that we believe we may re
otherwise) that may become impaired, such as those that relate to any operation that is permanent
development project that we believe will not be completed. We routinely evaluate all capitalized

to projects that we believe are not likely to succeed. For example, if we are unsuccessful in our a
permits that we are seeking or have been awarded to operate or expand a landfill, we will no long
from the landfill and we will be required to expense in a future period up to the carrying value of
project, less the recoverable value of the property and other amounts recovered.

42

Results of Operations

The following table sets forth items in our Consolidated Statements of Net Income (Loss) in thou
revenues for the periods indicated:

	Years Ended December 31,				
	2015	% of Revenues		2014	% of Revenues
Revenues	$2,117,287	100.0	%	$2,079,166	100.0
Cost of operations	1,177,409	55.6		1,138,388	54.8
Selling, general and administrative	237,484	11.2		229,474	11.0
Depreciation	240,357	11.3		230,944	11.1
Amortization of intangibles	29,077	1.4		27,000	1.3
Loss on prior office leases	-	-		-	-
Impairments and other operating items	494,492	23.4		4,091	0.2
Operating income (loss)	(61,532)	(2.9	)	449,269	21.6
Interest expense	(64,236)	(3.1	)	(64,674)	(3.1
Other income (expense), net	(518)	(0.0	)	1,067	0.0
Income tax (provision) benefit	31,592	1.5		(152,335)	(7.3
Net income (loss)	(94,694)	(4.5	)	233,327	11.2
Net income attributable to noncontrolling interests	(1,070)	(0.0	)	(802)	(0.0
Net income (loss) attributable to Waste Connections	$(95,764)	(4.5	)%	$232,525	11.2

Years Ended December 31, 2015 and 2014

Revenues. Total revenues increased $38.1 million, or 1.8%, to $2.117 billion for the year ended I
$2.079 billion for the year ended December 31, 2014.

During the year ended December 31, 2015, incremental revenue from acquisitions closed during,
ended December 31, 2014, increased revenues by approximately $58.6 million. Operations divest
year ended December 31, 2014, decreased revenues by approximately $1.0 million.

During the year ended December 31, 2015, the net increase in prices charged to our customers wa
$50.0 million of core price increases, partially offset by a decrease of $3.6 million from fuel, mat
surcharges.

During the year ended December 31, 2015, volume increases in our existing business increased s
million from increases in roll off collection, transfer station volumes and landfill volumes resultin
and general economic activity in our markets. E&P disposal facilities which opened subsequent t
E&P revenues by $3.9 million. E&P revenues at facilities owned and fully-operated in each of th
by $120.0 million due to the substantial reductions in crude oil prices that began in October 2014
and into early 2016, which resulted in a decline in the level of drilling and production activity the
E&P waste services in the basins in which we operate.

During the year ended December 31, 2015, the closure of a recycling operation in our Western se
revenues by $2.0 million. Revenues from sales of recyclable commodities at all other facilities ov
December 31, 2015 and 2014 decreased $7.9 million due primarily to decreased recyclable comm

During the year ended December 31, 2015, intermodal revenues increased $21.8 million due to c
intermodal customer and higher cargo volume with existing customers.

Other revenues decreased by $1.2 million during the year ended December 31, 2015 due primaril
construction services we performed in the prior year period at a landfill we operate that did not re
offset by an increase in equipment rental revenue.

43

Cost of Operations. Total cost of operations increased $39.0 million, or 3.4%, to $1.178 billion f
2015, from $1.138 billion for the year ended December 31, 2014. The increase was primarily the
additional operating costs from solid waste and E&P acquisitions closed during, or subsequent to,
2014 and an increase in operating costs at our existing solid waste operations of $26.9 million, le
at our existing and internally developed E&P operations of $22.6 million.

The increase in operating costs at our existing solid waste and intermodal operations of $26.9 mil
December 31, 2015 was comprised of an increase in labor and employee benefits expenses of $1
employee pay rate and headcount increases to support volume increases, an increase in rail transp
intermodal operations of $9.6 million due to increased rail cargo volume, an increase in truck, co
maintenance and repair expenses of $6.8 million due to variability in the timing and severity of m
third-party disposal expense of $6.5 million due to disposal rate increases and higher disposal cos
collection and transfer station volumes, an increase in taxes on revenues of $6.0 million due to in
waste markets, an increase in third-party trucking and transportation expenses of $3.1 million due
and landfill volumes that require us to transport the waste to our disposal sites and $3.4 million o
partially offset by a decrease in fuel expense of $20.2 million due to lower market prices for diese
diesel fuel hedge agreements, a decrease of $2.0 million associated with the cost of contracted la
performed during the prior year period and a decrease in auto, workers' compensation and proper
deductible insurance program of $1.9 million due primarily to adjustments to projected losses on

The decrease in operating costs at our existing and internally developed E&P operations of $22.6
December 31, 2015 was comprised of decreased fuel expenses of $4.0 million due primarily to de
fuel and the following changes attributable to a reduction in our operations resulting from the dec
production activity: decreased third-party trucking and transportation expenses of $6.7 million, de
of $6.2 million, decreased employee wage and benefits expenses of $3.3 million, decreased equip
million, decreased equipment rental expenses of $1.9 million, decreased royalties on revenues of
operating supplies of $0.5 million and $2.5 million of other expense decreases, partially offset by
expenses due to site clean-up and remediation work during the first quarter of 2015 associated wi
damage at two of our E&P disposal sites in New Mexico resulting from heavy precipitation affec
$1.5 million due to start-up related expenses at two new E&P disposal facilities during the first q

Cost of operations as a percentage of revenues increased 0.8 percentage points to 55.6% for the y
from 54.8% for the year ended December 31, 2014. The increase as a percentage of revenues was
percentage point increase at our existing and internally developed E&P operations, partially offse
decrease at our existing solid waste operations. The increase at our existing and internally develo
primarily to fixed operating expenses increasing as an overall percentage of revenues due to the a
revenues. The decrease at our existing solid waste operations was comprised of a 1.4 percentage
and a 0.2 percentage point net decrease in all other expenses.

SG&A. SG&A expenses increased $8.0 million, or 3.5%, to $237.5 million for the year ended D
$229.5 million for the year ended December 31, 2014. The increase was primarily the result of $
expenses from acquisitions closed during, or subsequent to, the year ended December 31, 2014, a
benefits expenses of $3.9 million primarily related to headcount increases and annual compensati
professional fees of $2.0 million due primarily to increased expenses for external accounting serv
consulting services, an increase in employee meeting, training and travel expenses of $1.0 million
acquisition costs of $2.1 million attributable to acquisitions closed during the current year period,
equity-based compensation expenses associated with our annual recurring grant of restricted stock
$0.6 million increase in credit card fees resulting from an increase in the total number of custome
services using credit cards, partially offset by a decrease in expenses for uncollectible accounts re
primarily related to improved collection results in the current year at our E&P segment and highe
Western segment resulting from a receivables balance from a large customer that was deemed un
accrued cash incentive compensation expense of $2.7 million as we are not projected to achieve t
financial targets that were met in the prior year period and $0.2 million of other net expense decre

SG&A expenses as a percentage of revenues increased 0.2% percentage points to 11.2% for the y
from 11.0% for the year ended December 31, 2014, as a result of increases associated with higher
professional fees and direct acquisition costs being partially offset by decreased cash incentive co
decreased expenses for uncollectible accounts.

44

Depreciation. Depreciation expense increased $9.5 million, or 4.1%, to $240.4 million for the ye
from $230.9 million for the year ended December 31, 2014. The increase was primarily the resul
expense of $6.5 million at our existing solid waste landfills due primarily to an increase in volum
depletion expense of $8.6 million from acquisitions closed during, or subsequent to, the year ende
increase in depreciation expense of $5.0 million associated with additions to our fleet and equipm
existing operations, partially offset by a decrease in depletion expense of $10.6 million at our exis
volume decreases resulting from a decline in the level of oil drilling and production activity due t

Depreciation expense as a percentage of revenues increased 0.2 percentage points to 11.3% for th
2015, from 11.1% for the year ended December 31, 2014. The increase as a percentage of revenu
impact of a decline in E&P revenues from operations owned in the comparable periods and depre
additions to our fleet and equipment purchased to support our existing operations, partially offset
expense at our existing E&P landfills.

Amortization of Intangibles. Amortization of intangibles expense increased $2.1 million, or 7.7%
ended December 31, 2015, from $27.0 million for the year ended December 31, 2014. Amortizati
revenues increased 0.1 percentage points to 1.4% for the year ended December 31, 2015, from 1.
December 31, 2014.

The dollar amount and percentage of revenues increases were attributable to additional amortizati
ended December 31, 2015 from acquisitions closed during, or subsequent to, the year ended Dece

Impairments and Other Operating Items. Impairments and other operating items increased $490.4
the year ended December 31, 2015, from $4.1 million for the year ended December 31, 2014.

The decline in oil prices that began in late 2014, and continued through 2015 and into early 2016,
of oil and natural gas exploration and production activity and a corresponding decrease in deman
This decrease, together with market expectations of a likely slow recovery in oil prices, has reduc
cash flows of our E&P segment, causing the fair value of the E&P segment to decrease below its
quarter of 2015, we recorded impairment charges of $411.8 million associated with goodwill and
indefinite-lived intangible assets in our E&P segment. Following the impairment charge, at Dece
segment has remaining balances of $77.3 million in goodwill and $21.5 million in indefinite-live
value of the E&P segment was estimated using an income approach employing a discounted cash
model incorporated projected cash flows over a forecast period based on the estimated remaining
comprising the E&P segment. One of the key assumptions in the DCF model was the estimated E
operating location. If the estimated EBITDA in the DCF model for each operating location was re
goodwill and indefinite-lived intangible asset impairment charge would have increased by $5.4 m

respectively. We also recorded impairment charges of $67.6 million related to property and equip
locations during the third quarter and fourth quarter of 2015 based on an assessment that the carry
groups exceeded the undiscounted cash flows and were therefore not recoverable. The fair value o
groups was calculated using the aforementioned DCF model and the impairment charge was base
groups' carrying values exceeded their fair value. Each asset group that was assessed as being im
value due primarily to the estimated discounted cash outflows exceeding the estimated discounted
remaining estimated lives of the asset groups. Following the impairment charge, our E&P segmen
property and equipment of $929.8 million at December 31, 2015. If the estimated EBITDA in the
group was reduced an additional 10%, the property and equipment impairment charge would hav

The aforementioned impairment charges were partially offset by $20.6 million of adjustments rec
December 31, 2015 to reduce the fair value of amounts payable under liability-classified continge
associated with the acquisition of an E&P business in 2014 as it was determined that the decline i
acquired facilities subject to contingent consideration payments based on the earnings of the acqu
amount ultimately payable by us upon the completion of the contingent consideration assessment

Other expense charges associated with changes to the fair value of certain long-term liabilities ass
acquisitions and losses on the disposal of operating assets increased $1.6 million during the year e

During the year ended December 31, 2014, we recorded an $8.4 million impairment charge at an
of projected operating losses resulting from the migration of the majority of the facility's custome
own and operate.

Operating Income (Loss). Operating income (loss) decreased $510.8 million to a loss of $61.5 m
December 31, 2015, from income of $449.3 million for the year ended December 31, 2014. The
$490.4 million increase in impairments and other operating items, $39.0 million increase in costs
increase in depreciation expense, $8.0 million increase in SG&A expense and $2.1 million increa
expense, partially offset by the $38.1 million increase in revenues.

Operating income (loss) as a percentage of revenues decreased 24.5 percentage points to negative
December 31, 2015, from positive 21.6% for the year ended December 31, 2014. The decrease a
comprised of a 23.2 percentage point increase in impairments and other operating items, a 0.8 per
of operations, a 0.2 percentage point increase in SG&A expense, a 0.2 percentage point increase i
0.1 percentage point increase in amortization expense.

Interest Expense. Interest expense decreased $0.5 million, or 0.7%, to $64.2 million for the year
$64.7 million for the year ended December 31, 2014. The decrease was primarily attributable to a
redemption of our 2015 Notes in October 2015, a decrease of $3.8 million from the net change in
outstanding borrowings under our revolving credit and term loan agreement and a decrease of $1.
replacing our prior term loan agreement and prior credit agreement with our new revolving credit
resulting in a reduction in the applicable margin above the base rate or LIBOR rate for outstandin
by an increase of $6.0 million from the August 2015 issuance of our 2022 Notes and 2025 Notes
resulting from interest accretion expense recorded on long-term liabilities recorded at fair value a
closed in the fourth quarter of 2014.

Other Income (Expense), Net. Other income (expense), net, decreased $1.6 million, to an expens
year ended December 31, 2015, from an income total of $1.1 million for the year ended Decembe
primarily attributable to an expense charge of $0.6 million for the write off of a portion of unamo
resulting from refinancing our prior term loan agreement and prior credit agreement, a $0.8 millio
income and $0.2 million of other net changes.

Income Tax Provision (Benefit). Income taxes decreased $183.9 million, to a benefit total of $31
December 31, 2015, from an expense total of $152.3 million for the year ended December 31, 20

Our effective tax benefit rate for the year ended December 31, 2015 was 25.0%. The impairment
indefinite-lived intangible assets and property and equipment within our E&P segment impacted t
of our state income taxes primarily resulting in an adjustment to our deferred tax liabilities that in
and increased our effective tax benefit rate during the year ended December 31, 2015 by $3.9 mil
respectively. Additionally, a portion of the aforementioned goodwill impairment within our E&P
deductible for tax purposes, resulted in a decrease to our income tax benefit and our effective tax

and 12.3 percentage points, respectively.

Our effective tax expense rate for the year ended December 31, 2014 was 39.5%. During the year
adjustment in deferred tax liabilities resulting from the enactment of New York State's 2014-201
income tax expense and our effective tax expense rate by $1.2 million and 0.3 percentage points,

Years Ended December 31, 2014 and 2013

Revenues. Total revenues increased $150.4 million, or 7.8%, to $2.079 billion for the year ended
$1.929 billion for the year ended December 31, 2013.

During the year ended December 31, 2014, incremental revenue from acquisitions closed during,
ended December 31, 2013, increased solid waste revenues and E&P revenues by approximately $
respectively. Operations divested during, or subsequent to, the year ended December 31, 2013, de
approximately $10.0 million.

During the year ended December 31, 2014, the net increase in prices charged to our solid waste c
consisting of $46.6 million of core price increases and $0.7 million of fuel, materials and environ

46

During the year ended December 31, 2014, volume increases in our existing business increased s
revenues by $35.1 million and $55.8 million, respectively. The increase in solid waste volumes w
increases in roll off collection, landfill special waste projects, landfill MSW volumes and transfe
increased construction and general economic activity in our markets. The increase in E&P volum
$23.9 million of revenue from new facilities opened subsequent to December 31, 2013 and $31.9
facilities owned and operated in each of the comparable periods.

During the year ended December 31, 2014, the closure of two recycling operations in our Wester
by $10.2 million. Revenues from sales of recyclable commodities at all other facilities owned dur
31, 2014 and 2013 increased $0.4 million due primarily to an increase in volumes processed and

Other revenues increased by $0.2 million during the year ended December 31, 2014, consisting o
landfill construction services we performed at a landfill we operate and $0.5 million of other reve
by a $2.3 million decrease from lower cargo volumes at our intermodal operations due primarily
customer.

Cost of Operations. Total cost of operations increased $73.6 million, or 6.9%, to $1.138 billion f
2014, from $1.065 billion for the year ended December 31, 2013. The increase was primarily the
additional operating costs from acquisitions closed during, or subsequent to, the year ended Dece
by a decrease in operating costs of $7.8 million resulting from operations divested during, or subs
December 31, 2013, and the following changes at operations owned in comparable periods in 201
third-party trucking and transportation expenses of $14.6 million due to increased transfer station
require us to transport the waste to our disposal sites, an increase in labor expenses of $14.3 milli
pay rate and headcount increases, an increase in taxes and royalties on revenues of $9.4 million d
revenues, an increase in truck, container, equipment and facility maintenance and repair expenses
increase in the cost of parts and services and variability in the timing and severity of major repair
disposal expense of $8.1 million due to disposal rate increases and higher disposal associated with
an increase in third-party subcontractor expenses of $4.2 million at our E&P facilities to perform
services resulting from higher E&P disposal volumes, an increase in auto and workers' compensa
high deductible insurance program of $3.3 million due primarily to adjustments to projected losse
increase of $2.7 million related to an increase in the volume of waste solidification materials neec
volumes at our facilities and regulatory changes requiring use of higher cost waste solidification
an increase of $2.0 million associated with the cost of contracted landfill construction services we
operate, an increase in employee benefits expenses of $1.4 million due to increased employee par
program and increased medical claim costs, and $0.9 million of other net increases, partially offs
rental expense of $2.3 million resulting from capital purchases replacing certain equipment that w
E&P facilities, a decrease in the cost of recyclable commodities of $1.8 million due to declines in
decreased commodity volumes resulting from the closure of two of our recyclable processing cen
31, 2013 and a decrease in fuel expense of $1.0 million resulting from the net of lower market pri
purchased under diesel fuel hedge agreements offsetting an increase in total diesel fuel gallons co

Cost of operations as a percentage of revenues decreased 0.4 percentage points to 54.8% for the y
from 55.2% for the year ended December 31, 2013. The decrease as a percentage of revenues wa
point decrease in labor expenses and a 0.4 percentage point decrease in fuel expense due to lower
percentage point decrease from lower equipment rental expenses and a 0.1 percentage point decre
resulting from the increased internalization of certain collection and transfer station volumes as w
E&P revenues not resulting in increased disposal expenses, partially offset by a 0.5 percentage po
third-party trucking expenses and a 0.2 percentage point increase in third party subcontractor exp

SG&A. SG&A expenses increased $16.9 million, or 7.9%, to $229.5 million for the year ended I
$212.6 million for the year ended December 31, 2013. The increase was primarily the result of $
expenses from acquisitions closed during, or subsequent to, the year ended December 31, 2013, p
SG&A expenses of $0.9 million resulting from operations divested during, or subsequent to, the y
and the following changes at operations owned in comparable periods in 2013 and 2014: an incre
compensation expense of $6.2 million resulting from the achievement of certain financial targets
increase in payroll and payroll-related expenses of $3.1 million primarily related to annual compe
in equity-based compensation expense of $3.0 million associated with a decrease in our estimated
an increase in the total fair value of our annual recurring grant of restricted stock units to our pers
professional fees of $2.0 million due primarily to increased expenses for external legal and inform
$1.2 million increase in expenses for uncollectible accounts receivable primarily in our E&P busi
decline in crude oil prices at the end of 2014 impacting the solvency of certain E&P customers an
increases, partially offset by a decrease in deferred compensation expense of $0.9 million as a res
value of investments to which employee deferred compensation liability balances are tracked.

47

SG&A expenses as a percentage of revenues was unchanged at 11.0% for the years ended Decem
resulting from a 0.2 percentage point increase from increased cash incentive compensation expen
percentage point decrease from leveraging existing administrative functions to support increases i

Depreciation. Depreciation expense increased $12.4 million, or 5.7%, to $230.9 million for the y
from $218.5 million for the year ended December 31, 2013. The increase was primarily the resul
depreciation expense and $0.1 million of additional depletion expense from acquisitions closed du
ended December 31, 2013, partially offset by a decrease in depreciation expense of $0.9 million r
divested during, or subsequent to, the year ended December 31, 2013, and the following changes
comparable periods in 2013 and 2014: an increase in depreciation expense of $7.2 million associa
and equipment purchased to support our existing operations and an increase in depletion expense
an increase in volumes at our existing landfill operations, partially offset by an adjustment to depl
recorded during the year ended December 31, 2013 resulting from an adjustment to final capping
landfill operations.

Depreciation expense as a percentage of revenues decreased 0.3 percentage points to 11.1% for th
2014, from 11.4% for the year ended December 31, 2013. The decrease as a percentage of revenu
aforementioned prior year adjustment to depletion expense resulting from an adjustment to final c
our landfill operations and leveraging existing equipment to support increases in revenues.

Amortization of Intangibles. Amortization of intangibles expense increased $1.6 million, or 6.3%
ended December 31, 2014, from $25.4 million for the year ended December 31, 2013. The increa
million of additional amortization expense during the year ended December 31, 2014 from acquis
subsequent to, the year ended December 31, 2013, partially offset by a decrease in amortization e
from certain intangible assets becoming fully amortized subsequent to the year ended December 3

Amortization expense as a percentage of revenues was unchanged at 1.3% for the years ended De

Loss on Prior Office Leases. During the year ended December 31, 2013, we recorded a $9.2 mill
with the cessation of use of our former corporate headquarters in Folsom, California, and subsequ
terminate our remaining lease obligation. Additionally, during the year ended December 31, 2013
expense charge associated with the cessation of use of our E&P segment’s former regional offices

Impairments and Other Operating Items. Impairments and other operating items was a loss of $4.
December 31, 2014 and 2013.

During the year ended December 31, 2013, we recorded net losses totaling $2.5 million on the dis
locations, $1.3 million of expenses resulting from increases to the fair value of amounts payable u
contingent consideration arrangements associated with acquisitions closed prior to 2013 and a $0.
carrying value of assets at an operating location that was closed in 2013, partially offset by $0.5 n
disposal of certain operating assets.

During the year ended December 31, 2014, we recorded an $8.4 million impairment charge at an
of projected operating losses resulting from the migration of the majority of the facility's custome
own and operate, which was partially offset by $4.1 million of decreases to the fair value of amou
liability-classified contingent consideration arrangements associated with acquisitions closed pric
net gains on the disposal of certain operating assets.

Operating Income. Operating income increased $55.9 million, or 14.2%, to $449.3 million for th
2014, from $393.4 million for the year ended December 31, 2013. The increase was attributable
revenues and a $9.9 million decrease in loss on prior office leases, partially offset by the $73.6 m
operations, $16.9 million increase in SG&A expense, $12.4 million increase in depreciation expe
amortization of intangibles expense.

Operating income as a percentage of revenues increased 1.2 percentage points to 21.6% for the ye
from 20.4% for the year ended December 31, 2013. The increase as a percentage of revenues wa
point decrease in cost of operations, a 0.5 percentage point decrease in loss on prior office leases
decrease in depreciation expense.

48

Interest Expense. Interest expense decreased $8.9 million, or 12.1%, to $64.7 million for the year
from $73.6 million for the year ended December 31, 2013, due to the following changes: a decrea
reduction in the applicable margin above the base rate or LIBOR rate for outstanding borrowings
agreement and term loan agreement as a result of a reduction in our leverage ratio of total debt to
the prior credit agreement and term loan agreement, a decrease of $2.8 million due to a reduction
balances on our prior credit agreement and term loan agreement, a decrease of $2.0 million due to
2014 of a $175 million interest rate swap with a fixed rate of 2.85% and the commencement of a
swap with a fixed rate of 1.60%, a decrease of $0.6 million resulting from a decrease in interest a
liability-classified contingent consideration arrangements that were settled, or became fully accru
2013 and a $0.6 million decrease from other net changes, partially offset by a $0.8 million increas
commencement in July 2014 of a new $100 million interest rate swap with a fixed rate of 1.80%.

Income Tax Provision. Income taxes increased $27.4 million, or 21.9%, to $152.3 million for the
2014, from $124.9 million for the year ended December 31, 2013, as a result of increased pre-tax
deferred tax liabilities resulting from the enactment of New York State's 2014-2015 Budget Act t
expense and our effective tax expense rate during the year ended December 31, 2014 by $1.2 mil
respectively.

The reconciliation of the income tax provision to the 2012 federal and state tax returns, which we
our tax expense by $0.8 million and reduced our effective tax expense rates by 0.3 percentage poi
December 31, 2013.

Our effective tax expense rates for the years ended December 31, 2014 and 2013, were 39.5% an

Segment Reporting

Our Chief Operating Decision Maker evaluates operating segment profitability and determines re
several factors, of which the primary financial measure is segment EBITDA. We define segment
interest, taxes, depreciation, amortization, loss on prior office leases, impairments and other opera
(expense). Segment EBITDA is not a measure of operating income, operating performance or liq
not be comparable to similarly titled measures reported by other companies. Our management us
evaluation of segment operating performance as it is a profit measure that is generally within the
segments.

We manage our operations through three geographic operating segments (Western, Central and E
which includes the majority of our E&P waste treatment and disposal operations. Our three geogr
our E&P segment comprise our reportable segments. Each operating segment is responsible for m
integrated operations, which are comprised of districts. Our Western segment is comprised of op
California, Idaho, Montana, Nevada, Oregon, Washington and western Wyoming; our Central seg
locations in Arizona, Colorado, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, Oklahom
and eastern Wyoming; and our Eastern segment is comprised of operating locations in Alabama, I
Massachusetts, Michigan, Mississippi, New York, North Carolina, South Carolina and Tennessee
comprised of our E&P operations in Arkansas, Louisiana, New Mexico, North Dakota, Oklahoma
the Gulf of Mexico.

Revenues, net of intercompany eliminations, for our reportable segments are shown in the follow
percentage of total revenues for the periods indicated:

	Years Ended December 31,						
	2015	% of Revenues		2014	% of Revenues		2013
Western	$880,393	41.6	%	$823,922	39.6	%	$805,790
Central	589,667	27.8		561,480	27.0		510,928
Eastern	433,457	20.5		393,821	19.0		371,772
E&P	213,770	10.1		299,943	14.4		240,305
	$2,117,287	100.0	%	$2,079,166	100.0	%	$1,928,795

49

Segment EBITDA for our reportable segments is shown in the following table in thousands and a
revenues for the periods indicated:

	Years Ended December 31,						
	2015	% of Revenues		2014	% of Revenues		2013
Western	$290,937	33.0	%	$258,126	31.3	%	$249,548
Central	207,205	35.1		197,121	35.1		182,790
Eastern	132,774	30.6		116,230	29.5		108,173
E&P	69,545	32.5		147,261	49.1		111,056
Corporate[(a)]	1,933	-		(7,434)	-		(228
	$702,394	33.2		$711,304	34.2		$651,339

(a) Corporate functions include accounting, legal, tax, treasury, information technology, risk man
training and other administrative functions. Amounts reflected are net of allocations to the four o

A reconciliation of segment EBITDA to Income before income tax provision is included in Note
statements included in Item 8 of this report.

Significant changes in revenue and segment EBITDA for our reportable segments for the year en
compared to the year ended December 31, 2014, and for the year ended December 31, 2014, com
December 31, 2013, are discussed below.

Segment Revenue

Revenue in our Western segment increased $56.5 million, or 6.9%, to $880.4 million for the year
from $823.9 million for the year ended December 31, 2014. The components of the increase con
increases of $30.2 million associated with our residential, commercial and roll off collection oper
landfill special waste revenues being partially offset by lower landfill municipal solid waste rever
increases of $21.8 million due to a new large intermodal customer and higher cargo volume with
increases of $12.9 million, revenue growth from acquisitions closed during, or subsequent to, the
of $1.9 million and other revenue increases of $0.3 million, partially offset by recyclable commo
million and $5.3 million resulting from the closure of a recycling operation in April 2014 and dec
commodities, respectively, and decreases of $3.3 million from reduced E&P disposal volumes at

Revenue in our Western segment increased $18.1 million, or 2.3%, to $823.9 million for the year
from $805.8 million for the year ended December 31, 2013. The components of the increase con
$21.4 million primarily in our collection operations, transfer stations and solid waste landfills, ne
$12.0 million, revenue growth from acquisitions closed during, or subsequent to, the year ended I
million and other revenue increases of $0.4 million, partially offset by decreases of $5.3 million f
recyclable commodity sales decreases of $8.4 million due primarily to the closure of two of our r
to December 31, 2013 and intermodal revenue decreases of $2.3 million due to decreases in carg
from the loss of a large intermodal customer.

Revenue in our Central segment increased $28.2 million, or 5.0%, to $589.7 million for the year
$561.5 million for the year ended December 31, 2014. The components of the increase consisted
million, solid waste volume increases of $1.2 million associated with increases in roll off collecti
volumes, landfill MSW volumes and landfill special waste volumes exceeding declines in reside
revenue growth from acquisitions and divestitures closed during, or subsequent to, the year ende
million and other revenue increases of $0.2 million.

Revenue in our Central segment increased $50.6 million, or 9.9%, to $561.5 million for the year
$510.9 million for the year ended December 31, 2013. The components of the increase consisted
acquisitions closed during, or subsequent to, the year ended December 31, 2013, of $24.2 million
$22.0 million, volume increases of $5.6 million primarily in our roll off collection business, trans
landfills and $0.1 million of other revenue increases, partially offset by recyclable commodity sal
decreases of $0.6 million from divested operations.

50

Revenue in our Eastern segment increased $39.7 million, or 10.1%, to $433.5 million for the year
from $393.8 million for the year ended December 31, 2014. The components of the increase con
acquisitions closed during, or subsequent to, the year ended December 31, 2014, of $25.3 million
million and solid waste volume increases of $8.4 million primarily from volume increases in our
transfer station volumes and landfill special waste volumes exceeding decreases in residential col
by recyclable commodity sales decreases of $2.4 million due primarily to declines in the price of
other revenue decreases of $1.9 million due primarily to landfill construction services, contracted
performed at a landfill we operate.

Revenue in our Eastern segment increased $22.0 million, or 5.9%, to $393.8 million for the year
$371.8 million for the year ended December 31, 2013. The components of the increase consisted
$13.3 million, volume increases of $8.1 million primarily in our roll off collection business, trans
landfills, other revenue increases of $2.0 million primarily associated with contracted landfill con
at a landfill we operate and revenue growth from acquisitions closed during, or subsequent to, the
2013, of $3.5 million, partially offset by decreases of $4.1 million from divested operations and r
decreases of $0.8 million due to lower prices for recyclable commodities.

Revenue in our E&P segment decreased $86.1 million, or 28.7%, to $213.8 million for the year e
$299.9 million for the year ended December 31, 2014. The components of the decrease consisted
revenue decreases at facilities owned and fully-operated in each of the comparable periods due to
volumes and prices charged for our services and $0.2 million of other revenue decreases, partially
acquisitions closed during, or subsequent to, the year ended December 31, 2014, of $26.7 million
from two new E&P disposal facilities opened subsequent to December 31, 2014. During the year
E&P segment was adversely affected by the substantial reductions in crude oil prices that began i
through 2015 and into early 2016, resulting in a decline in the level of drilling and production act
E&P waste services in the basins in which we operate. The carryover impact from the aforementi
crude oil, which has dropped again at the beginning of 2016, is expected to contribute to revenue
declining between 20% and 30% from 2015.

Revenue in our E&P segment increased $59.6 million, or 24.8%, to $299.9 million for the year en
$240.3 million for the year ended December 31, 2013. The components of the increase consisted
from new facilities opened subsequent to December 31, 2013, $31.9 million of volume increases
in each of the comparable periods and $3.8 million of revenue from acquisitions closed during the
2014.

Segment EBITDA

Segment EBITDA in our Western segment increased $32.8 million, or 12.7%, to $290.9 million f
2015, from $258.1 million for the year ended December 31, 2014. The increase was due primaril
$56.5 million, a decrease in fuel expense of $9.5 million due to lower market prices for diesel fue
fuel hedge agreements, a decrease in current year expenses for uncollectible accounts receivable c
a prior year expense charge associated with receivables from a large customer that were deemed u
auto, workers' compensation and property claims expenses under our high deductible insurance p
primarily to adjustments to projected losses on prior period claims, partially offset by an increase
at our intermodal operations of $9.6 million due to increased rail cargo volume, an increase in dir
expenses of $9.3 million due primarily to employee pay rate increases and increased headcount to
increases, an increase in third-party disposal expense of $4.3 million due to increased collection v
increases, an increase in taxes on revenues of $3.6 million due to increased revenues, an increase
and facility maintenance and repair expenses of $2.5 million due to variability in the timing and s
increase in third-party trucking and transportation expenses of $1.6 million due to increased dispo
transportation to our landfills, an increase in corporate overhead expense allocations of $1.4 milli
growth, a net $0.8 million increase in cost of operations and SG&A expenses attributable to acqui
increase in legal fees associated with our dispute with the County of Madera, California, a $0.4 m
fees resulting from an increase in the total number of customers remitting payments for our servic
million of other net expense increases.

51

Segment EBITDA in our Western segment increased $8.6 million, or 3.4%, to $258.1 million for
2014, from $249.5 million for the year ended December 31, 2013. The increase was primarily du
$18.1 million, a net $4.9 million decrease in cost of operations and SG&A expenses attributable t
decrease in the cost of recyclable commodities of $1.7 million due to a net decline in commodity
closure of two of our recyclable processing centers subsequent to December 31, 2013, a decrease
resulting from the net of lower market prices for diesel fuel not purchased under diesel fuel hedge
increase in total diesel fuel gallons consumed and $0.3 million of other net decreases, partially of
revenues of $4.7 million due to increased revenues, an increase in third-party disposal expense of
rate increases and higher disposal associated with increased collection volumes, an increase in di
expenses of $2.4 million due primarily to employee pay rate increases, an increase in auto, worke
claims expense under our high deductible insurance program of $1.7 million due primarily to adj
prior period claims, an increase in employee benefits expenses of $1.1 million due to increased e
benefits program and increased medical claim costs, an increase in truck, container, equipment a
repair expenses of $0.9 million due to variability in the timing and severity of major repairs, incre
uncollectible accounts receivable of $0.8 million associated with receivables from an individual c
uncollectible, an increase in third party trucking and transportation expenses of $0.7 million due t
of at our transfer stations that require further transportation to our landfills, an increase in corpora
of $0.7 million due primarily to revenue growth and an increase in professional fee expenses prim
development opportunities of $0.4 million.

Segment EBITDA in our Central segment increased $10.1 million, or 5.1%, to $207.2 million for
2015, from $197.1 million for the year ended December 31, 2014. The increase was due primaril
$28.2 million and a decrease in fuel expense of $4.8 million due to lower market prices for diesel
fuel hedge agreements, partially offset by an increase in direct and administrative labor expenses
employee pay rate increases, an increase in corporate overhead expense allocations of $4.8 millio
growth and an increase to the overhead allocation rate, an increase in third-party disposal expense
rate increases, changes in internalization of collected waste volumes in certain markets and increa
increase in professional fees of $1.6 million due primarily to increased expenses for legal and sal
$1.6 million increase in cost of operations and SG&A expenses attributable to acquired operation
container, equipment and facility maintenance and repair expenses of $1.6 million due to variabil
major repairs, an increase in taxes on revenues of $1.3 million due primarily to increased landfill
other net expense increases.

Segment EBITDA in our Central segment increased $14.3 million, or 7.8%, to $197.1 million for
2014, from $182.8 million for the year ended December 31, 2013. The increase was primarily du
$50.6 million, partially offset by a net $15.4 million increase in cost of operations and SG&A ex
operations, an increase in labor expenses of $4.8 million due primarily to employee pay rate incre
trucking and transportation expenses of $4.3 million due to increased volumes disposed of at our
further transportation to our landfills, an increase in third-party disposal expense of $3.5 million
and higher disposal associated with increased collection volumes, an increase in truck, container,
maintenance and repair expenses of $1.8 million due to variability in the timing and severity of m
corporate overhead expense allocations of $1.8 million due primarily to revenue growth, an increa
materials of $1.2 million due to regulatory changes requiring use of higher cost materials at one o

auto, workers' compensation and property claims expense under our high deductible insurance pr
primarily to adjustments to projected losses on prior period claims, an increase in taxes on revenu
increased revenues, an increase in employee benefits expenses of $0.8 million due to increased en
benefits program and increased medical claim costs and $0.8 million of other net expense increas

Segment EBITDA in our Eastern segment increased $16.6 million, or 14.2%, to $132.8 million fo
2015, from $116.2 million for the year ended December 31, 2014. The increase was due primaril
$39.7 million, a decrease in fuel expense of $5.9 million due to lower market prices for diesel fue
fuel hedge agreements, a decrease of $2.0 million associated with the cost of contracted landfill c
performed during the prior year period at a landfill we operate and a decrease in disposal expense
to increased internalization of collected waste volumes in our Albany, New York market, partially
increase in cost of operations and SG&A expenses attributable to acquired operations, an increase
allocations of $4.4 million due primarily to revenue growth, an increase in direct and administrati
million due primarily to employee pay rate increases and increased headcount to support internal
container, equipment and facility maintenance and repair expenses of $2.5 million due to variabil
major repairs, an increase in third-party trucking and transportation expenses of $1.4 million due
of at our transfer stations that require further transportation to our landfills, an increase in taxes or
new landfill site that commenced operations in 2015 and $0.9 million of other net expense increas

52

Segment EBITDA in our Eastern segment increased $8.0 million, or 7.4%, to $116.2 million for t
2014, from $108.2 million for the year ended December 31, 2013. The increase was primarily du
$22.0 million, a net $3.4 million decrease in cost of operations and SG&A expenses attributable t
decrease in expenses for uncollectible accounts receivable of $1.2 million due to a charge recorde
December 31, 2013 associated with receivables from one large customer that were deemed uncol
increase in labor expenses of $3.8 million due primarily to employee pay rate increases, an increa
equipment and facility maintenance and repair expenses of $2.9 million due to variability in the ti
repairs, an increase in taxes on revenues of $2.1 million due to both an increase in revenues and a
decreased taxes on revenues expense, a net increase in cost of operations and SG&A expenses of
acquisitions closed during the year ended December 31, 2014, an increase of $2.0 million associa
landfill construction services we performed at a landfill we operate, an increase in leachate dispos
certain landfills we own and operate, an increase in auto and workers' compensation expense und
program of $0.8 million due to adjustments to projected losses on prior period claims, an increase
of $0.8 million due to increased employee participation in our benefits program and increased me
corporate overhead expense allocations of $0.5 million due primarily to revenue growth, an increa
transportation expenses of $0.4 million due to increased volumes disposed of at our transfer statio
transportation to our landfills, an increase in third-party disposal expense of $0.3 million due to d
disposal associated with increased roll off collection volumes and $1.1 million of other net expen

Segment EBITDA in our E&P segment decreased $77.8 million, or 52.8%, to $69.5 million for th
2015, from $147.3 million for the year ended December 31, 2014. The decrease was due primari
in revenues, a net $17.8 million increase in cost of operations and SG&A expenses attributable to
increase of $5.0 million in expenses due to site clean-up and remediation work during the first qu
flooding and other surface damage at two of our E&P disposal sites in New Mexico resulting fron
the sites and an increase of $1.5 million due to start-up related expenses at two new E&P disposal
quarter of 2015, partially offset by decreased fuel expenses of $4.0 million due primarily to decre
decrease in corporate overhead expense allocations of $1.9 million due to lower revenues, a decre
uncollectible accounts receivable of $1.5 million due to improved collection results in the current
attributable to a reduction in our operations resulting from the decline in the level of drilling and p
third-party trucking and transportation expenses of $6.7 million, decreased site remediation work
employee wage and benefits expenses of $3.5 million, decreased equipment repair expenses of $2
equipment rental expenses of $1.9 million, decreased royalties on revenues of $1.1 million, decre
of $0.5 million and $2.4 million of other expense decreases. We estimate that the expected decrea
segment in 2016 will result in EBITDA at our E&P segment in 2016 declining between 10% and

Segment EBITDA in our E&P segment increased $36.2 million, or 32.6%, to $147.3 million for t
2014, from $111.1 million for the year ended December 31, 2013. The increase was primarily du
$59.6 million, a decrease in equipment rental expense of $1.7 million resulting from capital purch
equipment that was previously rented and $0.7 million of other net expense decreases, partially o
third-party trucking and transportation expenses of $9.2 million due to increased volumes that req
our disposal sites, an increase in labor expenses of $4.8 million due primarily to employee pay ra
headcount to support new operating facilities, an increase of $4.1 million for third-party subcontr
remediation services resulting from higher E&P volumes, an increase in truck, container, equipme

repair expenses of $3.2 million due to variability in the timing and severity of major repairs, a net
and SG&A expenses of $1.9 million attributable to acquisitions closed during the year ended Dec
landfill solidification materials of $1.4 million due to increased E&P volumes and an increase in
accounts receivable of $1.2 million due to the impact of the decline in crude oil prices at the end
of certain E&P customers.

Segment EBITDA at Corporate increased $9.3 million, to income of $1.9 million for the year end
loss of $7.4 million for the year ended December 31, 2014. The increase was due to an increase i
overhead expense allocations to our segments of $8.9 million due primarily to our revenue growth
and an increase in the allocation rate to our Central and Eastern segments, a decrease in accrued c
expense of $2.9 million as we did not achieve the same level of certain financial targets that were
decrease in deferred compensation expense of $0.5 million resulting from deferred compensation
decreasing as a result of decreases in the market value of investments to which employee deferred
tracked and $0.5 million of other net expense decreases, partially offset by an increase in direct ac
million attributable to acquisitions closed during the current year period, an increase of $0.8 milli
compensation expenses associated with our annual recurring grant of restricted stock units to our
payroll expenses of $0.6 million due primarily to pay rate increases.

53

Segment EBITDA at Corporate decreased $7.2 million, to a loss of $7.4 million for the year ende
loss of $0.2 million for the year ended December 31, 2013. The increased loss was due to an incr
compensation expense of $5.7 million resulting from the achievement of certain financial targets
increase in equity-based compensation expense of $3.1 million associated with a decrease in our e
rate and an increase in the total fair value of our annual recurring grant of restricted stock units to
professional fees of $2.2 million due primarily to increased expenses for external legal and inform
an increase in payroll expenses of $1.5 million due to headcount and pay rate increases, partially
revenue-based corporate overhead expense allocations to our segments of $3.2 million due prima
decrease in employee relocation expenses of $1.5 million primarily associated with our relocation
from Folsom, California to The Woodlands, Texas, which was completed in 2013 and a decrease
$0.6 million due primarily to the elimination of duplicate lease obligations for our former headqu
our E&P segment's former regional offices in Houston, Texas.

Liquidity and Capital Resources

The following table sets forth certain cash flow information for the years ended December 31, 20
thousands):

	2015	2014	2013
Net cash provided by operating activities	$576,999	$545,077	$484,061
Net cash used in investing activities	(470,534)	(363,408)	(251,015)
Net cash used in financing activities	(109,844)	(180,907)	(242,667)
Net increase (decrease) in cash and equivalents	(3,379)	762	(9,621)
Cash and equivalents at beginning of year	14,353	13,591	23,212
Cash and equivalents at end of year	$10,974	$14,353	$13,591

Operating Activities Cash Flows

For the year ended December 31, 2015, net cash provided by operating activities was $577.0 mill
December 31, 2014, net cash provided by operating activities was $545.1 million. The $31.9 mil
to the following:

1) A decrease in net income of $328.0 million, adjusted for an increase in cash flows from operati
effects from acquisitions, of $10.2 million. Cash provided by operating assets and liabilities, ne
was $10.6 million and $0.4 million for the year ended December 31, 2015 and 2014, respective
of the $10.6 million in net cash inflows from changes in operating assets and liabilities, net of e

year ended December 31, 2015, include the following:

a) an increase in cash resulting from a $17.3 million decrease in accounts receivable due, in part, t

b) an increase in cash resulting from an increase in accrued liabilities of $8.2 million due primaril interest due to the timing of semi-annual interest payments under our various long-term notes a payroll-related expenses due to our pay cycle timing resulting in an additional day of accrual at offset by a decrease in accrued cash incentive compensation expense as we did not achieve the targets that were met in the prior year period;

c) an increase in cash resulting from a $4.4 million increase in deferred revenue due primarily to i and the timing of billing for services; less

d) a decrease in cash resulting from a $16.7 million increase in accounts payable due primarily to vendor payments remitted using electronic payment processes that decrease the period of time vendor invoices; less

e) a decrease in cash resulting from a $2.8 million increase in prepaid expenses and other current increase in prepaid income taxes;

2) An increase in the loss on disposal of assets and impairments of $510.4 million due primarily t a portion of our goodwill, indefinite-lived intangible assets and property and equipment within

3) An increase in depreciation expense of $9.4 million due primarily to increased depreciation ex capital expenditures;

4) An increase of $5.4 million attributable to a decrease in the excess tax benefits associated with to a decrease in stock option exercises resulting in decreased taxable income recognized by em us; and

5) An increase in interest accretion of $1.7 million from long-term liabilities recorded at fair valu closed subsequent to December 31, 2014; less

6) A decrease in our provision for deferred taxes of $163.5 million due primarily to the aforemen E&P segment resulting in the reduction of corresponding deferred tax liabilities; less

54

7) A decrease of $18.7 million attributable to post-closing adjustments resulting in a net decrease payable under liability-classified contingent consideration arrangements primarily associated w E&P disposal company.

For the year ended December 31, 2014, net cash provided by operating activities was $545.1 mill December 31, 2013, net cash provided by operating activities was $484.1 million. The $61.0 mil to the following:

1) An increase in net income of $37.3 million, adjusted for an increase in cash flows from operati effects from acquisitions, of $13.7 million. Cash provided by operating assets and liabilities, ne was $0.4 million for the year ended December 31, 2014. Cash used for operating assets and lia acquisitions, was $13.3 million for the year ended December 31, 2013. The significant compon cash inflows from changes in operating assets and liabilities, net of effects from acquisitions, fo 2014, include the following:

a) an increase in cash resulting from a $10.2 million increase in accounts payable due primarily to the timing of vendor payments;

b) an increase in cash resulting from a $8.6 million increase in deferred revenue due primarily to i timing of billing for services;

c) an increase in cash resulting from an increase in accrued liabilities of $5.0 million due primaril incentive compensation and increased liabilities for auto and workers' compensation claims;

d) an increase in cash resulting from an increase in other long-term liabilities of $2.7 million due compensation plan liabilities resulting from employee contributions and plan earnings; less

e) a decrease in cash resulting from a $22.2 million increase in accounts receivable due to remaining uncollected at the end of the comparable periods; less

f) a decrease in cash resulting from a $3.9 million increase in prepaid expenses and other current a increase in prepaid income taxes;

2) An increase in depreciation expense of $12.5 million due primarily to increased depletion expe landfill volumes and increased depreciation expense resulting from increased capital expenditu

3) A decrease in payment of contingent consideration recorded in earnings of $4.0 million due pri consideration payout in 2013 resulting from the completion of an earnings target for the 2012 a the fair value of the contingent consideration liability recorded at the acquisition close date;

4) An increase in equity-based compensation expense of $3.0 million attributable to a decrease in forfeiture rate and an increase in the total fair value of our annual recurring grant of restricted s

5) An increase in the loss on disposal of assets and impairments of $5.4 million due primarily to a in 2014 at one of our E&P facilities being partially offset by a loss on the disposal of a solid wa 2013; less

6) A decrease in our provision for deferred taxes of $7.6 million due primarily to tax deductible ti with prepaid expenses and equity-based compensation; less

7) A decrease of $4.7 million attributable to post-closing adjustments resulting in a net decrease i payable under liability-classified contingent consideration arrangements associated with acquis

8) A decrease of $3.8 million attributable to an increase in the excess tax benefit associated with e to an increase in the vesting of equity-based compensation resulting in increased taxable incom is tax deductible to us.

As of December 31, 2015, we had a working capital deficit of $15.8 million, including cash and e
Our working capital deficit increased $21.6 million from a working capital surplus of $5.8 millio
including cash and equivalents of $14.4 million. To date, we have experienced no loss or lack of
equivalents; however, we can provide no assurances that access to our cash and cash equivalents
conditions in the financial markets. Our strategy in managing our working capital is generally to
our operations that remains after satisfying our working capital and capital expenditure requireme
repurchase and dividend programs, to reduce the unhedged portion of our indebtedness under our
minimize our cash balances.

55

Investing Activities Cash Flows

Net cash used in investing activities increased $107.1 million to $470.5 million for the year ended
$363.4 million for the year ended December 31, 2014. The significant components of the increas

1) An increase in payments for acquisitions of $104.3 million due primarily to the acquisition of t businesses, two integrated solid waste collection and disposal businesses, an E&P waste stream business and a permitted, development stage E&P landfill site during the year ended December
2) A decrease in capital expenditures for property and equipment of $2.4 million due primarily to trucks purchased for purposes of converting fleets at certain hauling operations to compressed expenditures for equipment in our E&P segment, partially offset by increased expenditures resu subsequent to December 31, 2014 and expenditures in 2015 for two new E&P liquid waste inje

Net cash used in investing activities increased $112.4 million to $363.4 million for the year ended
$251.0 million for the year ended December 31, 2013. The significant components of the increas

1) An increase in payments for acquisitions of $62.0 million primarily due to the acquisition of six E&P disposal business, two permitted development stage E&P landfill sites and a permitted de and demolition landfill site during the year ended December 31, 2014;
2) A cash receipt of $18.0 million during the year ended December 31, 2013 resulting from the se date net working capital with the former owners of R360; and
3) An increase in capital expenditures for property and equipment of $31.4 million due primarily closed subsequent to December 31, 2013, new facilities in our E&P segment, expenditures for that operate on compressed natural gas, and increases in landfill site cost construction, vehicles by decreases in expenditures for equipment for our E&P segment and leasehold improvements corporate headquarters in The Woodlands, Texas.

Financing Activities Cash Flows

Net cash used in financing activities decreased $71.1 million to $109.8 million for the year ended
$180.9 million for the year ended December 31, 2014. The significant components of the decreas

1) A decrease in net repayments of long-term borrowings of $153.7 million due primarily to incre to fund increases in payments for acquisitions and payments to repurchase our common stock d 31, 2015;

2) A decrease in payment of contingent consideration recorded at acquisition date of $22.7 millior 2013 of the fair value of a contingent liability recorded at the close date of the 2012 acquisition achievement of a permitted expansion at one of the acquired landfills; less

3) An increase in payments to repurchase our common stock of $83.8 million due to an increase ir during the year ended December 31, 2015; less

4) An increase in cash dividends paid of $7.1 million due primarily to an increase in our quarterly of $0.535 per share for the year ended December 31, 2015, from an annual total of $0.475 per s December 31, 2014; less

5) An increase in payments for debt issuance costs of $6.7 million incurred in connection with our loan agreement that we entered into in January 2015 and our new 2022 Notes and 2025 Notes t less

6) A decrease of $5.4 million attributable to a decrease in the excess tax benefits associated with e to a decrease in stock option exercises resulting in decreased taxable income recognized by em us.

Net cash used in financing activities decreased $61.8 million to $180.9 million for the year ended $242.7 million for the year ended December 31, 2013. The significant components of the decreas

1) A decrease in net repayments of long-term borrowings of $72.6 million due primarily to decrea credit agreement as a result of the aforementioned increase in payments for acquisitions during 2014 and the cash receipt during the year ended December 31, 2013 resulting from the settleme working capital with the former owners of R360; less

56

2) An increase of $3.8 million attributable to an increase in the excess tax benefit associated with
to an increase in the vesting of equity-based compensation resulting in increased taxable incom
is tax deductible to us; less

3) An increase in cash dividends paid of $7.7 million due to an increase in our quarterly dividend
per share for the year ended December 31, 2014, from an annual total of $0.415 per share for th
2013, and an increase in our total common shares outstanding; and

4) An increase in payments to repurchase our common stock of $7.3 million due to no shares bein
ended December 31, 2013.

Our business is capital intensive. Our capital requirements include acquisitions and capital expen
construction, landfill development, landfill closure activities and intermodal facility construction

Our Board of Directors has authorized a common stock repurchase program for the repurchase of
common stock through December 31, 2017. Under the program, stock repurchases may be made
privately negotiated transactions from time to time at management's discretion. The timing and a
depend on many factors, including our capital structure, the market price of the common stock an
of December 31, 2015 and 2014, we had repurchased in aggregate 42.0 million and 40.0 million s
common stock at an aggregate cost of $882.5 million and $791.4 million, respectively. As of Dec
maximum dollar value of shares available for purchase under the program was approximately $31

Our Board of Directors authorized the initiation of a quarterly cash dividend in October 2010 and
basis. Cash dividends of $66.0 million and $58.9 million were paid during the years ended Decem
respectively. In October 2015, our Board of Directors authorized an increase to our regular quarte
from $0.13 to $0.145 per share. We cannot assure you as to the amounts or timing of future divid

We made $238.8 million in capital expenditures during the year ended December 31, 2015. We e
expenditures of approximately $230 million in 2016 in connection with our existing business. W
2016 capital expenditures principally through cash on hand, internally generated funds and borrow
agreement. In addition, we may make substantial additional capital expenditures in acquiring MS
If we acquire additional landfill disposal facilities, we may also have to make significant expendi
compliance with applicable regulatory requirements, obtain permits or expand our available dispo
currently determine the amount of these expenditures because they will depend on the number, na
status of any acquired landfill disposal facilities. We believe that our cash and equivalents, credit
expect to generate from operations will provide adequate cash to fund our working capital and oth
foreseeable future. However, disruptions in the capital and credit markets could adversely affect
agreement or raise other capital. Our access to funds under the credit agreement is dependent on
parties to the agreement to meet their funding commitments. Those banks may not be able to mee
they experience shortages of capital and liquidity or if they experience excessive volumes of borr
period of time.

We are a well-known seasoned issuer with an effective shelf registration statement on Form S-3 f
registers an unspecified amount of debt and equity securities, including preferred securities, warra
units. In the future, we may issue debt or equity securities under our shelf registration statement o
time to time on an opportunistic basis, based on market conditions and available pricing. We expe
such offerings for general corporate purposes, including repaying, redeeming or repurchasing deb
businesses, capital expenditures and increasing our working capital.

We have a revolving credit and term loan agreement, or the credit agreement, with Bank of Amer
Agent, and the other lenders from time to time party thereto, which consists of a $1.2 billion revo
million term loan. Under the credit agreement, we may request increases in the aggregate commit
credit facility and one or more additional term loans, provided that the aggregate principal amoun
loans never exceeds $2.3 billion. Under the credit agreement, swing line loans may be issued at o
amount not to exceed a $35 million sublimit and letters of credit may be issued at our request in a
exceed a $250 million sublimit; however, the issuance of swing line loans and letters of credit bot
borrowings available. As of December 31, 2015, $800.0 million under the term loan and $390.0
credit facility were outstanding under our credit agreement, exclusive of outstanding standby lette
of December 31, 2014, $660.0 million under the term loan and $680.0 million under the revolvin
outstanding under our credit agreement, exclusive of outstanding standby letters of credit of $73.

The credit agreement requires us to pay a commitment fee ranging from 0.090% per annum to 0.2
portion of the facility. The borrowings under the credit agreement bear interest, at our option, at
applicable base rate margin on base rate loans and swing line loans, or the LIBOR rate plus the ap
LIBOR loans. The base rate for any day is a fluctuating rate per annum equal to the highest of: (1
half of one percent (0.500%); (2) the LIBOR rate plus one percent (1.000%), and (3) the rate of in
publicly announced from time to time by Bank of America as its "prime rate." The LIBOR rate is
agent pursuant to a formula in the credit agreement. The applicable margins under the credit agre
leverage ratio, as defined in the credit agreement, and range from 1.000% per annum to 1.500% p
0.000% per annum to 0.500% per annum for base rate and swing line loans. The borrowings und
collateralized.

The credit agreement contains representations, warranties, covenants and events of default, incluc
default and limitations on incurrence of indebtedness and liens, new lines of business, mergers, tr
restrictive payments. During the continuance of an event of default, the lenders may take a numbe
declaring the entire amount then outstanding under the credit agreement due and payable. The cre
cross-defaults if we default on the master note purchase agreement or certain other debt. The cred
maintain specified quarterly leverage and interest coverage ratios. The required leverage ratio can
EBITDA (or 3.75x during material acquisition periods, subject to certain limitations). The require
be at least 2.75x total interest expense to EBIT. As of December 31, 2015 and 2014, our leverage
respectively. As of December 31, 2015 and 2014, our interest coverage ratio was 7.88x and 7.94x
in compliance with all applicable covenants under the credit agreement for the next 12 months. W
acquisitions, capital expenditures, working capital, standby letters of credit and general corporate

On January 18, 2016, in connection with the Merger Agreement executed on that same day with I
into a Consent with Bank of America, N.A. and certain other financial institutions party to the cre
lenders provided their consent to (a) the Merger and the change of control, as defined in the credi
Connections resulting from the consummation of the Merger and (b) the joinder, upon consumma
Progressive Waste and certain of its subsidiaries as borrowers under the credit agreement.

On July 15, 2008, we entered into a master note purchase agreement with certain accredited instit
which we issued and sold to the investors at a closing on October 1, 2008, $175 million of senior
October 1, 2015, or the 2015 Notes, in a private placement. We redeemed the 2015 Notes on Oct
under our credit agreement.

On October 26, 2009, we entered into a first supplement to the master note purchase agreement w
institutional investors pursuant to which we issued and sold to the investors on that date $175 mil
notes due November 1, 2019, or the 2019 Notes, in a private placement. The 2019 Notes bear int
per annum with interest payable in arrears semi-annually on May 1 and November 1 beginning on
principal payable at the maturity of the 2019 Notes on November 1, 2019.

On April 1, 2011, we entered into a second supplement to the master note purchase agreement wi
institutional investors, pursuant to which we issued and sold to the investors on that date $250 mi
notes at fixed interest rates with interest payable in arrears semi-annually on October 1 and April
in a private placement. Of these notes, $100 million will mature on April 1, 2016 with an annual i
2016 Notes, $50 million will mature on April 1, 2018 with an annual interest rate of 4.00%, or the
will mature on April 1, 2021 with an annual interest rate of 4.64%, or the 2021 Notes. The princip
2018 Notes and 2021 Notes is payable at the maturity of each respective note. We have the intent
Notes on April 1, 2016 using borrowings under our credit agreement.

On June 11, 2015, we entered into a third supplement to the master note purchase agreement with
investors, pursuant to which, on August 20, 2015, we issued and sold to the investors in a private
senior unsecured notes at fixed interest rates with interest payable in arrears semi-annually on Feb
beginning on February 20, 2016. Of these notes, $125 million will mature on August 20, 2022 wi
3.09%, or the 2022 Notes; and $375 million of the senior unsecured notes will mature on August
rate of 3.41%, or the 2025 Notes. The principal of each of the 2022 Notes and 2025 Notes is paya
respective note.

The 2016 Notes, 2018 Notes, 2019 Notes, 2021 Notes, 2022 Notes and 2025 Notes, or collectivel
uncollateralized obligations and rank equally in right of payment with each of the Senior Notes ar
credit agreement. The Senior Notes are subject to representations, warranties, covenants and even
purchase agreement contains cross-defaults if we default on the credit agreement or certain other
agreement requires that we maintain specified quarterly leverage and interest coverage ratios. The
exceed 3.75x total debt to EBITDA. The required interest coverage ratio must be at least 2.75x to
of December 31, 2015 and 2014, our leverage ratio was 2.88x and 2.67x, respectively. As of Dec
interest coverage ratio was 7.88x and 7.94x, respectively. We expect to be in compliance with all
Senior Notes for the next 12 months.

Upon the occurrence of an event of default, payment of the Senior Notes may be accelerated by th
notes. The Senior Notes may also be prepaid at any time in whole or from time to time in any par
then-outstanding principal amount) by us at par plus a make-whole amount determined in respect
interest payments on the Senior Notes, using a discount rate of the then current market standard fo
plus 0.50%. In addition, we will be required to offer to prepay the Senior Notes upon certain cha
master note purchase agreement, including of Waste Connections as a result of the consummation

We may issue additional series of senior uncollateralized notes, including floating rate notes, purs
conditions of the master note purchase agreement, as amended, provided that the purchasers of th
any obligation to purchase any additional notes issued pursuant to the master note purchase agree
principal amount of the outstanding notes and any additional notes issued pursuant to the master n
not exceed $1.25 billion. We currently have $900 million of notes outstanding under the master n

Contractual Obligations

As of December 31, 2015, we had the following contractual obligations:

	Payments Due by Period (amounts in thousands)				
Recorded Obligations	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Over Year
Long-term debt	$2,157,285	$ 2,127	$67,511	$1,466,415	$621
Cash interest payments	346,687	64,769	121,659	81,979	78,
Contingent consideration	70,275	22,260	4,631	7,369	36,
Final capping, closure and post-closure	820,085	5,517	2,838	7,798	803

Long-term debt payments include:

1) $390.0 million in principal payments due January 2020 related to our revolving credit facility u
may elect to draw amounts on our credit agreement in either base rate loans or LIBOR loans. A
million of the outstanding borrowings drawn under the revolving credit facility were in LIBOR
the LIBOR rate plus the applicable LIBOR margin (for a total rate of 1.44% at December 31, 2
outstanding borrowings drawn under the revolving credit facility were in swing line loans, whi
plus the applicable base rate margin (for a total rate of 3.70% at December 31, 2015).

2) $800.0 million in principal payments due January 2020 related to our term loan under our credi
amounts on the term loan can be either base rate loans or LIBOR loans. At December 31, 2015
the term loan were in LIBOR loans which bear interest at the LIBOR rate plus the applicable L
1.44% at December 31, 2015).

3) $100.0 million in principal payments due 2016 related to our 2016 Notes. Holders of the 2016
purchase their notes in cash at a purchase price of 100% of the principal amount of the 2016 No
interest, if any, upon a change in control, as defined in the master note purchase agreement. W
in the payments due in 3 to 5 years category in the table above as we have the intent and ability
April 1, 2016 using borrowings under our credit agreement. The 2016 Notes bear interest at a r

4) $50.0 million in principal payments due 2018 related to our 2018 Notes. Holders of the 2018 N purchase their notes in cash at a purchase price of 100% of the principal amount of the 2018 No interest, if any, upon a change in control, as defined in the master note purchase agreement. Th rate of 4.00%.

5) $175.0 million in principal payments due 2019 related to our 2019 Notes. Holders of the 2019 purchase their notes in cash at a purchase price of 100% of the principal amount of the 2019 No interest, if any, upon a change in control, as defined in the master note purchase agreement. Th rate of 5.25%.

6) $100.0 million in principal payments due 2021 related to our 2021 Notes. Holders of the 2021 purchase their notes in cash at a purchase price of 100% of the principal amount of the 2021 No interest, if any, upon a change in control, as defined in the master note purchase agreement. Th rate of 4.64%.

7) $125.0 million in principal payments due 2022 related to our 2022 Notes. Holders of the 2022 purchase their notes in cash at a purchase price of 100% of the principal amount of the 2022 No interest, if any, upon a change in control, as defined in the master note purchase agreement. Th rate of 3.09%.

8) $375.0 million in principal payments due 2025 related to our 2025 Notes. Holders of the 2025 purchase their notes in cash at a purchase price of 100% of the principal amount of the 2025 No interest, if any, upon a change in control, as defined in the master note purchase agreement. Th rate of 3.41%.

9) $31.4 million in principal payments related to our tax-exempt bonds, which bear interest at vari 31, 2015). The tax-exempt bonds have maturity dates ranging from 2018 to 2033.

10) $10.9 million in principal payments related to our notes payable to sellers and other third parti and other third parties bear interest at rates between 3.0% and 10.9% at December 31, 2015, a from 2016 to 2036.

The following assumptions were made in calculating cash interest payments:

1) We calculated cash interest payments on the credit agreement using the LIBOR rate plus the ap December 31, 2015. We assumed the credit agreement is paid off when it matures in January 2

2) We calculated cash interest payments on our interest rate swaps using the stated interest rate in
LIBOR rate through the earlier expiration of the term of the swaps or the term of the credit faci

Contingent consideration payments include $49.4 million recorded as liabilities in our consolidate
December 31, 2015, and $20.9 million of future interest accretion on the recorded obligations.

The estimated final capping, closure and post-closure expenditures presented above are in current

Unrecorded Obligations[(1)]	**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	$108,944	$ 16,416	$25,067	$16,983	$50,478
Unconditional purchase obligations	50,198	33,242	16,956	-	-

(1) We are party to operating lease agreements and unconditional purchase obligations as discusse
consolidated financial statements. These lease agreements and purchase obligations are establ
our business and are designed to provide us with access to facilities and products at competitiv
December 31, 2015, our unconditional purchase obligations consisted of multiple fixed-price f
which we have 19.1 million gallons remaining to be purchased for a total of $50.2 million. Th
contracts expire on or before December 31, 2017. These arrangements have not materially aff
results of operations or liquidity during the year ended December 31, 2015, nor are they expec
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 sta
bonds as discussed in Note 10 to the consolidated financial statements. These standby letters of c
are generally obtained to support our financial assurance needs and landfill and E&P operations.
materially affected our financial position, results of operations or liquidity during the year ended I
they expected to have a material impact on our future financial position, results of operations or li

From time to time, we evaluate our existing operations and their strategic importance to us. If we
operating unit does not have future strategic importance, we may sell or otherwise dispose of thos
believe our reporting units would not be impaired by such dispositions, we could incur losses on t

New Accounting Pronouncements

See Note 1 to the consolidated financial statements for a description of the new accounting standa

Non-GAAP Financial Measures

Adjusted Free Cash Flow

We present adjusted free cash flow, a non-GAAP financial measure, supplementally because it is
valuation and liquidity measure in the solid waste industry. Management uses adjusted free cash
measures to evaluate and monitor the ongoing financial performance of our operations. We defin
cash provided by operating activities, plus proceeds from disposal of assets, plus or minus change
tax benefit associated with equity-based compensation, less capital expenditures for property and
noncontrolling interests. We further adjust this calculation to exclude the effects of items manage
ability to assess the operating performance of our business. This measure is not a substitute for, a
conjunction with, GAAP liquidity or financial measures. Other companies may calculate adjuste
Our adjusted free cash flow for the years ended December 31, 2015, 2014 and 2013, are calculate
thousands):

	Years Ended December 31		
	2015	2014	20
Net cash provided by operating activities	$576,999	$545,077	$4
Less: Change in book overdraft	(89)	(11)	(
Plus: Proceeds from disposal of assets	2,883	9,421	
Plus: Excess tax benefit associated with equity-based compensation	2,069	7,518	1
Less: Capital expenditures for property and equipment	(238,833)	(241,277)	(
Less: Distributions to noncontrolling interests	(42)	(371)	(
Adjustments:			
Payment of contingent consideration recorded in earnings [(a)]	-	1,074	1
Payment for termination of corporate lease [(b)]	-	-	9
Corporate office relocation [(c)]	-	-	2

Tax effect [d]	-	-	(
Adjusted free cash flow	$342,987	$321,431	$

(a) Reflects the addback of acquisition-related payments for contingent consideration that were re and a component of cash flow from operating activities as the amounts paid exceeded the fair consideration recorded at the acquisition date.

(b) Reflects the addback for the payment to terminate the remaining lease obligations of our form California.

(c) Reflects the addback of third-party expenses and reimbursable advances to employee of our corporate headquarters from California to Texas.

(d) The aggregate tax effect of the adjustments in footnotes (b) and (c) is calculated based on the respective periods.

61

Adjusted EBITDA

We present adjusted EBITDA, a non-GAAP financial measure, supplementally because it is wide
performance and valuation measure in the solid waste industry. Management uses adjusted EBIT
measures to evaluate and monitor the ongoing financial performance of our operations. We defin
income (loss), plus or minus income tax provision (benefit), plus interest expense, plus depreciati
plus closure and post-closure accretion expense, plus or minus any loss or gain on impairments ar
other expense, less other income. We further adjust this calculation to exclude the effects of othe
impact the ability to assess the operating performance of our business. This measure is not a subs
conjunction with, GAAP financial measures. Other companies may calculate adjusted EBITDA
EBITDA for the years ended December 31, 2015, 2014 and 2013, are calculated as follows (amou

	Years Ended December 31,		
	2015	2014	2013
Net income (loss)	$(94,694)	$233,327	$196,005
Plus (Less): Income tax provision (benefit)	(31,592)	152,335	124,916
Plus: Interest expense	64,236	64,674	73,579
Plus: Depreciation and amortization	269,434	257,944	243,864
Plus: Closure and post-closure accretion	3,978	3,627	2,967
Plus: Impairments and other operating items [(a)]	494,492	4,091	4,129
Less: Other expense (income), net	518	(1,067)	(1,056)
Adjustments:			
Plus: Loss on prior office leases [(b)]	-	-	9,902
Plus: Acquisition-related costs [(c)]	4,235	2,147	1,946
Plus: Corporate relocation expenses [(d)]	-	-	750
Adjusted EBITDA	$710,607	$717,078	$657,002

(a) Reflects the addback of impairments and other operating items.

(b) Reflects the addback of the loss on prior office leases resulting primarily from the relocation o from California to Texas.

(c) Reflects the addback of acquisition-related transaction costs.

(d) Reflects the addback of costs associated with the relocation of our corporate headquarters fron

62

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 finan
because they are widely used by investors as a valuation measure in the solid waste industry. Mar
income and adjusted net income per diluted share as one of the principal measures to evaluate and
performance of our operations. We provide adjusted net income to exclude the effects of items m
comparability of operating results between periods. Adjusted net income has limitations due to th
have an impact on our financial condition and results of operations. Adjusted net income and adju
share are not a substitute for, and should be used in conjunction with, GAAP financial measures.
adjusted net income and adjusted net income per diluted share differently. Our adjusted net incor
diluted share for the years ended December 31, 2015, 2014 and 2013, are calculated as follows (a
share amounts):

	Years Ended D
	2015
Reported net income (loss) attributable to Waste Connections	$(95,764)
Adjustments:	
Amortization of intangibles [(a)]	29,077
Acquisition-related costs [(b)]	4,235
Impairments and other operating items [(c)]	494,492
Loss on prior office leases [(d)]	-
Corporate relocation expenses [(e)]	-
Tax effect [(f)]	(182,945)
Impact of deferred tax adjustments [(g)]	(4,198)
Adjusted net income attributable to Waste Connections	$244,897
Diluted earnings (loss) per common share attributable to Waste Connections common stockholders:	
Reported net income (loss)	$(0.78)
Adjusted net income	$1.98
Shares used in the per share calculations:	
Reported diluted shares	123,491,931
Adjusted diluted shares [(h)]	123,871,636

(a) Reflects the elimination of the non-cash amortization of acquisition-relate

(b) Reflects the elimination of acquisition-related transac

(c) Reflects the addback of impairments and other operat

(d) Reflects the addback of the loss on prior office leases resulting primarily from the relocation o
from California to Texas.

(e) Reflects the addback of costs associated with the relocation of our corporate headquarters

(f) The aggregate tax effect of the adjustments in footnotes (a) through (e) is calculated based on t respective periods.

(g) Reflects (1) the elimination in 2015 of an increase to the income tax benefit primarily associat deferred tax liabilities resulting from the impairment of assets in our E&P segment that impact apportionment of our state income taxes, and (2) the elimination in 2014 of an increase to the i with an increase in our deferred tax liabilities resulting from the enactment of New York State March 31, 2014.

(h) Reflects reported diluted shares adjusted for shares that were excluded from the reported dilut reporting a net loss during the year ended December 31, 2015.

Inflation

Other than volatility in fuel prices and labor costs in certain markets, inflation has not materially a years. Consistent with industry practice, many of our contracts allow us to pass through certain c increases in landfill tipping fees and, in some cases, fuel costs. Therefore, we believe that we sho offset many cost increases that result from inflation in the ordinary course of business. However, in the timing of rate increases under our contracts may require us to absorb at least part of these c increases exceed the average rate of inflation. Management's estimates associated with inflation l accounting for landfill liabilities.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET R

In the normal course of business, we are exposed to market risk, including changes in interest rate
commodities. We use hedge agreements to manage a portion of our risks related to interest rates
exposed to credit risk in the event of non-performance by counterparties to our hedge agreements
are highly rated financial institutions and we do not anticipate non-performance. We do not hold
instruments for trading purposes. We monitor our hedge positions by regularly evaluating the po
performing sensitivity analyses over the unhedged fuel and variable rate debt positions.

At December 31, 2015, our derivative instruments included six interest rate swap agreements that
on the applicable notional amounts of our variable rate debt as follows (dollars in thousands):

Date Entered	Notional Amount	Fixed Interest Rate Paid*		Variable Interest Rate Received	Effective Date	Expiration Date
December 2011	$175,000	1.600	%	1-month LIBOR	February 2014	February 2017
April 2014	$100,000	1.800	%	1-month LIBOR	July 2014	July 2019
May 2014	$50,000	2.344	%	1-month LIBOR	October 2015	October 2020
May 2014	$25,000	2.326	%	1-month LIBOR	October 2015	October 2020
May 2014	$50,000	2.350	%	1-month LIBOR	October 2015	October 2020
May 2014	$50,000	2.350	%	1-month LIBOR	October 2015	October 2020

* Plus applicable margin.

Under derivatives and hedging guidance, the interest rate swap agreements are considered cash fl
variable rate debt, and we apply hedge accounting to account for these instruments. The notional
significant terms of the swap agreements are matched to the provisions and terms of the variable r

We have performed sensitivity analyses to determine how market rate changes will affect the fair
rate debt. Such an analysis is inherently limited in that it reflects a singular, hypothetical set of as
movements may vary significantly from our assumptions. Fair value sensitivity is not necessarily
flow or earnings effect we would recognize from the assumed market rate movements. We are ex
changes in interest rates with respect to the unhedged floating rate balances owed at December 31
million and $946.4 million, respectively, including floating rate debt under our credit agreement a
obligations. A one percentage point increase in interest rates on our variable-rate debt as of Dece

decrease our annual pre-tax income by approximately $7.7 million and $9.5 million, respectively.
instruments are at fixed rates, or effectively fixed under the interest rate swap agreements describ
market interest rates under these instruments would not significantly impact our cash flows or res
counterparty default risk.

The market price of diesel fuel is unpredictable and can fluctuate significantly. We purchase app
of fuel per year; therefore, a significant increase in the price of fuel could adversely affect our bus
margins. To manage a portion of this risk, we periodically enter into fuel hedge agreements relat
purchases.

64

At December 31, 2015, our derivative instruments included two fuel hedge agreements as follows

Date Entered	Notional Amount (in gallons per month)	Diesel Rate Paid Fixed (per gallon)	Diesel Rate Received Variable	Effective Date	Expiration Date
May 2015	300,000	$ 3.280	DOE Diesel Fuel Index*	January 2016	December 201
May 2015	200,000	$ 3.275	DOE Diesel Fuel Index*	January 2016	December 201

*If the national U.S. on-highway average price for a gallon of diesel fuel, or average price, as pub
Energy, exceeds the contract price per gallon, we receive the difference between the average pric
(multiplied by the notional number of gallons) from the counterparty. If the average price is less
gallon, we pay the difference to the counterparty.

Under derivatives and hedging guidance, the fuel hedges are considered cash flow hedges for a p
fuel purchases, and we apply hedge accounting to account for these instruments.

We have performed sensitivity analyses to determine how market rate changes will affect the fair
fuel purchases. Such an analysis is inherently limited in that it reflects a singular, hypothetical se
market movements may vary significantly from our assumptions. Fair value sensitivity is not nec
ultimate cash flow or earnings effect we would recognize from the assumed market rate moveme
December 31, 2016, we expect to purchase approximately 34.2 million gallons of fuel, of which 1
purchased at market prices, 13.0 million gallons will be purchased under our fixed price fuel purc
gallons are hedged at a fixed price under our fuel hedge agreements. With respect to the approxi
unhedged fuel we expect to purchase in 2016 at market prices, a $0.10 per gallon increase in the p
decrease our pre-tax income during this period by approximately $1.5 million.

We market a variety of recyclable materials, including cardboard, office paper, plastic containers,
aluminum metals. We own and operate 37 recycling operations and sell other collected recyclabl
processing before resale. To reduce our exposure to commodity price risk with respect to recycle
pricing strategy of charging collection and processing fees for recycling volume collected from th
decline in recycled commodity prices, a 10% decrease in average recycled commodity prices fro
effect during the year ended December 31, 2015 and 2014, would have had a $4.6 million and $5
for the year ended December 31, 2015 and 2014, respectively.

65

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

WASTE CONNECTIONS, INC.

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of December 31, 2015 and 2014
Consolidated Statements of Net Income (Loss) for the years ended December 31, 2015, 2014 and
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 201
Consolidated Statements of Equity for the years ended December 31, 2015, 2014 and 2013
Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013
Notes to Consolidated Financial Statements
Financial Statement Schedule

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 fai
financial position of Waste Connections, Inc. and its subsidiaries at December 31, 2015 and 2014
operations and their cash flows for each of the three years in the period ended December 31, 2015
principles generally accepted in the United States of America. In addition, in our opinion, the fina
in the accompanying index presents fairly, in all material respects, the information set forth therei
with the related consolidated financial statements. Also in our opinion, the Company maintained,
effective internal control over financial reporting as of December 31, 2015, based on criteria estal
Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Tread
Company's management is responsible for these financial statements and financial statement sche
internal control over financial reporting and for its assessment of the effectiveness of internal con
included in Management's Report on Internal Control over Financial Reporting appearing under I
express opinions on these financial statements, on the financial statement schedule, and on the Co
financial reporting based on our integrated audits. We conducted our audits in accordance with th
Company Accounting Oversight Board (United States). Those standards require that we plan and
reasonable assurance about whether the financial statements are free of material misstatement and
control over financial reporting was maintained in all material respects. Our audits of the financia
examining, on a test basis, evidence supporting the amounts and disclosures in the financial state
principles used and significant estimates made by management, and evaluating the overall financi
audit of internal control over financial reporting included obtaining an understanding of internal c
assessing the risk that a material weakness exists, and testing and evaluating the design and opera
control based on the assessed risk. Our audits also included performing such other procedures as
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
reliability of financial reporting and the preparation of financial statements for external purposes
accepted accounting principles. A company's internal control over financial reporting includes th
(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the
of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as n
of financial statements in accordance with generally accepted accounting principles, and that rece
company are being made only in accordance with authorizations of management and directors of
reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, o
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 de
projections of any evaluation of effectiveness to future periods are subject to the risk that controls
because of changes in conditions, or that the degree of compliance with the policies or procedures

/s/ PricewaterhouseCoopers LLP
Houston, Texas
February 9, 2016

67

WASTE CONNECTIONS, INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

ASSETS
Current assets:
Cash and equivalents
Accounts receivable, net of allowance for doubtful accounts of $7,738 and $9,175 at December 3
2015 and 2014, respectively
Deferred income taxes
Prepaid expenses and other current assets
Total current assets

Property and equipment, net
Goodwill
Intangible assets, net
Restricted assets
Other assets, net

LIABILITIES AND EQUITY
Current liabilities:
Accounts payable
Book overdraft
Accrued liabilities
Deferred revenue
Current portion of contingent consideration
Current portion of long-term debt and notes payable
Total current liabilities

Long-term debt and notes payable
Long-term portion of contingent consideration
Other long-term liabilities
Deferred income taxes
Total liabilities

Commitments and contingencies (Note 10)

Equity:
Preferred stock: $0.01 par value per share; 7,500,000 shares authorized; none issued and outstand
Common stock: $0.01 par value per share; 250,000,000 shares authorized; 122,375,955 and
123,984,527 shares issued and outstanding at December 31, 2015 and 2014, respectively

Additional paid-in capital
Accumulated other comprehensive loss
Retained earnings
Total Waste Connections' equity
Noncontrolling interest in subsidiaries
Total equity

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.

CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Years Ended D
	2015
Revenues	$2,117,287
Operating expenses:	
Cost of operations	1,177,409
Selling, general and administrative	237,484
Depreciation	240,357
Amortization of intangibles	29,077
Loss on prior office leases	-
Impairments and other operating items	494,492
Operating income (loss)	(61,532)
Interest expense	(64,236)
Other income (expense), net	(518)
Income (loss) before income tax provision	(126,286)
Income tax (provision) benefit	31,592
Net income (loss)	(94,694)
Less: Net income attributable to noncontrolling interests	(1,070)
Net income (loss) attributable to Waste Connections	$(95,764)
Earnings (loss) per common share attributable to Waste Connections' common stockholders:	
Basic	$(0.78)
Diluted	$(0.78)
Shares used in the per share calculations:	
Basic	123,491,931
Diluted	123,491,931
Cash dividends per common share	$0.535

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Years End
	2015
Net income (loss)	$(94,694
Other comprehensive income (loss), before tax:	
Interest rate swap amounts reclassified into interest expense	5,093
Fuel hedge amounts reclassified into cost of operations	3,217
Changes in fair value of interest rate swaps	(7,746
Changes in fair value of fuel hedges	(11,138
Other comprehensive income (loss), before tax	(10,574
Income tax (expense) benefit related to items of other comprehensive income (loss)	3,996
Other comprehensive income (loss), net of tax	(6,578
Comprehensive income (loss)	(101,272
Less: Comprehensive income attributable to noncontrolling interests	(1,070
Comprehensive income (loss) attributable to Waste Connections	$(102,342

The accompanying notes are an integral part of these consolidated financial statements.

70

WASTE CONNECTIONS, INC.

CONSOLIDATED STATEMENTS OF EQUITY

YEARS ENDED DECEMBER 31, 2013, 2014 AND 2015

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	WASTE CONNECTIONS' EQUITY				
	COMMON STOCK		ADDITIONAL PAID-IN	ACCUMULATED OTHER COMPREHENSIVE INCOME	RETAINE
	SHARES	AMOUNT	CAPITAL	(LOSS)	EARNINC
Balances at December 31, 2012	123,019,494	$ 1,230	$ 779,904	$ (6,165)	$ 1,103,18
Vesting of restricted stock units	482,403	5	(5)	-	-
Tax withholdings related to net share settlements of restricted stock units	(152,191)	(1)	(5,438)	-	-
Equity-based compensation	-	-	15,397	-	-
Exercise of stock options and warrants	216,781	2	2,462	-	-
Excess tax benefit associated with equity-based compensation	-	-	3,765	-	-
Cash dividends on common stock	-	-	-	-	(51,213
Amounts reclassified into earnings, net of taxes	-	-	-	3,483	-
Changes in fair value of cash flow hedges, net of taxes	-	-	-	813	-
Distributions to noncontrolling interests	-	-	-	-	-
Net income	-	-	-	-	195,655
Balances at December 31, 2013	123,566,487	1,236	796,085	(1,869)	1,247,63
Vesting of restricted stock units	492,695	5	(5)	-	-
Restricted stock units released from deferred compensation plan	10,665	-	-	-	-
	(159,936)	(1)	(6,813)	-	-

Tax withholdings related to net share settlements of restricted stock units					
Equity-based compensation	-	-	18,446	-	-
Exercise of stock options and warrants	241,716	2	3,373	-	-
Excess tax benefit associated with equity-based compensation	-	-	7,518	-	-
Repurchase of common stock	(167,100)	(2)	(7,315)	-	-
Cash dividends on common stock	-	-	-	-	(58,906
Amounts reclassified into earnings, net of taxes	-	-	-	2,317	-
Changes in fair value of cash flow hedges, net of taxes	-	-	-	(6,041)	-
Distributions to noncontrolling interests	-	-	-	-	-
Net income	-	-	-	-	232,525
Balances at December 31, 2014	123,984,527	1,240	811,289	(5,593)	1,421,24
Vesting of restricted stock units	432,165	4	(4)	-	-
Restricted stock units released from deferred compensation plan	14,082	-	-	-	-
Tax withholdings related to net share settlements of restricted stock units	(138,611)	(1)	(6,446)	-	-
Equity-based compensation	-	-	20,318	-	-
Exercise of stock options and warrants	46,781	1	571	-	-
Excess tax benefit associated with equity-based compensation	-	-	2,069	-	-
Repurchase of common stock	(1,962,989)	(20)	(91,145)	-	-
Cash dividends on common stock	-	-	-	-	(65,990
Amounts reclassified into earnings, net of taxes	-	-	-	5,148	-
Changes in fair value of cash flow hedges, net of taxes	-	-	-	(11,726)	-
Distributions to noncontrolling interests	-	-	-	-	-
Net income (loss)	-	-	-	-	(95,764
Balances at December 31, 2015	122,375,955	$ 1,224	$ 736,652	$ (12,171)	$ 1,259,49

The accompanying notes are an integral part of these consolidated financial statements.

WASTE CONNECTIONS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	Years 2015
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	$ (94,6
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Loss on disposal of assets and impairments	518,6
Depreciation	240,3
Amortization of intangibles	29,07
Deferred income taxes, net of acquisitions	(132,
Amortization of debt issuance costs	3,097
Equity-based compensation	20,31
Interest income on restricted assets	(428
Interest accretion	6,761
Excess tax benefit associated with equity-based compensation	(2,06
Payment of contingent consideration recorded in earnings	-
Adjustments to contingent consideration	(22,1
Changes in operating assets and liabilities, net of effects from acquisitions:	
Accounts receivable, net	17,34
Prepaid expenses and other current assets	(2,78
Accounts payable	(16,6
Deferred revenue	4,377
Accrued liabilities	8,217
Other long-term liabilities	69
Net cash provided by operating activities	576,9
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for acquisitions, net of cash acquired	(230,
Proceeds from adjustments to acquisition consideration	-
Capital expenditures for property and equipment	(238,
Proceeds from disposal of assets	2,883
Change in restricted assets, net of interest income	(2,22
Other	(1,84
Net cash used in investing activities	(470,
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from long-term debt	1,489
Principal payments on notes payable and long-term debt	(1,42
Payment of contingent consideration recorded at acquisition date	(2,19
Change in book overdraft	(89

Proceeds from option and warrant exercises	572
Excess tax benefit associated with equity-based compensation	2,069
Payments for repurchase of common stock	(91,1
Payments for cash dividends	(65,9
Tax withholdings related to net share settlements of restricted stock units	(6,44
Distributions to noncontrolling interests	(42
Debt issuance costs	(6,86
Net cash used in financing activities	(109,
Net increase (decrease) in cash and equivalents	(3,37
Cash and equivalents at beginning of year	14,35
Cash and equivalents at end of year	$ 10,97

The accompanying notes are an integral part of these consolidated financial statements.

72

SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION AND NON-CAS

	Years Ended D	
	2015	20
Cash paid for income taxes	$ 102,279	$
Cash paid for interest	$ 55,674	$6
In connection with its acquisitions, the Company assumed liabilities as follows:		
Fair value of assets acquired	$ 433,227	$
Cash paid for current year acquisitions	(230,517)	(
Liabilities assumed and notes payable issued to sellers of businesses acquired	$ 202,710	$4

The accompanying notes are an integral part of these consolidated financial statements.

73

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

1. ORGANIZATION, BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING P

Organization and Business

Waste Connections, Inc. ("WCI" or the "Company") was incorporated in Delaware on September
operations on October 1, 1997, through the purchase of certain solid waste operations in the state
is an integrated municipal solid waste services company that provides solid waste collection, tran
services in mostly exclusive and secondary markets in the U.S. and a leading provider of non-haz
production ("E&P") waste treatment, recovery and disposal services in several of the most active
of the U.S. The Company also provides intermodal services for the rail haul movement of cargo a
Pacific Northwest.

Basis of Presentation

These consolidated financial statements include the accounts of WCI and its wholly-owned and n
The consolidated entity is referred to herein as the Company. All significant intercompany accou
eliminated in consolidation.

As further discussed in Note 18 – "Subsequent Events," the Company entered into the Merger Ag
if consummated, would result in the Company becoming a wholly-owned subsidiary of Progressi
consolidated financial statements, of which these notes are an integral part, do not reflect any effe
transaction contemplated by the Merger Agreement is consummated.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at p
As of December 31, 2015 and 2014, cash equivalents consisted of demand money market accoun

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consis
equivalents, restricted assets and accounts receivable. The Company maintains cash and equivale
exceed applicable insurance limits. The Company reduces its exposure to credit risk by maintain
quality financial institutions. The Company's restricted assets are invested primarily in U.S. gove
The Company has not experienced any losses related to its cash and equivalents or restricted asse
generally does not require collateral on its trade receivables. Credit risk on accounts receivable is
large and diverse nature of the Company's customer base. The Company maintains allowances f
collectability of accounts receivable.

Revenue Recognition and Accounts Receivable

Revenues are recognized when persuasive evidence of an arrangement exists, the service has bee
determinable and collection is reasonably assured. Certain customers are billed in advance and, a
related revenues is deferred until the services are provided. In accordance with revenue recogniti
by a governmental authority that is directly imposed on a revenue-producing transaction between
presented in the Statements of Net Income (Loss) on a net basis (excluded from revenues).

The Company's receivables are recorded when billed or accrued and represent claims against thi
cash. The carrying value of the Company's receivables, net of the allowance for doubtful accoun
realizable value. The Company estimates its allowance for doubtful accounts based on historical
customer such as municipal or non-municipal, the age of outstanding receivables and existing ec
changes in circumstances indicate that specific receivable balances may be impaired, further cons
collectability of those balances and the allowance is adjusted accordingly. Past-due receivable ba
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 PER SHARE, PER TON AND PER GALL

Property and Equipment

Property and equipment are stated at cost. Improvements or betterments, not considered to be ma
new functionality or significantly extend the life of an asset are capitalized. Third-party expendit
development projects, such as legal and engineering expenses, are capitalized. Expenditures for r
including planned major maintenance activities, are charged to expense as incurred. The cost of a
disposed of and the related accumulated depreciation are eliminated from the accounts in the year
resulting from disposals of property and equipment are recognized in the period in which the prop
disposed. Depreciation is computed using the straight-line method over the estimated useful lives
whichever is shorter.

The estimated useful lives are as follows:

Buildings	10 – 20 years
Leasehold and land improvements	3 – 10 years
Machinery and equipment	3 – 12 years
Rolling stock	2 – 10 years
Containers	5 – 12 years

Landfill Accounting

The Company utilizes the life cycle method of accounting for landfill costs. This method applies
associated with acquiring, developing, closing and monitoring the landfills over the associated co
The Company utilizes the units of consumption method to amortize landfill development costs ov
capacity of a landfill. Under this method, the Company includes future estimated construction co
as costs incurred to date, in the amortization base. When certain criteria are met, the Company in
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, constru
excavation, liners, site berms, groundwater monitoring wells, gas recovery systems and leachate
Company estimates the total costs associated with developing each landfill site to its final capaci
projected landfill site costs that are uncertain because they are dependent on future events and th
significantly from estimates. The total cost to develop a site to its final capacity includes amoun
capitalized, net of accumulated depletion, and projections of future purchase and development c
and operating construction costs. Total landfill costs include the development costs associated v
Expansion airspace is addressed below.

Final capping, closure and post-closure obligations. The Company accrues for estimated final c
maintenance obligations at the landfills it owns and the landfills that it operates, but does not ow
agreements. Accrued final capping, closure and post-closure costs represent an estimate of the c
obligation associated with final capping, closure and post-closure monitoring of non-hazardous s
owned or operated under life-of-site agreements by the Company. Final capping costs represent
of clay liners, drainage and compacted soil layers and topsoil constructed over areas of the landf
has been consumed. Closure and post-closure monitoring and maintenance costs represent the c
yet to be incurred when a landfill facility ceases to accept waste and closes. Accruals for final c
monitoring and maintenance requirements in the U.S. consider site inspection, groundwater mon
methane gas control and recovery, and operating and maintenance costs to be incurred during th
closes. Certain of these environmental costs, principally capping and methane gas control costs,
operating life of the site in accordance with the landfill operation requirements of Subtitle D and
Daily maintenance activities, which include many of these costs, are expensed as incurred durin
landfill. Daily maintenance activities include leachate disposal; surface water, groundwater, and
maintenance; other pollution control activities; mowing and fertilizing the landfill final cap; fenc
third-party inspection and reporting costs. Site specific final capping, closure and post-closure e
prepared annually for landfills owned or landfills operated under life-of-site agreements by the C

75

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

The net present value of landfill final capping, closure and post-closure liabilities are calculated b
in current dollars, inflating the obligation based upon the expected date of the expenditure and dis
present value using a credit-adjusted risk-free rate. Any changes in expectations that result in an
estimated undiscounted cash flows are treated as a new liability and are inflated and discounted a
conditions. Any changes in expectations that result in a downward revision (or no revision) to th
flows result in a liability that is inflated and discounted at rates reflecting the market conditions a
originally estimated. This policy results in the Company's final capping, closure and post-closure
"layers." The Company's discount rate assumption for purposes of computing 2015 and 2014 "la
post-closure obligations was 4.75% and 5.75%, respectively, which reflects the Company's long-
as of the end of 2014 and 2013. The Company's inflation rate assumption was 2.5% for the years
2014.

In accordance with the accounting guidance on asset retirement obligations, the final capping, clo
recorded on the balance sheet along with an offsetting addition to site costs which is amortized to
units-of-consumption basis as remaining landfill airspace is consumed. The impact of changes de
estimates, based on an annual update, is accounted for on a prospective basis. Depletion expense
closure and post-closure obligations recorded as a component of landfill site costs will generally b
of a landfill's operating life and increase thereafter. Owned landfills and landfills operated under
estimated remaining lives, based on remaining permitted capacity, probable expansion capacity a
volumes, that range from approximately 1 to 183 years, with an average remaining life of approxi
final capping, closure and post-closure obligations at landfills the Company owns or operates und
generally estimated based on interpretations of current requirements and proposed or anticipated r

The estimates for landfill final capping, closure and post-closure costs consider when the costs wo
in inflation and discount rates. Interest is accreted on the recorded liability using the correspondin
discounted cash flow techniques, reliable estimates of market premiums may not be obtainable. I
market for selling the responsibility for final capping, closure and post-closure obligations indepe
its entirety. Accordingly, the Company does not believe that it is possible to develop a methodolo
market risk premium and has therefore excluded any such market risk premium from its determin
landfill asset retirement obligations. The possibility of changing legal and regulatory requiremen
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 liabilit
2013 to December 31, 2015:

Final capping, closure and post-closure liability at December 31, 2013	$50,128
Adjustments to final capping, closure and post-closure liabilities	4,176
Liabilities incurred	3,846
Accretion expense associated with landfill obligations	3,408
Closure payments	(178)
Assumption of closure liabilities from acquisitions	120
Final capping, closure and post-closure liability at December 31, 2014	61,500
Adjustments to final capping, closure and post-closure liabilities	89
Liabilities incurred	4,690
Accretion expense associated with landfill obligations	3,759
Closure payments	(72)
Assumption of closure liabilities from acquisitions	8,647
Final capping, closure and post-closure liability at December 31, 2015	$78,613

The Adjustments to final capping, closure and post-closure liabilities for the year ended Decembe
of the following changes at some of the Company's landfills: increases in estimated future closur
engineering estimates of total site capacities and increases in estimated annual tonnage consumpt
and post-closure liability is included in Other long-term liabilities in the Consolidated Balance Sh
its annual review of its cost and capacity estimates in the first quarter of each year.

76

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

At December 31, 2015, $43,636 of the Company's restricted assets balance was for purposes of s
final capping, closure and post-closure obligations.

- Disposal capacity. The Company's internal and third-party engineers perform surveys at least a
disposal capacity at its landfills. This is done by using surveys and other methods to calculate, b
height restrictions and other factors, how much airspace is left to fill and how much waste can b
it has reached its final capacity. The Company's landfill depletion rates are based on the remain
considering both permitted and probable expansion airspace, at the landfills it owns, and landfill
under life-of-site agreements. The Company's landfill depletion rate is based on the term of the
operated landfill that has capitalized expenditures. Expansion airspace consists of additional dis
through means of an expansion that has not yet been permitted. Expansion airspace that meets t
in the estimate of total landfill airspace:

1) whether the land where the expansion is being sought is contiguous to the current disposal site,
the expansion property or has rights to it under an option, purchase, operating or other similar a
2) whether total development costs, final capping costs, and closure/post-closure costs
3) whether internal personnel have performed a financial analysis of the proposed expansion site a
a positive financial and operational impact;
4) whether internal personnel or external consultants are actively working to obtain the necessary
expansion permit; and
5) whether the Company considers it probable that the Company will achieve the expansion (for a
considered probable, there must be no significant known technical, legal, community, business
similar issues existing that the Company believes are more likely than not to impair the success

It is possible that the Company's estimates or assumptions could ultimately be significantly diffe
cases, the Company may be unsuccessful in obtaining an expansion permit or the Company may
permit that the Company previously thought was probable has become unlikely. To the extent th
assumptions used to make those estimates, prove to be significantly different than actual results,
will receive an expansion permit changes adversely in a significant manner, the costs of the landf
in the pursuit of the expansion, may be subject to impairment testing, as described below, and lo
experienced due to higher amortization rates, higher capping, closure and post-closure rates, and
impairments related to the removal of previously included expansion airspace.

The Company periodically evaluates its landfill sites for potential impairment indicators. The Co
the existence of impairment indicators are based on regulatory factors, market conditions and ope
landfills. Future events could cause the Company to conclude that impairment indicators exist an
are impaired.

Cell Processing Reserves

The Company records a cell processing reserve related to its E&P segment for certain locations in
estimated amount of expenses to be incurred upon the treatment and excavation of oilfield waste
reserve is the future cost to properly treat and dispose of existing waste within the cells at the vari
generally covers estimated costs to be incurred over a period of time up to 24 months, with the cu
estimated to be incurred in the next 12 months. The estimate is calculated based on current estima
estimated percentage of waste treated, and historical average costs to treat and excavate the waste
represents the estimated costs to process the volumes of oilfield waste on-hand for which revenue
December 31, 2015 and 2014, the current portion of cell processing reserves was $5,566 and $6,1
included in Accrued liabilities in the Consolidated Balance Sheets. At December 31, 2015 and 20
processing reserves was $2,157 and $2,409, respectively, which is included in Other long-term li
Balance Sheets.

77

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Business Combination Accounting

The Company accounts for business combinations as follows:

- The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilitie acquisition date fair values. The Company measures and recognizes goodwill as of the acquisitio aggregate of the fair value of consideration transferred, the fair value of any noncontrolling inter the acquisition date fair value of the Company's previously held equity interest in the acquiree (i net assets acquired and liabilities assumed.

- At the acquisition date, the Company measures the fair values of all assets acquired and liabilitie contractual contingencies. The Company measures the fair values of all noncontractual continge 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, permits and non-compet amortized on a straight-line basis over the expected term of the related agreements (ranging from

Goodwill and Indefinite-Lived Intangible Assets

The Company acquired indefinite-lived intangible assets in connection with certain of its acquisit indefinite-lived intangible assets consist of the value of certain perpetual rights to provide solid w transportation services in specified territories and to operate exploration and production waste tre The Company measures and recognizes acquired indefinite-lived intangible assets at their estimat Indefinite-lived intangible assets are not amortized. Goodwill represents the excess of: (a) the ag consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and

of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value c
assumed. Goodwill and intangible assets, deemed to have indefinite lives, are subject to annual i
below.

Goodwill and indefinite-lived intangible assets are tested for impairment on at least an annual bas
year. In addition, the Company evaluates its reporting units for impairment if events or circumsta
tests indicating a possible impairment. Examples of such events or circumstances include, but ar

- a significant adverse change in legal factors or in the busine
- an adverse action or assessment by a regula
- a more likely than not expectation that a segment or a significant portion th
- the testing for recoverability of a significant asset group within th
- current period or expected future operating cash flov

In the first step ("Step 1") of testing for goodwill impairment, the Company estimates the fair val
the Company has determined to be its three geographic operating segments and its E&P segment,
with the carrying value of the net assets assigned to each reporting unit. If the fair value of a repo
carrying value of the net assets, including goodwill, assigned to the reporting unit, then no impair
less than the carrying value, then the Company would perform a second step and determine the fa
second step ("Step 2"), the fair value of goodwill is determined by deducting the fair value of a re
and liabilities from the fair value of the reporting unit as a whole, as if that reporting unit had just
price were being initially allocated. If the fair value of the goodwill is less than its carrying value
impairment charge would be recorded to Impairments and other operating items in the Company'
Net Income (Loss).

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

During the third quarter of 2015, the Company determined that sufficient indicators of potential i
interim goodwill and indefinite-lived intangible assets impairment analysis for its E&P segment a
decline in oil prices in the recent months, together with market expectations of a likely slow reco
Company, therefore, performed a Step 1 assessment of its E&P segment during the third quarter o
involved measuring the recoverability of goodwill by comparing the E&P segment's carrying am
fair value of the reporting unit. The fair value was estimated using an income approach employin
model. The DCF model incorporated projected cash flows over a forecast period based on the rem
operating locations comprising the E&P segment. This was based on a number of key assumption
a discount rate of 11.6%, annual revenue projections based on E&P waste resulting from projecte
exploration and production activity during the forecast period, gross margins based on estimated
during the forecast period and estimated capital expenditures over the forecast period, all of whic
the fair value hierarchy. As a result of the Step 1 assessment, the Company determined that the E
Step 1 test because the carrying value exceeded the estimated fair value of the reporting unit. The
Step 2 test to determine the fair value of goodwill for its E&P segment. Based on the Step 1 and S
recorded a goodwill impairment charge within its E&P segment of $411,786 during the third qua
impairment charge, the Company's E&P segment has a remaining balance in goodwill of $77,34
Additionally, the Company evaluated the recoverability of the E&P segment's indefinite-lived in
goodwill) by comparing the estimated fair value of each indefinite-lived intangible asset to its ca
estimated the fair value of the indefinite-lived intangible assets using an excess earnings approac
recoverability test, the Company determined that the carrying value of certain indefinite-lived int
segment exceeded their fair value and were therefore not recoverable. The Company recorded an
Impairments and other operating items in the Consolidated Statements of Net Income (Loss) on c
intangible assets within its E&P segment of $38,351 during the third quarter and fourth quarter o
impairment charge, the Company's E&P segment has a remaining balance in indefinite-lived inta
December 31, 2015. The Company did not record an impairment charge to its E&P segment as a
indefinite-lived intangible assets impairment tests in 2014.

During the Company's annual impairment analysis, the Company determined the fair value of ea
operating segments as a whole and each indefinite-lived intangible asset within those segments u
analyses, which require significant assumptions and estimates about the future operations of each
discrete cash flows related to each indefinite-lived intangible asset. Significant judgments inhere
determination of appropriate discount rates, the amount and timing of expected future cash flows
flows employed in the Company's 2015 discounted cash flow analyses were based on ten-year fi
were based on the 2016 annual budget developed internally by management. These forecasts refl
were consistent with 2015 results and perpetual revenue growth rates of 3.3%. The Company's di
based on an assessment of the Company's weighted average cost of capital which approximated 5
reasonableness of the Company's determined fair values of its reporting units, the Company evalu

current market capitalization. The Company did not record an impairment charge to its three geog
result of its goodwill and indefinite-lived intangible assets impairment tests in 2015 and 2014.

Impairments of Property and Equipment and Finite-Lived Intangible Assets

Property, equipment and finite-lived intangible assets are carried on the Company's consolidated
their cost less accumulated depreciation or amortization. Finite-lived intangible assets consist of
contracts, customer lists, permits and non-competition agreements. The recoverability of these as
or changes in circumstances indicate that their carrying amount may not be recoverable.

Typical indicators that an asset may be impaired include, but are not limited to, the following:

- a significant adverse change in legal factors or in the busine
- an adverse action or assessment by a regula
- a more likely than not expectation that a segment or a significant portion th
- the testing for recoverability of a significant asset group within a
- current period or expected future operating cash flov

If any of these or other indicators occur, a test of recoverability is performed by comparing the ca
group to its undiscounted expected future cash flows. If the carrying value is in excess of the und
flows, impairment is measured by comparing the fair value of the asset to its carrying value. Fair
internally developed discounted projected cash flow analysis of the asset. Cash flow projections a
of assets, rather than a single asset. If cash flows cannot be separately and independently identifie
Company will determine whether an impairment has occurred for the group of assets for which th
identified. If the fair value of an asset is determined to be less than the carrying amount of the ass
impairment in the amount of the difference is recorded in the period that the impairment indicator
indicators are beyond the Company's control, and whether or not they will occur cannot be predic
Estimating future cash flows requires significant judgment and projections may vary from cash fl
are other considerations for impairments of landfills, as described below.

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Prior to conducting Step 1 of the goodwill impairment test for the E&P segment, as described abo
evaluated the recoverability of its long-lived assets, including finite-lived intangible assets. When
present, as described above, the Company tests long-lived assets for recoverability by comparing
group to its undiscounted cash flows. The Company considered the sustained decline in oil prices
with market expectations of a likely slow recovery in such prices, to be indicators of impairment
long-lived assets. Based on the result of the recoverability test, the Company determined that the
groups within the E&P segment exceeded their undiscounted cash flows and were therefore not re
compared the fair value of these asset groups to their carrying values. The Company estimated th
under an income approach, as described above. Based on the analysis, the Company recorded an
Impairments and other operating items in the Consolidated Statements of Net Income (Loss) on c
its E&P segment of $67,647 during the year ended December 31, 2015. Following the impairmen
segment has a remaining balance in property and equipment of $929,839 at December 31, 2015.

In 2014, the Company recorded an $8,445 impairment charge, which is included in Impairments a
Consolidated Statements of Net Income (Loss), for property and equipment at an E&P disposal fa
operating losses resulting from the migration of the majority of the facility's customers to a new E
owns and operates. The fair value of the property and equipment was determined using a discoun

Landfills – There are certain indicators listed above that require significant judgment and underst
when applied to landfill development or expansion projects. A regulator or court may deny or ov
landfill expansion permit application before the development or expansion permit is ultimately gr
periodically divert waste from one landfill to another to conserve remaining permitted landfill air
could occur in the ordinary course of business and not necessarily be considered indicators of imp
nature of the waste industry.

Restricted Assets

Restricted assets held by trustees consist principally of funds deposited in connection with landfil
post-closure obligations and other financial assurance requirements. Proceeds from these financi
deposited into trust funds, and the Company does not have the ability to utilize the funds in regula
Note 8 for further information on restricted assets.

80

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and equivalents, trade receivables
payables, debt instruments, contingent consideration obligations, interest rate swaps and fuel hed
and 2014, the carrying values of cash and equivalents, trade receivables, restricted assets, trade pa
consideration are considered to be representative of their respective fair values. The carrying val
instruments, excluding certain notes as listed in the table below, approximate their fair values as o
based on current borrowing rates, current remaining average life to maturity and borrower credit
borrowing arrangements, and are classified as Level 2 within the fair value hierarchy. The carryi
Company's debt instruments where the carrying values do not approximate their fair values as of
are as follows:

	Carrying Value at December 31,		Fair Value* at December 31,	
	2015	2014	2015	2014
6.22% Senior Notes due 2015	$-	$175,000	$-	$181,476
3.30% Senior Notes due 2016	$100,000	$100,000	$100,536	$102,253
4.00% Senior Notes due 2018	$50,000	$50,000	$51,860	$52,500
5.25% Senior Notes due 2019	$175,000	$175,000	$190,985	$192,974
4.64% Senior Notes due 2021	$100,000	$100,000	$107,613	$108,088
3.09% Senior Notes due 2022	$125,000	$-	$123,516	$-
3.41% Senior Notes due 2025	$375,000	$-	$370,245	$-

*Senior Notes are classified as Level 2 within the fair value hierarchy. Fair value is based on quo
in similar industries.

For details on the fair value of the Company's interest rate swaps, fuel hedges, restricted assets ar
to Note 8.

Derivative Financial Instruments

The Company recognizes all derivatives on the balance sheet at fair value. All of the Company's
designated as cash flow hedges; therefore, the effective portion of the changes in the fair value of
in accumulated other comprehensive loss ("AOCL") until the hedged item is recognized in earnin
changes in the fair value of derivatives will be immediately recognized in earnings. The Compan
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 f
changes in the variable interest rates of certain borrowings issued under its credit agreement. The
that objective involves entering into interest rate swaps. The interest rate swaps outstanding at De
specifically designated to the Company's credit agreement and accounted for as cash flow hedges

At December 31, 2015, the Company's derivative instruments included six interest rate swap agre

Date Entered	Notional Amount	Fixed Interest Rate Paid*		Variable Interest Rate Received	Effective Date	Expiration Date
December 2011	$175,000	1.600	%	1-month LIBOR	February 2014	February 2017
April 2014	$100,000	1.800	%	1-month LIBOR	July 2014	July 2019
May 2014	$50,000	2.344	%	1-month LIBOR	October 2015	October 2020
May 2014	$25,000	2.326	%	1-month LIBOR	October 2015	October 2020
May 2014	$50,000	2.350	%	1-month LIBOR	October 2015	October 2020
May 2014	$50,000	2.350	%	1-month LIBOR	October 2015	October 2020

* Plus applicable margin.

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Another of the Company's objectives for utilizing derivative instruments is to reduce its exposure
due to changes in the price of diesel fuel. The Company's strategy to achieve that objective invol
fuel hedges that are specifically designated to certain forecasted diesel fuel purchases and accoun

At December 31, 2015, the Company's derivative instruments included two fuel hedge agreemen

Date Entered	Notional Amount (in gallons per month)	Diesel Rate Paid Fixed (per gallon)	Diesel Rate Received Variable	Effective Date	Expiration Date
May 2015	300,000	$ 3.280	DOE Diesel Fuel Index*	January 2016	December 2
May 2015	200,000	$ 3.275	DOE Diesel Fuel Index*	January 2016	December 2

* If the national U.S. on-highway average price for a gallon of diesel fuel ("average price"), as pu
Energy ("DOE"), exceeds the contract price per gallon, the Company receives the difference betw
contract price (multiplied by the notional number of gallons) from the counterparty. If the averag
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, 201

Derivatives Designated as Cash Flow Hedges	Asset Derivatives Balance Sheet Location	Fair Value	Liability Derivative Balance Sheet Loca
Interest rate swaps		$ -	Accrued liabilities[a Other long-term lia
Fuel hedges		-	Accrued liabilities[1 Other long-term lia
Total derivatives designated as cash flow hedges		$ -	

(a) Represents the estimated amount of the existing unrealized losses on interest rate swaps as o
the interest rate yield curve at that date), included in AOCL expected to be reclassified into pre-ta
12 months. The actual amounts reclassified into earnings are dependent on future movements in

(b) Represents the estimated amount of the existing unrealized losses on fuel hedges as of Dece
forward DOE diesel fuel index curve at that date), included in AOCL expected to be reclassified i
next 12 months. The actual amounts reclassified into earnings are dependent on future movemen

The fair values of derivative instruments designated as cash flow hedges as of December 31, 201

Derivatives Designated as Cash Flow Hedges	Asset Derivatives Balance Sheet Location	Fair Value	Liability Balance
Interest rate swaps	Other assets, net	$ 250	Accrued Other lo
Fuel hedges			Accrued
Total derivatives designated as cash flow hedges		$ 250	

82

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

The following table summarizes the impact of the Company's cash flow hedges on the results of
income (loss) and AOCL for the years ended December 31, 2015, 2014 and 2013:

Derivatives Designated as Cash Flow Hedges	**Amount of Gain or (Loss) Recognized as AOCL on Derivatives, Net of Tax (Effective Portion)[a]**			Statement of Net Income (Loss) Classification	**Amount of (from AOCL Net of Tax (I**
	Years Ended December 31,				Years Ended
	2015	2014	2013		2015
Interest rate swaps	$ (4,820)	$ (3,970)	$ 188	Interest expense	$ 3,155
Fuel hedges	(6,906)	(2,071)	625	Cost of operations	1,993
Total	$ (11,726)	$ (6,041)	$ 813		$ 5,148

(a) In accordance with the derivatives and hedging guidance, the effective portions of the ch
rate swaps and fuel hedges have been recorded in equity as a component of AOCL. As the critica
swaps match the underlying debt being hedged, no ineffectiveness is recognized on these swaps a
changes in fair value are recorded in AOCL. Because changes in the actual price of diesel fuel ar
price do not offset exactly each reporting period, the Company assesses whether the fuel hedges a
cumulative dollar offset approach.

(b) Amounts reclassified from AOCL into earnings related to realized gains and losses on in
when interest payments or receipts occur related to the swap contracts, which correspond to when
the Company's hedged debt.

(c) Amounts reclassified from AOCL into earnings related to realized gains and losses on th
when settlement payments or receipts occur related to the hedge contracts, which correspond to w
consumed.

The Company measures and records ineffectiveness on the fuel hedges in Cost of operations in th
Net Income (Loss) on a monthly basis based on the difference between the DOE index price and t
purchased, multiplied by the notional number of gallons on the contracts. There was no significa
the fuel hedges during the years ended December 31, 2015, 2014 and 2013.

See Note 12 for further discussion on the impact of the Company's hedge accounting to its conso
(loss) and AOCL.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial repo
assets and liabilities and are measured using the enacted tax rates and laws that are expected to be
are expected to reverse. The Company records valuation allowances to reduce net deferred tax as
more likely than not to be realized.

The Company is required to evaluate whether the tax positions taken on its federal and state inco
than not be sustained upon examination by the appropriate taxing authority. If the Company dete
will not be sustained, it records a liability for the related unrecognized tax benefits. The Company
unrecognized tax benefits as a current liability to the extent it anticipates making a payment withi

Equity-Based Compensation

The fair value of restricted stock units is determined based on the number of shares granted, the c
common stock and an assumed forfeiture rate of 8%.

Compensation expense associated with outstanding performance-based restricted stock unit ("PS
fair value of the Company's common stock and is based on the estimated achievement of the esta
the end of each reporting period until the performance period ends, recognized ratably over the pe
Compensation expense is only recognized for those awards that the Company expects to vest, wh
assessment of the probability that the performance criteria will be achieved. The Company assum
PSU awards with three-year performance-based metrics granted to the Company's executive offic
December 31, 2015 and 2014. The Company assumed a forfeiture rate of 8% for PSU awards, wi
performance-based metric and time-based vesting for the remaining three years of the four-year v
Company's executive officers and non-executive officers during the year ended December 31, 20

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

All share-based compensation cost is measured at the grant date, based on the estimated fair valu
recognized on a straight-line basis as expense over the employee's requisite service period. Unde
guidance, the Company elected to use the short-cut method to calculate the historical pool of win
Company elected to use the tax law ordering approach for purposes of determining whether an ex
realized.

Warrants are valued using the Black-Scholes pricing model with a contractual life of five years, a
the 5-year U.S. treasury yield curve and expected volatility. The Company uses the historical vola
a period equivalent to the contractual life of the warrants to estimate the expected volatility. War
recorded as an element of the related cost of landfill development projects or to expense for warra
acquisitions.

Equity-based compensation expense recognized during the years ended December 31, 2015, 201
($12,587 net of taxes), $18,446 ($11,372 net of taxes) and $15,397 ($9,508 net of taxes), respecti
stock unit, PSU and warrant expense. The Company records equity-based compensation expense
administrative expenses in the Consolidated Statements of Net Income (Loss). The total unrecog
December 31, 2015, related to unvested restricted stock unit awards was $25,984 and this future e
the remaining vesting period of the restricted stock unit awards, which extends to 2019. The weig
period of the restricted stock unit awards is 1.1 years. The total unrecognized compensation cost
to unvested PSU awards was $6,965 and this future expense will be recognized over the remainin
awards, which extends to 2019. The weighted average remaining vesting period of PSU awards is

Per Share Information

Basic net income (loss) per share attributable to Waste Connections' common stockholders is con
average number of common shares outstanding and vested and unissued restricted stock units def
deferred compensation plan. Diluted net income (loss) per share attributable to Waste Connectio
computed using the weighted average number of common and potential common shares outstand
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 3
$3,197, $3,479 and $3,704, respectively, which is included in Selling, general and administrative
Statements of Net Income (Loss).

Insurance Liabilities

As a result of its high deductible or self-insured retention insurance policies, the Company is effe
automobile liability, general liability, employer's liability, environmental liability, cyber liability,
and directors' and officers' liability as well as for employee group health insurance, property and
Company's insurance accruals are based on claims filed and estimates of claims incurred but not
the Company's management with assistance from its third-party actuary and its third-party claims
accruals are influenced by the Company's past claims experience factors, which have a limited hi
development factors. At December 31, 2015 and 2014, the Company's total accrual for self-insur
$44,849, respectively, which is included in Accrued liabilities in the Consolidated Balance Sheets
December 31, 2015, 2014 and 2013, the Company recognized $49,391, $51,702 and $48,032, res
expense which is included in Cost of operations and Selling, general and administrative expense i
of Net Income (Loss).

New Accounting Pronouncements

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. In
Accounting Standards Board (the "FASB") issued guidance that changes the threshold for reporti
adds new disclosures. The new guidance defines a discontinued operation as a disposal of a comp
that is disposed of or is classified as held for sale and "represents a strategic shift that has (or will
entity's operations and financial results." For disposals of individually significant components tha
operations, an entity must disclose pre-tax earnings of the disposed component. For public busine
effective prospectively for all disposals (or classifications as held for sale) of components of an en
periods beginning on or after December 15, 2014, and interim periods within those years. Early a
for disposals (or classifications as held for sale) that have not been reported in financial statement
for issuance. The Company adopted this guidance as of January 1, 2015. The adoption of this gui
impact on the Company's financial position or results of operations.

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Revenue From Contracts With Customers. In May 2014, the FASB issued guidance to provide a s
recognition model for all contracts with customers. The revenue guidance contains principles that
determine the measurement of revenue and timing of when it is recognized. The underlying princ
recognize revenue to depict the transfer of goods or services to customers at an amount that the en
exchange for those goods or services. The standard will be effective for fiscal years, and interim p
beginning after December 15, 2017 for public entities, with early adoption permitted (but not earl
date of the pronouncement). The Company does not expect the adoption of this guidance to have
Company's financial position or results of operations.

Accounting for Share-Based Payment When the Terms of an Award Provide That a Performance
After the Requisite Service Period. In June 2014, the FASB issued guidance that applies to all rep
employees share-based payments in which the terms of the award provide that a performance targ
achieved after the requisite service period. It requires that a performance target that affects vestin
after the requisite service period be treated as a performance condition and follows existing accou
treatment of performance conditions. The standard will be effective for annual periods and interin
periods beginning after December 15, 2015, with early adoption permitted. The Company does no
guidance to have a material impact on the Company's financial position or results of operations.

Presentation of Debt Issuance Costs. In April 2015, the FASB issued guidance which requires deb
those paid to a lender) to be presented in the balance sheet as a direct deduction from the carrying
liability, consistent with the presentation of a debt discount. The standard does not affect the reco
debt issuance costs. Therefore, the amortization of such costs should continue to be calculated usi
reported as interest expense. The FASB updated this guidance in August 2015 to clarify that fees
revolving lines of credit are not in the scope of the new guidance and will continue to be recorded
sheet. The standard is effective for financial statements issued for fiscal years beginning after De
periods within those fiscal years. Early adoption is permitted for financial statements that have no
new guidance has been applied on a retrospective basis. The Company early adopted this guidanc
adoption of this guidance did not have a material impact on the Company's financial position or r

Accounting for Measurement-Period Adjustments. In September 2015, the FASB issued guidance
requirement to restate prior period financial statements for measurement period adjustments. The
cumulative impact of a measurement period adjustment (including the impact on prior periods) be
period in which the adjustment is identified. This cumulative adjustment would be reflected withi

statement line items affected. The new guidance does not change what constitutes a measurement
standard should be applied prospectively to measurement period adjustments that occur after the
is effective for interim and annual periods beginning after December 15, 2015, with early adoptio
early adopted this guidance effective October 1, 2015. The adoption of this guidance did not have
Company's financial position or results of operations.

Balance Sheet Classification of Deferred Taxes. In November 2015, the FASB issued guidance th
assets and liabilities, along with any related valuation allowance, be classified as noncurrent on th
each jurisdiction will now only have one net noncurrent deferred tax asset or liability. The guidan
requirement that only permits offsetting within a jurisdiction. The new standard is effective in fis
December 15, 2016, including interim periods within those years, with early adoption permitted.
will result in the Company's current deferred tax assets being recorded as noncurrent.

85

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Reclassification

Certain amounts reported in the Company's prior year's financial statements have been reclassifi
presentation.

2. USE OF ESTIMATES AND ASSUMPTIONS

In preparing the Company's consolidated financial statements, several estimates and assumptions
accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and
because certain of the information that is used in the preparation of the Company's consolidated f
on future events, cannot be calculated with a high degree of precision from data available or is si
readily calculated based on generally accepted methodologies. In some cases, these estimates are
determine and the Company must exercise significant judgment. The most difficult, subjective a
assumptions that deal with the greatest amount of uncertainty are related to the Company's accou
accruals, income taxes, allocation of acquisition purchase price, contingent consideration accruals
are discussed in Note 1. An additional area that involves estimation is when the Company estima
exposure it may have with respect to litigation, claims and assessments in accordance with the ac
contingencies. Actual results for all estimates could differ materially from the estimates and assu
in the preparation of its consolidated financial statements.

3. ACQUISITIONS

The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilitie
acquisition date fair values. The Company measures and recognizes goodwill as of the acquisitio
aggregate of the fair value of consideration transferred, the fair value of any noncontrolling intere
the acquisition date fair value of the Company's previously held equity interest in the acquiree (if
assets acquired and liabilities assumed. If information about facts and circumstances existing as o
incomplete by the end of the reporting period in which a business combination occurs, the Compa
amounts for the items for which the accounting is incomplete. The measurement period ends onc
information it was seeking; however, this period will not exceed one year from the acquisition da
recognized during the measurement period will be reflected prospectively in the period the adjust

consolidated financial statements. The Company recognizes acquisition-related costs as expense.

In January 2015, the Company acquired Shale Gas Services, LLC (“Shale Gas”), which owns two
recycling operations in Arkansas and Texas, for cash consideration of $41,000 and potential futur
contingent consideration would be paid to the former owners of Shale Gas based on the achievem
for the acquired operations, as specified in the membership purchase agreement, over a two-year
the acquisition. The Company used probability assessments of the expected future cash flows and
payment of future contingent consideration existed as of the acquisition close date. As of Decemb
no liability existed for payment of future contingent consideration has not changed.

In March 2015, the Company acquired DNCS Properties, LLC (“DNCS”), which owns land and
an E&P waste facility in the Permian Basin, for cash consideration of $30,000 and a long-term no
of DNCS with a fair value of $5,088. The long-term note requires ten annual principal payments
additional ten annual principal payments of $250, for total future cash payments of $7,500. The fa
was determined by applying a discount rate of 4.75% to the payments over the 20-year payment p

In November 2015, the Company acquired Rock River Environmental Services, Inc. (“Rock Rive
solid waste collection, recycling, transfer and disposal services. The acquired operations service
northern Illinois and include five collection operations, two landfills, one compost facility, one tr
facility. The Company paid cash consideration of $225,000 for this acquisition, using proceeds fr
agreement. The Company also paid an additional amount for the purchase of estimated working c
post-closing adjustments.

In addition to the acquisitions of Shale Gas, DNCS and Rock River, the Company also acquired 1
non-hazardous solid waste collection and disposal businesses during the year ended December 31

86

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

In March 2014, the Company acquired Screwbean Landfill, LLC ("Screwbean"), which owns lan operate an E&P waste facility, and S.A. Dunn & Company, LLC ("Dunn"), which owns land and construction and demolition landfill, for aggregate total cash consideration of $27,020 and contin Contingent consideration represents the fair value of up to $3,000 of amounts payable to the form successful modification of site construction permits that would enable increased capacity at the la contingent consideration was determined using probability assessments of the expected future cas period in which the obligations are expected to be settled, and applying discount rates ranging fro December 31, 2015, the obligation recognized at the purchase date has not materially changed. A the contingent consideration subsequent to the acquisition date will be charged or credited to exp settled.

In September 2014, the Company acquired Rumsey Environmental, LLC ("Rumsey"), which pro services in western Alabama, for aggregate total cash consideration of $16,000 and contingent co Contingent consideration represents the fair value of up to $2,000 of amounts payable to the form achievement of certain operating targets specified in the asset purchase agreement. The fair value was determined using probability assessments of the expected future cash flows over the two-yea is expected to be settled, and applying a discount rate of 2.8%. As of December 31, 2015, the obli purchase date has not materially changed. Any changes in the fair value of the contingent conside acquisition date will be charged or credited to expense until the contingency is settled.

In October 2014, the Company acquired Section 18, LLC ("Section 18"), which provides E&P di for aggregate total cash consideration of $64,425 and contingent consideration of $37,724. The co represented the estimated fair value at the acquisition close date of amounts payable to the former up to four site construction permits for future facilities in North Dakota, Wyoming and Montana a operating targets at one current facility and up to four future facilities as specified in the asset pur of the contingent consideration was determined using probability assessments of the expected fut four-year period in which the obligations are expected to be settled, and applying a discount rate c quarter of 2015, the Company remeasured the fair value of the contingent consideration and deter amounts payable associated with the achievement of certain operating targets decreased by $20,6 Impairments and other operating items in the Consolidated Statements of Net Income (Loss). The contingent consideration was due to an expected decrease in earnings of the future facilities as a r oil prices subsequent to the closing date of the acquisition, together with market expectations of a prices. During the year ended December 31, 2015, $2,000 of the contingent consideration associa the site permits was earned and paid to the former owners.

In addition to the acquisitions of Screwbean, Dunn, Rumsey and Section 18, the Company acquir
non-hazardous solid waste collection, transfer and disposal businesses during the year ended Dec

The Company acquired eight individually immaterial non-hazardous solid waste collection busine
December 31, 2013.

The total acquisition-related costs incurred for the acquisitions closed during the years ended Dec
were $4,235, $2,147 and $1,946. These expenses are included in Selling, general and administrat
Consolidated Statements of Net Income (Loss).

The results of operations of the acquired businesses have been included in the Company's consol
their respective acquisition dates. The Company expects these acquired businesses to contribute t
Company's strategy to expand through acquisitions. Goodwill acquired is attributable to the syne
opportunities expected to arise after the Company's acquisition of these businesses.

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

The following table summarizes the consideration transferred to acquire these businesses and the
acquired and liabilities assumed at the acquisition date for acquisitions consummated in the years
2014 and 2013:

	2015 Acquisitio
Fair value of consideration transferred:	
Cash	$ 230,517
Debt assumed	111,324
Notes issued to sellers	6,091
Contingent consideration	815
	348,747
Recognized amounts of identifiable assets acquired and liabilities assumed associated with businesses acquired:	
Accounts receivable	12,571
Other current assets	1,440
Property and equipment	208,363
Long-term franchise agreements and contracts	16,462
Indefinite-lived intangibles	1,256
Customer lists	12,504
Permits	37,071
Other long-term assets	2,738
Deferred revenue	(5,056
Accounts payable	(7,515
Accrued liabilities	(1,822
Other long-term liabilities	(19,998
Deferred income taxes	(50,089
Total identifiable net assets	207,925
Goodwill	$ 140,822

Goodwill acquired in 2015 totaling $40,863 is expected to be deductible for tax purposes. Good
$18,778 is expected to be deductible for tax purposes. Goodwill acquired in 2013 totaling $39,73
for tax purposes.

The fair value of acquired working capital related to four individually immaterial acquisitions co
December 31, 2015, is provisional pending receipt of information to support the fair value of the
assumed. Any adjustments recorded relating to finalizing the working capital for these four acqui
material to the Company's financial position.

The gross amount of trade receivables due under contracts acquired during the year ended Decem
which $466 was expected to be uncollectible. The gross amount of trade receivables due under c
year ended December 31, 2014, was $3,981, of which $196 was expected to be uncollectible. Th
receivables due under contracts acquired during the year ended December 31, 2013, was $414, of
uncollectible. The Company did not acquire any other class of receivable as a result of the acquis

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

4. INTANGIBLE ASSETS, NET

Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2015:

	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss	Ne An
Finite-lived intangible assets:				
Long-term franchise agreements and contracts	$210,384	$ (60,205)	$ -	$ 1
Customer lists	173,855	(96,941)	-	7
Permits and non-competition agreements	81,240	(13,587)	-	6
	465,479	(170,733)	-	2
Indefinite-lived intangible assets:				
Solid waste collection and transportation permits	152,761	-	-	1
Material recycling facility permits	42,283	-	-	4
E&P facility permits	59,855	-	(38,351)	2
	254,899	-	(38,351)	2
Intangible assets, exclusive of goodwill	$720,378	$ (170,733)	$ (38,351)	$ 5

The weighted-average amortization period of long-term franchise agreements and contracts acqui
December 31, 2015 was 10.0 years. The weighted-average amortization period of customer lists a
December 31, 2015 was 8.2 years. The weighted-average amortization period of finite-lived perr
ended December 31, 2015 was 38.1 years.

Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2014:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Long-term franchise agreements and contracts	$ 195,676	$ (52,448)	$ 143,228
Customer lists	161,463	(77,931)	83,532

Permits and non-competition agreements	41,369	(11,777)	29,592
	398,508	(142,156)	256,352
Indefinite-lived intangible assets:			
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
	253,643	-	253,643
Intangible assets, exclusive of goodwill	$ 652,151	$ (142,156)	$ 509,995

Estimated future amortization expense for the next five years relating to finite-lived intangible as

For the year ending December 31, 2016	$27,434
For the year ending December 31, 2017	$25,347
For the year ending December 31, 2018	$24,440
For the year ending December 31, 2019	$19,853
For the year ending December 31, 2020	$17,947

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	December 31,	
	2015	2014
Landfill site costs	$2,379,535	$2,209,749
Rolling stock	754,662	669,133
Land, buildings and improvements	433,230	403,472
Containers	323,953	289,626
Machinery and equipment	377,488	335,376
Construction in progress	9,861	19,815
	4,278,729	3,927,171
Less accumulated depreciation and depletion	(1,540,441)	(1,332,966)
	$2,738,288	$2,594,205

The Company's landfill depletion expense, recorded in Depreciation in the Consolidated Stateme
years ended December 31, 2015, 2014 and 2013, was $82,369, $84,308 and $80,227, respectively

6. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31,	
	2015	2014
Insurance claims	$44,934	$44,849
Payroll and payroll-related	41,332	40,376
Interest payable	12,974	9,319
Unrealized cash flow hedge losses	11,124	6,023
Cell processing reserve - current portion	5,566	6,136

Environmental remediation reserve - current portion	2,328	3,023
Other	17,760	11,221
	$136,018	$120,947

90

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

7. LONG-TERM DEBT

Long-term debt consists of the following:

Revolver under credit agreement
Term loan under credit agreement
2015 Notes
2016 Notes
2018 Notes
2019 Notes
2021 Notes
2022 Notes
2025 Notes
Tax-exempt bonds
Notes payable to sellers and other third parties, bearing interest at 3.0% to 10.9%, principal and interest payments due periodically with due dates ranging from 2016 to 2036
Less – current portion
Less – debt issuance costs

Revolving Credit and Term Loan Agreement

The Company has a revolving credit and term loan agreement (the "credit agreement") with Bank
Administrative Agent, and the other lenders from time to time party thereto (the "Lenders"). Purs
Lenders have committed to provide revolving advances up to an aggregate principal amount of $1
outstanding (the "revolver"). The Lenders have also provided a term loan in an aggregate principa
loan"). The Company has the option to request increases in the aggregate commitments for revolv
additional term loans, provided that the aggregate principal amount of commitments and term loa
For any such increase, the Company may ask one or more Lenders to increase their existing comm
term loans and/or invite additional eligible lenders to become Lenders under the credit agreement

commitments under the facility, the credit agreement provides for letters of credit to be issued at t
an aggregate amount not to exceed $250,000 and for swing line loans to be issued at the request o
amount not to exceed the lesser of $35,000 and the aggregate commitments. As of December 31,
loan and $390,000 under the revolver were outstanding under the credit agreement, exclusive of o
credit of $78,373. As of December 31, 2014, $660,000 under the term loan and $680,000 under th
under the credit agreement, exclusive of outstanding standby letters of credit of $73,031. The Co
issuance costs related to the credit agreement recorded in Other assets, net in the Consolidated Ba
2015, which are being amortized through the maturity date, or January 2020.

Interest accrues on advances on the revolver, at the Company's option, at a LIBOR rate plus the a
total rate of 1.44% and 1.54% at December 31, 2015 and 2014, respectively) on LIBOR loans or
margin (for a total rate of 3.70% and 3.63% at December 31, 2015 and 2014, respectively) on bas
each interest period. The issuing fees for all letters of credit are also based on an applicable margi
in connection with interest rates and fees is based on the Company's consolidated leverage ratio.
LIBOR rate loans and letter of credit fees was 1.20% and 1.375% at December 31, 2015 and 201
applicable margin for base rate loans and swing line loans was 0.50% and 0.50% at December 31
As of December 31, 2015, $385,000 of the borrowings outstanding under the revolver were in LI
borrowings outstanding under the revolver were in swing line loans. As of December 31, 2014, $
outstanding under the revolver were in LIBOR loans and $3,000 of the borrowings outstanding u
line loans.

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Outstanding amounts on the term loan could be either base rate loans or LIBOR loans. At Decem
amounts outstanding under the term loan were in LIBOR loans which bear interest at the LIBOR
margin (for a total rate of 1.44% and 1.66% at December 31, 2015 and 2014, respectively). The a
Company's consolidated leverage ratio. The applicable margin for LIBOR rate loans was 1.20%
2015 and 2014, respectively.

The Company will also pay a fee based on its consolidated leverage ratio on the actual daily unus
revolving commitments (0.15% and 0.20% as of December 31, 2015 and 2014, respectively).

The borrowings under the credit agreement are not collateralized. The credit agreement contains
covenants and events of default, including a change of control event of default and limitations on
liens, limitations on new lines of business, mergers, transactions with affiliates and restrictive agr
continuance of an event of default, the Lenders may take a number of actions, including declaring
outstanding under the credit agreement due and payable. The credit agreement contains cross-def
the master note purchase agreement or certain other debt. The credit agreement also includes cov
day of each fiscal quarter, (a) the ratio of the consolidated funded debt as of such date to the Cons
in the credit agreement), measured for the preceding 12 months, to not more than 3.50x (or 3.75x
periods, subject to certain limitations) ("leverage ratio") and (b) the ratio of Consolidated EBIT (
to consolidated interest expense, in each case, measured for the preceding 12 months, to not less
ratio"). As of December 31, 2015 and 2014, the Company's leverage ratio was 2.88x and 2.67x,
2015 and 2014, the Company's interest coverage ratio was 7.88x and 7.94x, respectively.

Master Note Purchase Agreement

Senior Notes due 2015

On July 15, 2008, the Company entered into a master note purchase agreement with certain accre
pursuant to which the Company issued and sold to the investors at a closing on October 1, 2008,
uncollateralized notes due October 1, 2015 in a private placement. The Company redeemed the 2

using borrowings under its credit agreement.

Senior Notes due 2019

On October 26, 2009, the Company entered into a first supplement to the master note purchase ag
institutional investors pursuant to which the Company issued and sold to the investors on that dat
uncollateralized notes due November 1, 2019 in a private placement. The 2019 Notes bear intere
annum with interest payable in arrears semi-annually on May 1 and November 1 beginning on M
payable at the maturity of the 2019 Notes on November 1, 2019. The Company is amortizing the
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 agr
institutional investors, pursuant to which the Company issued and sold to the investors on that da
uncollateralized notes at fixed interest rates with interest payable in arrears semi-annually on Oct
October 1, 2011 in a private placement. Of these notes, $100,000 will mature on April 1, 2016 wi
3.30% (the “2016 Notes”), $50,000 will mature on April 1, 2018 with an annual interest rate of 4.
$100,000 will mature on April 1, 2021 with an annual interest rate of 4.64% (the “2021 Notes”).
ability to redeem the 2016 Notes on April 1, 2016 using borrowings under its credit agreement. T
Notes, 2018 Notes and 2021 Notes is payable at the maturity of each respective note. The Compa
debt issuance costs through the maturity dates of the respective notes.

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Senior Notes due 2022 and 2025

On June 11, 2015, the Company entered into a third supplement to the master note purchase agre
institutional investors, pursuant to which, on August 20, 2015, the Company issued and sold to th
placement $500,000 of senior uncollateralized notes at fixed interest rates with interest payable in
February 20 and August 20 beginning on February 20, 2016. Of these notes, $125,000 will matur
annual interest rate of 3.09% (the "2022 Notes") and $375,000 will mature on August 20, 2025 w
3.41% (the "2025 Notes"). The principal of each of the 2022 Notes and 2025 Notes is payable at
note. The Company is amortizing the $3,746 debt issuance costs through the maturity dates of the

The 2016 Notes, 2018 Notes, 2019 Notes, 2021 Notes, 2022 Notes and 2025 Notes (collectively,
uncollateralized obligations and rank equally in right of payment with each of the Senior Notes an
Company's credit agreement. The Senior Notes are subject to representations, warranties, covena
master note purchase agreement contains cross-defaults if the Company defaults on the credit agr
The master note purchase agreement requires that the Company maintain specified quarterly leve
ratios. The required leverage ratio cannot exceed 3.75x total debt to EBITDA. The required intere
least 2.75x total interest expense to EBIT. As of December 31, 2015 and 2014, the Company's le
2.67x, respectively. As of December 31, 2015 and 2014, the Company's interest coverage ratio w

Upon the occurrence of an event of default, payment of the Senior Notes may be accelerated by t
notes. The Senior Notes may also be prepaid at any time in whole or from time to time in any pa
then-outstanding principal amount) by the Company at par plus a make-whole amount determine
scheduled interest payments on the Senior Notes, using a discount rate of the then current market
treasury bills plus 0.50%. In addition, the Company will be required to offer to prepay the Senio
control.

The Company may issue additional series of senior uncollateralized notes, including floating rate
conditions of the master note purchase agreement, as amended, provided that the purchasers of th
any obligation to purchase any additional notes issued pursuant to the master note purchase agree
principal amount of the outstanding notes and any additional notes issued pursuant to the master n
not exceed $1,250,000.

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, 2015		Maturity Date of Bond	Outstanding Balanc December 31, 2015	2014
West Valley Bond	Variable	0.05	%	August 1, 2018	$ 15,500	$ 15,50
LeMay Washington Bond	Variable	0.05		April 1, 2033	15,930	15,93
					$ 31,430	$ 31,43

The variable-rate bonds are all remarketed weekly by a remarketing agent to effectively maintain
remarketing agent is unable to remarket the bonds, then the remarketing agent can put the bonds t
obtained standby letters of credit, issued under its credit agreement, to guarantee repayment of the
Company classified these borrowings as long-term at December 31, 2015, because the borrowing
letters of credit issued under the Company’s credit agreement.

93

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

As of December 31, 2015, aggregate contractual future principal payments by calendar year on lo
follows:

2016 *	$2,127
2017	1,069
2018	66,442
2019	175,955
2020	1,290,460
Thereafter	621,232
	$2,157,285

* The Company has recorded the 2016 Notes in the 2020 category in the table above as the Comp
redeem the 2016 Notes on April 1, 2016 using borrowings under its credit agreement.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilitie
recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in
initial measurement. These tiers include: Level 1, defined as quoted market prices in active mark
liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indi
similar assets or liabilities, quoted prices in markets that are not active, model-based valuation tec
significant assumptions are observable in the market, or other inputs that are observable or can be
market data for substantially the full term of the assets or liabilities; and Level 3, defined as unob
corroborated by market data.

The Company's financial assets and liabilities recorded at fair value on a recurring basis include d
restricted assets. The Company's derivative instruments are pay-fixed, receive-variable interest r
receive-variable diesel fuel hedges. The Company's interest rate swaps are recorded at their estin
received from financial institutions that trade these contracts. The Company verifies the reasonab

similar quotes from another financial institution as of each date for which financial statements are
a discounted cash flow ("DCF") model to determine the estimated fair value of the diesel fuel hec
preparing the DCF model include: (i) estimates for the forward DOE index curve; and (ii) the disc
interest rates over the term of the hedge contracts. The DOE index curve used in the DCF model
institutions that trade these contracts and ranged from $2.21 to $2.64 at December 31, 2015 and f
31, 2014. The weighted average DOE index curve used in the DCF model was $2.43 and $3.04 a
respectively. Significant increases (decreases) in the forward DOE index curve would result in a s
value measurement. For the Company's interest rate swaps and fuel hedges, the Company also co
creditworthiness in its determination of the fair value measurement of these instruments in a net l
creditworthiness in its determination of the fair value measurement of these instruments in a net a
restricted assets are valued at quoted market prices in active markets for similar assets, which the
financial institutions that hold such investments on its behalf. The Company's restricted assets m
primarily in U.S. government and agency securities.

94

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

The Company's assets and liabilities measured at fair value on a recurring basis at December 31,

	Fair Value Measurement at Decem	
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)
Interest rate swap derivative instruments – net liability position	$ (9,745)	$ -
Fuel hedge derivative instruments –net liability position	$ (9,900)	$ -
Restricted assets	$ 46,148	$ -
Contingent consideration	$ (49,394)	$ -

	Fair Value Measurement at Decem	
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)
Interest rate swap derivative instruments – net liability position	$ (7,094)	$ -
Fuel hedge derivative instruments – net asset position	$ (1,979)	$ -
Restricted assets	$ 40,870	$ -
Contingent consideration	$ (70,165)	$ -

The following table summarizes the changes in the fair value for Level 3 derivatives for the years
2014:

	Years Ended December 31,	
	2015	2014
Beginning balance	$ (1,979)	$ 2,199
Realized losses (gains) included in earnings	3,217	(823)

Unrealized losses included in AOCL	(11,138)	(3,355)
Ending balance	$ (9,900)	$ (1,979)

95

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

The following table summarizes the changes in the fair value for Level 3 liabilities related to cont
years ended December 31, 2015 and 2014:

	Years Ended December 31,	
	2015	2014
Beginning balance	$ 70,165	$ 55,550
Contingent consideration recorded at acquisition date	815	42,538
Payment of contingent consideration recorded at acquisition date	(2,190)	(24,847)
Payment of contingent consideration recorded in earnings	-	(1,074)
Adjustments to contingent consideration	(22,180)	(3,450)
Interest accretion expense	2,784	1,448
Ending balance	$ 49,394	$ 70,165

See Note 1 – “Goodwill and Indefinite-Lived Intangible Assets” regarding non-recurring fair valu

9. OFFICE RELOCATIONS

In December 2011, the Company commenced a relocation of its corporate headquarters from Fols
Woodlands, Texas, which was substantially completed in 2012. Costs related to personnel and of
recorded in Selling, general and administrative expenses in the Consolidated Statements of Net In
ended December 31, 2013, the Company incurred losses on the cessation of use of prior office lea
corporate headquarters in Folsom, California, and $742 for its E&P segment’s former regional of
October 2013, the Company remitted a payment to terminate the remaining lease obligation of its
California. These costs are recorded in Loss on prior office leases in the Consolidated Statements

10. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Leases

The Company leases certain facilities and certain equipment under non-cancelable operating leas
to 45 years, with renewal options for certain leases. The Company's total rent expense under ope
ended December 31, 2015, 2014 and 2013, was $26,858, $27,466 and $30,893, respectively.

As of December 31, 2015, future minimum lease payments, by calendar year, are as follows:

2016	$ 16,416
2017	14,100
2018	10,967
2019	9,080
2020	7,903
Thereafter	50,478
	$ 108,944

Financial Surety Bonds

The Company uses financial surety bonds for a variety of corporate guarantees. The two largest u
are for municipal contract performance guarantees and asset closure and retirement requirements
regulations. Environmental regulations require demonstrated financial assurance to meet final cap
requirements for landfills. In addition to surety bonds, these requirements may also be met throug
assurance instruments, including insurance, letters of credit and restricted asset deposits.

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

At December 31, 2015 and 2014, the Company had provided customers and various regulatory au
the aggregate amount of approximately $353,828 and $342,591, respectively, to secure its asset c
requirements and $121,687 and $94,385, respectively, to secure performance under collection co
agreements.

The Company owns a 9.9% interest in a company that, among other activities, issues financial su
final capping, closure and post-closure obligations for companies operating in the solid waste ind
for this investment under the cost method of accounting. There have been no identified events or
may have a significant adverse effect on the carrying value of the investment. This investee com
the investee have written financial surety bonds for the Company, of which $185,753 and $179,2
December 31, 2015 and 2014, respectively. The Company's reimbursement obligations under th
pledge of its stock in the investee company.

Unconditional Purchase Obligations

At December 31, 2015, the Company's unconditional purchase obligations consist of multiple fix
under which it has 19.1 million gallons remaining to be purchased for a total of $50,198. These f
or before December 31, 2017.

As of December 31, 2015, future minimum purchase commitments, by calendar year, are as follo

2016	$33,242
2017	16,956
	$50,198

CONTINGENCIES

Environmental Risks

The Company expenses costs incurred to investigate and remediate environmental issues unless t
lives of the related assets. The Company records liabilities when it is probable that an obligation l
amounts can be reasonably estimated. The remediation reserves cover anticipated costs, including
damage that waste facilities may have caused to neighboring landowners or residents as a result o
groundwater or surface water, including damage resulting from conditions existing prior to the Co
facilities. The Company's estimates are based primarily on investigations and remediation plans e
consultants, regulatory agencies and potentially responsible third parties. The Company does not
obligations. At December 31, 2015 and 2014, the current portion of remediation reserves was $2,
which is included in Accrued liabilities in the Consolidated Balance Sheets. At December 31, 201
portion of remediation reserves was $12,049 and $725, respectively, which is included in Other lo
Consolidated Balance Sheets. The 2015 long-term remediation reserve amount includes $11,301 o
the Company established after assuming certain remedial liabilities in the Rock River acquisition
December 31, 2015. Any substantial increase in the liabilities for remediation of environmental d
Company could have a material adverse effect on the Company's financial condition, results of o

Legal Proceedings

In the normal course of its business and as a result of the extensive governmental regulation of th
industries, the Company is subject to various judicial and administrative proceedings involving fe
these proceedings, an agency may seek to impose fines on the Company or to revoke or deny rene
the Company, including an operating permit. From time to time, the Company may also be subjec
interest or other groups, adjacent landowners or residents in connection with the permitting and li
stations, and E&P waste treatment, recovery and disposal operations, or alleging environmental d
permits and licenses pursuant to which the Company operates.

97

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

In addition, the Company is a party to various claims and suits pending for alleged damages to pe
violations of certain laws and alleged liabilities arising out of matters occurring during the norma
management business. Except as noted in the matters described below, as of December 31, 2015,
or litigation involving the Company or its property that the Company believes could have a mater
business, financial condition, results of operations or cash flows.

Madera County, California Materials Recovery Facility Contract Litigation

The Company's subsidiary, Madera Disposal Systems, Inc. ("MDSI") was named in a complaint
Madera Disposal Systems, Inc., et al, filed in Madera County Superior Court (Case No. MCV 05
subsequently transferred to Fresno County Superior Court. Madera County (the "County") allege
through 2010, MDSI breached a contract with the County for the operation of a materials recover
from facility operations in excess of those authorized by the contract. The County further alleged
the unilateral right to terminate all of its contracts with MDSI, including contracts for (1) the coll
commercial waste in the unincorporated parts of the County, (2) operation of the materials recove
North Fork Transfer Station and (4) operation of the Fairmead Landfill. MDSI answered the com
against the County for wrongful termination of the contracts. On October 31, 2012, MDSI ceased
the County premises. In 2015 the County amended its complaint to add a claim for breach of the
dealing and to amend its damage claim to cover the period from January 1, 2008 through Novem
monetary damages of $2,962 from MDSI, plus pre-judgment interest at 10% per annum.

The case was settled through mediation in January 2016. The settlement resolves all claims betw
any admission of liability, includes full mutual releases of claims between the parties and deems
and the County to have terminated by mutual agreement effective November 1, 2012. The Comp
immaterial payment to the County that the Company estimates to be less than the cost of trial.

Lower Duwamish Waterway Superfund Site Allocation Process

The Company's subsidiary, Northwest Container Services, Inc. ("NWCS"), has been named by th
Agency, Region 10 (the "EPA"), along with more than 100 others, as a potentially responsible pa
Comprehensive Environmental Response, Compensation and Liability Act (also known as CERC
respect to the Lower Duwamish Waterway Superfund Site (the "LDW Site"). Listed on the Natio
LDW Site is a five-mile stretch of the Duwamish River flowing into Elliott Bay in Seattle, Washi
as the Lower Duwamish Working Group or the "LDWG" and consisting of the City of Seattle, K
and Boeing Company conducted a Remedial Investigation/Feasibility Study for the LDW Site. C
issued its Record of Decision ("ROD") describing the selected clean-up remedy, and therein estin
present value dollars as of November 2014) would total about $342,000. However, it is possible t
incurred based upon various factors. The EPA estimates that it will take seven years to implemen
requires ten years of monitoring following the clean-up, and provides that if clean-up goals have
period, then additional clean-up activities, at additional cost, may be required at that time. Impler
not begin until after the ongoing Early Action Area ("EAA") clean-ups have been completed. W
have been completed to date, some work remains to be done on three other EAAs. The EPA estin
be completed in mid-2016; for the other two, work remains to be done and the EPA has not estim
Implementation of the clean-up also must await additional baseline sampling throughout the LDV
remedial design for performing the clean-up.

On September 30, 2015, the EPA formally initiated negotiations with the LDWG to amend the L
Order on Consent with the EPA (the "LDWG AOC") a third time to require the LDWG to perfor
sampling and certain technical studies needed to prepare the actual remedial design. The EPA ca
Remedial Design," and the EPA's proposed statement of work for it indicates that it will take at l
early 2018. The EPA and the LDWG are reportedly negotiating this third amendment to the LDV
indicated that once the work under the third amendment to the LDWG AOC is complete, it plans
PRPs a "global settlement" to cover performance of the remainder of the remedial design not cov
to the LDWG AOC and the clean-up itself. There is no assurance, however, that a global settleme

98

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

In August 2014, NWCS entered into an Alternative Dispute Resolution Memorandum of Agreem
PRPs and a neutral allocator to conduct a confidential and non-binding allocation of certain past r
incurred at the LDW Site as well as the anticipated future response costs associated with the clear
designed to develop evidence relating to each PRP's nexus, if any, to the LDW Site (whether or n
the allocation process), for the allocator to hear arguments as to how each PRP's nexus affects the
and to determine each PRP's share of the past and future response costs. The goal of the allocatio
on a division of responsibility between and amongst the PRPs so that the PRPs then will be in a p
settlement with the EPA. NWCS is defending itself vigorously in this confidential allocation pro
Company is not able to determine the likelihood of the allocation process being completed as inte
nor the likelihood of the parties then negotiating a global settlement with the EPA, and thus canno
any outcome in this matter.

Chiquita Canyon Landfill Expansion Complaint

The Company's subsidiary, Chiquita Canyon, LLC ("CCL"), is in the process of seeking approva
and vertical height of its Chiquita Canyon Landfill in California. In response to its published dra
("EIR") regarding the proposed expansion, on June 8, 2015 two individuals and two organization
complaint with the California Environmental Protection Agency, the California Department of Re
Recovery and the California Air Resources Board against the County of Los Angeles, alleging tha
racial discrimination under California law through its permitting policies and practices. Among o
alleges that the County of Los Angeles failed to provide equal opportunities for residents of all ra
EIR process. The complaint seeks, among other things, a suspension of the draft EIR process, the
regarding the draft EIR that follow specified procedures and the implementation of certain survey
CCL is not a party to this complaint, although CCL may participate in any hearing on the compla
schedule such a hearing. At this point the Company is not able to determine the likelihood of any
including whether it may result in a delay of the permitting process for the proposed expansion of

Collective Bargaining Agreements

Eleven of the Company's collective bargaining agreements have expired or are set to expire in 20
expect any significant disruption in its overall business in 2016 as a result of labor negotiations, e

organizational efforts.

11. STOCKHOLDERS' EQUITY

Cash Dividend

The Company's Board of Directors authorized the initiation of a quarterly cash dividend in Octob
an annual basis. In October 2015, the Company announced that its Board of Directors increased i
dividend by $0.015, from $0.13 to $0.145 per share. Cash dividends of $65,990, $58,906 and $51
ended December 31, 2015, 2014 and 2013, respectively.

Share Repurchase Program

The Company's Board of Directors has authorized a common stock repurchase program for the re
common stock through December 31, 2017. Under the program, stock repurchases may be made
privately negotiated transactions from time to time at management's discretion. The timing and a
depend on many factors, including the Company's capital structure, the market price of the comm
conditions. As of December 31, 2015 and 2014, the Company had repurchased in aggregate 41,9
respectively, of its common stock at an aggregate cost of $882,521 and $791,357, respectively. A
remaining maximum dollar value of shares available for repurchase under the program was appro
Company's policy related to repurchases of its common stock is to charge any excess of cost over
paid-in capital.

99

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Common Stock

Of the 127,624,045 shares of common stock authorized but unissued as of December 31, 2015, th
reserved for issuance:

For outstanding restricted stock units and warrants	1,761,177
For future grants under the 2014 Incentive Award Plan	2,488,023
	4,249,200

Restricted Stock Units, Performance-Based Restricted Stock Units, Stock Options and Stock Purc

In 2004, the Company's Board of Directors adopted the 2004 Equity Incentive Plan, currently re
and Restated 2004 Equity Incentive Plan (the "2004 Plan"), which was last approved by the Com
2010. A total of 7,162,500 shares of the Company's common stock were reserved for future issua
which may have been used for grants of stock options, restricted stock, and/or restricted stock uni
2004 Plan was limited to employees, officers, directors and consultants. Options granted under th
stock options and had a term of no longer than five years from the date they were granted. Restri
granted under the 2004 Plan generally vest in installments pursuant to a vesting schedule set forth
of Directors authorized the granting of awards under the 2004 Plan, and determined the employee
awards were to be granted, the number of shares subject to each award, and the exercise price, ter
terms and conditions of each award. The exercise prices of the options granted under the 2004 Pl
market value of the Company's common stock on the date of grant. Restricted stock awards gran
may not have required a cash payment from a participant to whom an award was made; RSU awa
not require any cash payment from the participant to whom an award was made. No further grant
Plan as of May 16, 2014 pursuant to the Company's stockholder approval of the 2014 Incentive A

In 2014, the Company's Board of Directors adopted the 2014 Incentive Award Plan (the "2014 Pl
Company's stockholders on May 16, 2014. A total of 3,250,000 shares of the Company's commo
issuance under the 2014 Plan, all of which may be used for grants of nonqualified stock options ('
stock, RSUs, dividend equivalents and stock payment awards. The 2014 Plan also authorizes the

payable in the form of the Company's common stock or cash, including equity awards and incent
intended to qualify as "performance-based compensation" under Section 162(m) of the Internal R
("Section 162(m)"). Participation in the 2014 Plan is limited to employees and consultants of the
non-employee directors. The 2014 Plan is administered by the Company's Board of Directors wit
non-employee directors and by its Compensation Committee with respect to other participants, ea
duties and responsibilities to committees of the Company's directors and/or officers, subject to ce
the "administrator"). The administrator has the authority to select the persons to whom awards ar
number of shares subject to awards and to determine the terms and conditions of awards, includin
to each award, the exercise price, term, vesting schedule and other terms and conditions of the aw

Options and warrants granted under the 2014 Plan have a term of no longer than ten years from th
Options, warrants, restricted stock and RSUs granted under the 2014 Plan generally vest in install
schedule set forth in each award agreement. The exercise prices of the options and warrants shall
value of the Company's common stock on the date of grant. Restricted stock awards under the 20
a cash payment from a participant to whom an award is made; RSU awards under the plan do not
the participant to whom an award is made. The vesting of performance awards, including perform
units ("PSUs"), is dependent on one or more performance criteria determined by the administrato
over any period or periods determined by the administrator.

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Restricted Stock Units

A summary of the Company's RSU activity is presented below:

	Years Ended Decembe	
	2015	2014
Restricted stock units granted	332,782	504,255
Weighted average grant-date fair value of restricted stock units granted	$45.13	$42.54
Total fair value of restricted stock units granted	$15,019	$21,449
Restricted stock units becoming free of restrictions	478,686	563,117
Weighted average restriction period (in years)	3.9	3.9

A summary of activity related to RSUs during the year ended December 31, 2015, is presented be

	Unvested Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at December 31, 2014	1,200,884	$ 36.06
Granted	332,782	45.13
Forfeited	(47,679)	40.24
Vested and Issued	(432,165)	34.44
Vested and Unissued	(46,521)	30.93
Outstanding at December 31, 2015	1,007,301	39.74

Recipients of the Company's RSUs who participate in the Company's Nonqualified Deferred Co
elected in years prior to 2015 to defer some or all of their RSUs as they vest until a specified date
end of the deferral periods, the Company issues to recipients who deferred their RSUs shares of t
underlying the deferred RSUs. At December 31, 2015, 2014 and 2013, the Company had 256,191
deferred RSUs outstanding, respectively.

Performance-Based Restricted Stock Units

A summary of activity related to PSUs during the year ended December 31, 2015, is presented be

	Unvested Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at December 31, 2014	54,723	$ 42.33
Granted	238,690	44.96
Outstanding at December 31, 2015	293,413	44.47

During the year ended December 31, 2015, the Compensation Committee granted PSUs to the Co
three-year performance-based metrics that the Company must meet before those awards may be e
period for those grants ends on December 31, 2017. During the same period, the Compensation C
the Company's executive officers and non-executive officers with a new one-year performance-b
must meet before those awards may be earned, with the awards then subject to time-based vesting
of their four-year vesting period. During the year ended December 31, 2014, the Compensation C
Company's executive officers with three-year performance-based metrics that the Company must
be earned, and the performance period for those grants ends December 31, 2016. The Compensat
the achievement of performance results and corresponding vesting of PSUs for each performance
performance period, the number of shares awarded can range from 0% to 150% of the original gr
performance against the pre-established targets. The Company has assumed that 50% of the origi
awarded at the end of the performance periods, based on the current performance against the pre-

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Stock Options

The Company's remaining stock options outstanding under equity-based compensation plans that during 2015. A summary of the Company's stock option activity and related information under th December 31, 2015, is presented below:

	Number of Shares (Options)	Weighted Average Exercise Price
Outstanding as of December 31, 2014	37,000	$ 15.45
Exercised	(37,000)	15.45
Outstanding as of December 31, 2015	-	-

The total intrinsic value of stock options exercised during the years ended December 31, 2015, 20 $7,458 and $5,729, respectively. As of December 31, 2014 and 2013, a total of 37,000 and 274,9 stock, respectively, were exercisable under all stock option plans.

Stock Purchase Warrants

The Company has outstanding stock purchase warrants issued under an incentive plan which expi outstanding stock purchase warrants issued under the 2014 Plan. Warrants to purchase the Compa to certain consultants to the Company. Warrants issued were fully vested and exercisable at the d outstanding at December 31, 2015, expire between 2016 and 2020.

A summary of warrant activity during the year ended December 31, 2015, is presented below:

	Warrants	Weighted-Average Exercise Price
Outstanding at December 31, 2014	133,591	$ 37.92
Granted	91,179	53.07
Forfeited	(17,206)	31.20
Exercised	(9,781)	30.62
Outstanding at December 31, 2015	197,783	45.85

The following table summarizes information about warrants outstanding as of December 31, 2015

	Warrants		Fair Value of Warrants	Outstanding at December 31,	
Grant Date	Issued	Exercise Price	Issued	2015	2014
Throughout 2010	51,627	$20.64 to $27.41	$ 351	-	1,886
Throughout 2011	9,324	$27.53 to $33.14	79	6,226	9,324
Throughout 2012	71,978	$30.52 to $33.03	628	49,975	71,978
Throughout 2014	50,403	$45.62 to $49.06	276	50,403	50,403
Throughout 2015	91,179	$42.45 to $54.48	1,333	91,179	-
				197,783	133,591

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

12. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) includes changes in the fair value of interest rate swaps and f
hedge accounting. The components of other comprehensive income (loss) and related tax effects
December 31, 2015, 2014 and 2013, are as follows:

	Year Ended December 31, 2015		
	Gross	Tax effect	Net of ta
Interest rate swap amounts reclassified into interest expense	$ 5,093	$ (1,938)	$ 3,155
Fuel hedge amounts reclassified into cost of operations	3,217	(1,224)	1,993
Changes in fair value of interest rate swaps	(7,746)	2,926	(4,820
Changes in fair value of fuel hedges	(11,138)	4,232	(6,906
	$ (10,574)	$ 3,996	$ (6,578

	Year Ended December 31, 2014		
	Gross	Tax effect	Net of tax
Interest rate swap amounts reclassified into interest expense	$ 4,581	$ (1,757)	$ 2,824
Fuel hedge amounts reclassified into cost of operations	(823)	316	(507
Changes in fair value of interest rate swaps	(6,448)	2,478	(3,970
Changes in fair value of fuel hedges	(3,355)	1,284	(2,071
	$ (6,045)	$ 2,321	$ (3,724

	Year Ended December 31, 2013		
	Gross	Tax effect	Net of tax
Interest rate swap amounts reclassified into interest expense	$ 5,641	$ (2,158)	$ 3,483
Changes in fair value of interest rate swaps	296	(108)	188
Changes in fair value of fuel hedges	1,012	(387)	625
	$ 6,949	$ (2,653)	$ 4,296

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, 2013	$ 1,357	$ (3,226)	$ (1,869)
Amounts reclassified into earnings	(507)	2,824	2,317
Changes in fair value	(2,071)	(3,970)	(6,041)
Balance at December 31, 2014	(1,221)	(4,372)	(5,593)
Amounts reclassified into earnings	1,993	3,155	5,148
Changes in fair value	(6,906)	(4,820)	(11,726)
Balance at December 31, 2015	$ (6,134)	$ (6,037)	$ (12,171)

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

13. INCOME TAXES

The provision (benefit) for income taxes for the years ended December 31, 2015, 2014 and 2013,

	Years Ended December 31,		
	2015	2014	2013
Current:			
Federal	$86,053	$103,332	$73,243
State	14,809	17,972	12,993
	100,862	121,304	86,236
Deferred:			
Federal	(117,549)	27,646	35,797
State	(14,905)	3,385	2,883
	(132,454)	31,031	38,680
Provision (benefit) for income taxes	$(31,592)	$152,335	$124,916

The significant components of deferred income tax assets and liabilities as of December 31, 2015

	2015	2014
Deferred income tax assets:		
Accounts receivable reserves	$2,968	$3,519
Accrued expenses	37,465	34,377
Compensation	16,924	15,549
Interest rate and fuel hedges	7,475	3,479
Leases	990	1,178
State taxes	4,218	5,480
Contingent liabilities	17,636	25,071
Other	1,472	527
Gross deferred income tax assets	89,148	89,180
Less: Valuation allowance	-	-
Net deferred income tax assets	89,148	89,180
Deferred income tax liabilities:		

Goodwill and other intangibles	(158,093)	(280,828)
Property and equipment	(288,953)	(255,512)
Landfill closure/post-closure	(37,185)	(34,277)
Prepaid expenses	(7,683)	(7,690)
Total deferred income tax liabilities	(491,914)	(578,307)
Net deferred income tax liability	$(402,766)	$(489,127)

During the years ended December 31, 2015, 2014 and 2013, the Company reduced its taxes payal
$8,781 respectively, as a result of the exercise of non-qualified stock options, the vesting of restri
disqualifying disposition of incentive stock options. The excess tax benefit associated with equity
$2,069, $7,518 and $3,765 for the years ended December 31, 2015, 2014 and 2013, respectively,
paid-in capital.

104

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

The differences between the Company's income tax provision (benefit) as presented in the accom
Statements of Net Income (Loss) and income tax provision (benefit) computed at the federal statu
shown in the following table as a percentage of pre-tax income:

	Years Ended December 31,		
	2015	2014	2013
Income tax provision (benefit) at the statutory rate	(35.0)%	35.0 %	35.0 %
State taxes, net of federal benefit	(0.3)	3.8	3.7
Deferred income tax liability adjustments	(3.1)	0.3	-
Noncontrolling interests	(0.3)	(0.1)	-
Goodwill impairment	12.3	-	-
Other	1.4	0.5	0.2
	(25.0)%	39.5 %	38.9 %

The comparability of the Company's income tax provision (benefit) for the reported periods has b
income (loss) before income taxes.

During the year ended December 31, 2015, the Deferred income tax liability adjustments, due pri
geographical apportionment of the Company's state income taxes associated with the impairment
indefinite-lived intangible assets and property and equipment within its E&P segment, resulted in
$3,869. Additionally, a portion of the aforementioned goodwill impairment within the Company'
deductible for tax purposes, resulted in a decrease to federal tax benefit of $15,546. During the ye
the Deferred income tax liability adjustments, due primarily to the enactment of New York State'
resulted in an increase to tax expense of $1,220.

At December 31, 2015 and 2014, the Company did not have any significant federal or state net op

The Company and its subsidiaries are subject to U.S. federal income tax as well as to income tax
The Company has concluded all U.S. federal income tax matters for years through 2011. All mat
matters have been concluded for years through 2010. The Company is currently under U.S. feder

2013. The Company does not anticipate a significant assessment; however, such an assessment co
effect on the Company's financial position, results of operation or cash flows.

The Company did not have any unrecognized tax benefits recorded at December 31, 2015, 2014 o
anticipate the total amount of unrecognized tax benefits will significantly change by December 31
recognizes interest and/or penalties related to income tax matters in income tax expense.

14. SEGMENT REPORTING

The Company's revenues are generated from the collection, transfer, recycling and disposal of no
treatment, recovery and disposal of non-hazardous E&P waste. No single contract or customer ac
the Company's total revenues at the consolidated or reportable segment level during the periods p

The Company manages its operations through three geographic operating segments (Western, Ce
segment, which includes the majority of the Company's E&P waste treatment and disposal operat
geographic operating segments and its E&P segment comprise the Company's reportable segmen
responsible for managing several vertically integrated operations, which are comprised of district
segment is comprised of operating locations in Alaska, California, Idaho, Montana, Nevada, Oreg
Wyoming; the Company's Central segment is comprised of operating locations in Arizona, Color
Minnesota, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah and eastern Wyoming
segment is comprised of operating locations in Alabama, Illinois, Iowa, Kentucky, Massachusetts
York, North Carolina, South Carolina and Tennessee. The E&P segment is comprised of the Com
Arkansas, Louisiana, New Mexico, North Dakota, Oklahoma, Texas, Wyoming and along the Gu

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

The Company's Chief Operating Decision Maker evaluates operating segment profitability and d
based on several factors, of which the primary financial measure is segment EBITDA. The Comp
as earnings before interest, taxes, depreciation, amortization, loss on prior office leases, impairme
and other income (expense). Segment EBITDA is not a measure of operating income, operating
generally accepted accounting principles and may not be comparable to similarly titled measures
The Company's management uses segment EBITDA in the evaluation of segment operating perf
that is generally within the control of the operating segments. A reconciliation of segment EBIT
provision is included at the end of this Note 14.

Summarized financial information concerning the Company's reportable segments for the years e
and 2013, is shown in the following tables:

Year Ended December 31, 2015	Revenue	**Intercompany Revenue[b]**	Reported Revenue	**Segment EBITDA[c]**	Depreciation and Amortization
Western	$984,283	$ (103,890)	$880,393	$ 290,937	$ 83,073
Central	660,902	(71,235)	589,667	207,205	76,719
Eastern	520,691	(87,234)	433,457	132,774	59,654
E&P	225,314	(11,544)	213,770	69,545	47,129
Corporate[a], [d]	-	-	-	1,933	2,859
	$2,391,190	$ (273,903)	$2,117,287	$ 702,394	$ 269,434

Year Ended December 31, 2014	Revenue	**Intercompany Revenue[b]**	Reported Revenue	**Segment EBITDA[c]**	Depreciation and Amortization
Western	$920,116	$ (96,194)	$823,922	$ 258,126	$ 79,907
Central	629,574	(68,094)	561,480	197,121	69,037
Eastern	473,983	(80,162)	393,821	116,230	53,717
E&P	314,845	(14,902)	299,943	147,261	52,709
Corporate[a], [d]	-	-	-	(7,434)	2,574
	$2,338,518	$ (259,352)	$2,079,166	$ 711,304	$ 257,944

	Revenue			**Segment EBITDA[c]**	

Year Ended December 31, 2013		**Intercompany Revenue[b]**	Reported Revenue		Depreciation and Amortization
Western	$905,764	$ (99,974)	$805,790	$ 249,548	$ 81,164
Central	573,366	(62,438)	510,928	182,790	64,165
Eastern	447,844	(76,072)	371,772	108,173	51,546
E&P	251,651	(11,346)	240,305	111,056	44,099
Corporate[a], [d]	-	-	-	(228)	2,890
	$2,178,625	$ (249,830)	$1,928,795	$ 651,339	$ 243,864

(a) Corporate functions include accounting, legal, tax, treasury, information technology, risk ma training and other administrative functions. Amounts reflected are net of allocations to the four o

(b) Intercompany revenues reflect each segment's total intercompany sales, including intercom between segments. Transactions within and between segments are generally made on a basis inte of the service.

(c) For those items included in the determination of segment EBITDA, the accounting policies those described in Note 1.

(d) Corporate assets include cash, net deferred tax assets, debt issuance costs, equity investmen leasehold improvements and equipment.

(e) Goodwill is included within total assets for each of the Company's four operating segments

106

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

The following table shows changes in goodwill during the years ended December 31, 2014 and 2

	Western	Central	Eastern	E&P
Balance as of December 31, 2013	$372,915	$459,054	$380,570	$462,615
Goodwill acquired	-	1,470	11,853	5,455
Goodwill divested	-	(143)	-	-
Balance as of December 31, 2014	372,915	460,381	392,423	468,070
Goodwill acquired	905	12,044	106,814	21,059
Impairment loss	-	-	-	(411,786
Balance as of December 31, 2015	$373,820	$472,425	$499,237	$77,343

A reconciliation of the Company's primary measure of segment profitability (segment EBITDA)
tax provision in the Consolidated Statements of Net Income (Loss) is as follows:

	Years ended December 31,		
	2015	2014	2013
Western segment EBITDA	$290,937	$258,126	$249,548
Central segment EBITDA	207,205	197,121	182,790
Eastern segment EBITDA	132,774	116,230	108,173
E&P segment EBITDA	69,545	147,261	111,056
Subtotal reportable segments	700,461	718,738	651,567
Unallocated corporate overhead	1,933	(7,434)	(228)
Depreciation	(240,357)	(230,944)	(218,454)
Amortization of intangibles	(29,077)	(27,000)	(25,410)
Loss on prior office leases	-	-	(9,902)
Impairments and other operating items	(494,492)	(4,091)	(4,129)
Interest expense	(64,236)	(64,674)	(73,579)
Other income (expense), net	(518)	1,067	1,056
Income (loss) before income tax provision	$(126,286)	$385,662	$320,921

The following tables reflect a breakdown of the Company's revenue and inter-company eliminati

	Year Ended December 31, 2015			
	Revenue	Intercompany Revenue	Reported Revenue	% of Re Revenue
Solid waste collection	$1,378,679	$ (4,623)	$1,374,056	64.9
Solid waste disposal and transfer	670,369	(255,200)	415,169	19.6
Solid waste recycling	47,292	(924)	46,368	2.2
E&P waste treatment, recovery and disposal	228,529	(13,156)	215,373	10.2
Intermodal and other	66,321	-	66,321	3.1
Total	$2,391,190	$ (273,903)	$2,117,287	100.0

107

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

	Year Ended December 31, 2014			
	Revenue	Intercompany Revenue	Reported Revenue	% of Re Revenu
Solid waste collection	$1,289,906	$ (3,593)	$1,286,313	61.9
Solid waste disposal and transfer	617,161	(235,851)	381,310	18.3
Solid waste recycling	58,226	(2,118)	56,108	2.7
E&P waste treatment, recovery and disposal	326,934	(16,862)	310,072	14.9
Intermodal and other	46,291	(928)	45,363	2.2
Total	$2,338,518	$ (259,352)	$2,079,166	100.0

	Year Ended December 31, 2013			
	Revenue	Intercompany Revenue	Reported Revenue	% of Re Revenu
Solid waste collection	$1,219,091	$ (4,304)	$1,214,787	63.0
Solid waste disposal and transfer	579,379	(226,897)	352,482	18.3
Solid waste recycling	71,831	(6,101)	65,730	3.4
E&P waste treatment, recovery and disposal	262,286	(11,462)	250,824	13.0
Intermodal and other	46,038	(1,066)	44,972	2.3
Total	$2,178,625	$ (249,830)	$1,928,795	100.0

15. NET INCOME (LOSS) PER SHARE INFORMATION

The following table sets forth the calculation of the numerator and denominator used in the comp income (loss) per common share attributable to the Company’s common stockholders for the yea 2014 and 2013:

	Years Ended D 2015
Numerator:	
Net income (loss) attributable to Waste Connections for basic and diluted earnings per share	$(95,764)
Denominator:	
Basic shares outstanding	123,491,931
Dilutive effect of stock options and warrants	-

Dilutive effect of restricted stock units	-
Diluted shares outstanding	123,491,931

16. EMPLOYEE BENEFIT PLANS

401K Plans: WCI has a voluntary savings and investment plan (the "WCI 401(k) Plan"), as do ce
with the WCI 401(k) Plan, the "401(k) Plans"). The 401(k) Plans are available to all eligible emp
subsidiaries. WCI and its subsidiaries make matching contributions under the 401(k) Plans of 50%
participating employee's pre-tax contributions until the employee's contributions equal from 3%
compensation, subject to certain limitations imposed by the U.S. Internal Revenue Code.

108

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

Total employer expenses, including employer matching contributions, for the 401(k) Plans were S
respectively, during the years ended December 31, 2015, 2014 and 2013. These amounts include
made under the Deferred Compensation Plan, described below.

Multiemployer Pension Plans: The Company also participates in two "multiemployer" pension
administer these multiemployer plans. In general, these plans are managed by the trustees, with th
trustees, and other contributing employers of the plan appointing certain others. The Company is
board of trustees. The Company makes periodic contributions to these plans pursuant to its collec
The Company's participation in multiemployer pension plans is summarized as follows:

		Pension Protection Act Zone Status(a)		Compar
Plan Name	EIN/Pension Plan Number	2015	2014	2015
Western Conference of Teamsters Pension Trust	91-6145047 - 001	Green	Green	$4,314
Locals 302 & 612 of the IOUE - Employers Construction Industry Retirement Plan	91-6028571 - 001	Green	Green	242
				$4,556

(a) The most recent Pension Protection Act zone status available in 2015 and 2014 is for the plans
2014 and 2013, respectively.

The status is based on information that the Company received from the pension plans and is certi
actuary. Plans with "green" status are at least 80% funded. The Company's contributions to each
plan represent less than 5% of total contributions to such plan. Under current law regarding multi
termination, the Company's voluntary withdrawal, or the withdrawal of all contributing employer
multiemployer pension plan would require the Company to make payments to the plan for its pro
multiemployer plan's unfunded vested liabilities. The Company could have adjustments to its esti

near term that could have a material effect on its consolidated financial condition, results of opera

Deferred Compensation Plan: Effective for compensation paid on and after July 1, 2004, the Co Compensation Plan for eligible employees, which was amended and restated effective January 1, September 22, 2011 and December 1, 2014 (the "Deferred Compensation Plan"). The Deferred C non-qualified deferred compensation program under which the eligible participants, including off who meet a minimum salary threshold, may voluntarily elect to defer up to 80% of their base sala bonuses, commissions and restricted stock unit grants. Effective as of December 1, 2014, the Boa discontinue the option to allow eligible participants to defer restricted stock unit grants pursuant t Plan. Members of the Company's Board of Directors are eligible to participate in the Deferred Co their Director fees. Although the Company periodically contributes the amount of its obligation u benefit of the participants, the amounts of any compensation deferred under the Deferred Compen unsecured obligation of the Company to pay the participants in the future and, as such, are subjec in the event of insolvency proceedings. Participants may elect certain future distribution dates on accounts will be paid to them, including in the case of a change in control of the Company. Their them in cash, except for amounts credited with respect to deferred restricted stock unit grants, wh of the Company's common stock pursuant to the 2014 Incentive Award Plan, the Third Amended Incentive Plan or any successor plan or plans. In addition to the amount of participants' contribut participants an amount reflecting a deemed return based on the returns of various mutual funds or the participants, except in the case of restricted stock units that are deferred, which are credited to Company common stock. The measurement funds are used only to determine the amount of retur participants and participant funds are not actually invested in the measurement fund, nor are any s stock acquired under the Deferred Compensation Plan. During each of the two years ended Dece Company also made matching contributions to the Deferred Compensation Plan of 50% of every employee's pre-tax eligible contributions until the employee's contributions equaled 6% of the en less the amount of any match the Company made on behalf of the employee under the WCI 401(k deferral limitations imposed by the U.S. Internal Revenue Code on 401(k) plans, except that the C contributions under the Deferred Compensation Plan were 100% vested when made. During the the Company also made matching contributions to the Deferred Compensation Plan of 50% of ev employee's pre-tax eligible contributions until the employee's contributions equaled 5% of the en less the amount of any match the Company made on behalf of the employee under the WCI 401(k deferral limitations imposed by the U.S. Internal Revenue Code on 401(k) plans, except that the C contributions under the Deferred Compensation Plan were 100% vested when made. The Compa compensation at December 31, 2015 and 2014 was $19,387 and $18,614, respectively, which was liabilities in the Consolidated Balance Sheets.

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

17. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table summarizes the unaudited consolidated quarterly results of operations for 20

	First Quarter	Second Quarter
Revenues	$ 506,100	$ 531,312
Operating income (loss)	101,865	110,024
Net income (loss)	52,081	57,641
Net income (loss) attributable to Waste Connections	51,824	57,360
Basic income (loss) per common share attributable to Waste Connections' common stockholders	0.42	0.46
Diluted income (loss) per common share attributable to Waste Connections' common stockholders	0.42	0.46

During the third quarter of 2015, the Company recorded impairment charges of $411,786 associa
associated with indefinite-lived intangible assets in its E&P segment. The Company also recorde
$63,928 related to property and equipment at certain E&P operating locations during the third qu
aforementioned impairment charges were partially offset by $20,642 of adjustments recorded du
reduce the fair value of amounts payable under liability-classified contingent consideration arran
acquisition of an E&P business in 2014.

The following table summarizes the unaudited consolidated quarterly results of operations for 20

	First Quarter	Second Quarter
Revenues	$ 481,710	$ 524,693
Operating income	100,589	118,716
Net income	49,223	62,900
Net income attributable to Waste Connections	49,015	62,664
	0.40	0.50

Basic income per common share attributable to Waste Connections' common stockholders		
Diluted income per common share attributable to Waste Connections' common stockholders	0.39	0.50

110

WASTE CONNECTIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE, PER TON AND PER GALL

During the third quarter of 2014, the Company recorded an $8,445 impairment charge for propert
disposal facility as a result of projected operating losses resulting from the migration of the major
a new E&P facility that the Company owns and operates.

18. SUBSEQUENT EVENTS

Progressive Waste Merger

On January 18, 2016, the Company entered into an Agreement and Plan of Merger (the "Merger
Waste Solutions Ltd., a corporation organized under the laws of Ontario ("Progressive Waste") a
Delaware limited liability company and wholly-owned subsidiary of Progressive Waste ("Merger
conditions of the Merger Agreement, Merger Sub will merge with and into Waste Connections (t
Connections surviving the Merger as a wholly-owned subsidiary of Progressive Waste.

The transaction is expected to close in the second quarter of 2016. Upon closing, the combined co
Connections name and it is anticipated that its shares will trade on the New York Stock Exchange
Exchange. Upon completion of the transaction, the combined company will be led by the Compa
The Board of Directors for the combined company will include the five current members of the C
members from Progressive Waste's current Board.

Under the terms of the Merger Agreement, the Company's stockholders will receive 2.076843 Pr
Company share they own. Subject to the approval of Progressive Waste's shareholders, Progressi
immediately following the Merger, a share consolidation whereby every 2.076843 shares will be
Progressive Waste share on the basis of 0.4815 (1 divided by the 2.076843 ratio above) of a share
for each one share outstanding on a pre-consolidation basis. If the share consolidation is approve
shareholders and effected, the Company's stockholders will receive one share of the combined co
Company share. Upon the completion of the transaction and regardless of whether or not the shar
Company's stockholders will own approximately 70% of the combined company, and Progressiv
approximately 30%.

The transaction is subject to customary closing conditions, including the approval of both compa
approval and the approval of the Toronto Stock Exchange.

Quarterly Dividend

On February 8, 2016, the Company announced that its Board of Directors approved a regular qua
per share on the Company's common stock. The dividend will be paid on March 15, 2016, to sto
of business on March 1, 2016.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTIN 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 managemen
Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our di
procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchan
Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that
procedures were effective as of December 31, 2015, at the reasonable assurance level such that in
disclosed in our Exchange Act reports: (1) is recorded, processed, summarized and reported with
the SEC's rules and forms; and (2) is accumulated and communicated to our management, includ
and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosur

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over fi
is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amend
financial reporting is a process designed to provide reasonable assurance regarding the reliability
preparation of financial statements for external purposes in accordance with U.S. generally accep
process includes policies and procedures that: (1) pertain to the maintenance of records that in re
fairly reflect our transactions and any dispositions of our assets; (2) provide reasonable assurance
as necessary to permit preparation of financial statements in accordance with U.S. generally accep
(3) provide reasonable assurance that receipts and expenditures of ours are being made only in ac
our management; and (4) provide reasonable assurance that unauthorized acquisition, use or dispo
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 managemen
Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our in
reporting as of December 31, 2015. In conducting our evaluation, we used the framework set for
Control – Integrated Framework (2013)" published by the Committee of Sponsoring Organizatio

Based on the results of our evaluation, our management has concluded that our internal control ov
effective as of December 31, 2015.

The effectiveness of our internal control over financial reporting as of December 31, 2015, has be
PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in its
of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

Based on an evaluation under the supervision and with the participation of our management, inclu
Officer and Chief Financial Officer, there has been no change to our internal control over financi
the three month period ended December 31, 2015, that has materially affected, or is reasonably li
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 paragra
required by Item 10 has been omitted from this report, and is incorporated by reference to the sec
“Corporate Governance and Board Matters” and “Section 16(a) Beneficial Ownership Reporting
Statement for the 2016 Annual Meeting of Stockholders, which we will file with the SEC pursuar
120 days after the end of our 2015 fiscal year.

We have adopted a Code of Conduct and Ethics that applies to our officers, including our princip
financial officer, principal accounting officer and all other officers, directors and employees. We
Governance Guidelines to promote the effective functioning of our Board of Directors and its cor
interests of stockholders and to ensure a common set of expectations concerning how the Board, i
should perform their respective functions. Our Code of Conduct and Ethics and our Corporate G
available on our website at http://www.wasteconnections.com as are the charters of our Board’s A
Governance and Compensation Committees. Information on or that can be accessed through our
reference to this report. We intend to satisfy the disclosure requirement under Item 5.05 of Form
to, or waiver from, a provision of our Code of Conduct by posting such information on our websi

Stockholders may also obtain copies of the Corporate Governance documents discussed above by
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 referenc
Compensation” and “Corporate Governance and Board Matters” in our definitive Proxy Statemer
Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEM
STOCKHOLDER MATTERS

Information required by Item 12 has been omitted from this report and is incorporated by referenc
Stockholders" and "Equity Compensation Plan Information" in our definitive Proxy Statement fo
Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTO

Information required by Item 13 has been omitted from this report and is incorporated by referenc
Relationships and Related Transactions" and "Corporate Governance and Board Matters" in our d
2016 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 referenc
Independent Registered Public Accounting Firm" in our definitive Proxy Statement for the 2016 A
Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) See Index to Consolidated Financial Statements on page 66. The following Financial Stateme
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 S
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
report to be signed on its behalf by the undersigned, thereunto duly authorized.

Waste Connections, Inc.

By: /s/ Ronald J. Mittelstaedt
Ronald J. Mittelstaedt
Date: February 9, 2016 Chief Executive Officer and Chairman

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears belo
Ronald J. Mittelstaedt and Worthing F. Jackman, jointly and severally, his true and lawful attorne
of substitution, for him in any and all capacities to sign any amendments to this Annual Report or
same with all exhibits thereto and other documents in connection therewith, with the Securities an
hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitutes, may do o
hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed
on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	**Title**	**Date**
/s/ Ronald J. Mittelstaedt Ronald J. Mittelstaedt	Chief Executive Officer and Chairman (principal executive officer)	February 9, 2
/s/ Worthing F. Jackman Worthing F. Jackman	Executive Vice President and Chief Financial Officer (principal financial officer)	February 9, 2
/s/ David G. Eddie David G. Eddie	Senior Vice President and Chief Accounting Officer (principal accounting officer)	February 9, 2
/s/ Michael W. Harlan Michael W. Harlan	Director	February 9, 2

/s/ William J. Razzouk William J. Razzouk	Director	February 9, 2
/s/ Robert H. Davis Robert H. Davis	Director	February 9, 2
/s/ Edward E. Guillet Edward E. Guillet	Director	February 9, 2

115

WASTE CONNECTIONS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 2015, 2014 and 2013

(in thousands)

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions (Write-offs, Net of Collections)	Balance of Year
Allowance for Doubtful Accounts:					
Year Ended December 31, 2015	$ 9,175	$ 5,423	$ -	$ (6,860)	$ 7,738
Year Ended December 31, 2014	7,348	8,043	-	(6,216)	9,175
Year Ended December 31, 2013	6,548	6,617	-	(5,817)	7,348

116

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
2.1	Agreement and Plan of Merger, dated as of January 18, 2016, by and among Progressiv Sub LLC, and the Registrant (incorporated by reference to Exhibit 2.1 of the Registran 20, 2016)
3.1	Amended and Restated Certificate of Incorporation of the Registrant, dated as of June reference to Exhibit 3.1 of the Registrant's Form 10-Q filed on July 24, 2013)
3.2	Fourth Amended and Restated Bylaws of the Registrant, effective July 17, 2014 (incor 3.2 of the Registrant's Form 10-Q filed on July 21, 2014)
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of the Re May 6, 1998)
4.2	Master Note Purchase Agreement, dated July 15, 2008 (incorporated by reference to E Form 8-K filed on July 18, 2008)
4.3	Amendment No. 1 to Master Note Purchase Agreement, dated as of July 20, 2009 (inco Exhibit 4.2 of 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 (i Exhibit 4.2 of 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, 201 Exhibit 4.1 of 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 (in Exhibit 4.5 of 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 (Exhibit 4.7 of the Registrant's Form 10-K filed on February 8, 2012)
4.8	Amendment No. 4 to Master Note Purchase Agreement, dated August 9, 2013 (incorpo 4.1 of the Registrant's Form 8-K filed on August 14, 2013)
4.9	Amendment No. 5 to Master Note Purchase Agreement, dated February 20, 2015 (inco 4.1 of the Registrant's Form 8-K filed on February 26, 2015)
4.10	Third Supplement to Master Note Purchase Agreement, dated as of June 11, 2015 (inc Exhibit 4.9 of the Registrant's Form 8-K filed on June 12, 2015)

10.1 +	Employment Agreement between the Registrant and James M. Little, dated as of Septe reference to Exhibit 10.42 of the Registrant's Form 10-K filed on March 13, 2000)

117

Exhibit Number	Description of Exhibits
10.2 +	Employment Agreement between the Registrant and Eric O. Hansen, dated as of Janua reference to Exhibit 10.12 of the Registrant's Form 10-Q filed on May 3, 2005)
10.3 +	First Amended and Restated Employment Agreement between the Registrant and Davi October 1, 2005 (incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-
10.4 +	First Amended and Restated Employment Agreement between the Registrant and Davi October 1, 2005 (incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-
10.5 +	Form of Indemnification Agreement between the Registrant and each of its directors ar reference to Exhibit 10.2 of the Registrant's Form 10-Q filed on July 31, 2006)
10.6 +	Employment Agreement between the Registrant and Patrick J. Shea, dated as of Febru reference to Exhibit 10.1 of the Registrant's Form 10-Q filed on April 23, 2008)
10.7 +	Consultant Incentive Plan (incorporated by reference to Exhibit 10.2 of the Registrant' 2008)
10.8 +	Form of Amendment to Employment Agreement between the Registrant and each of D and Patrick J. Shea (incorporated by reference to Exhibit 10.24 of the Registrant's For 2009)
10.9 +	Form of Amendment to Employment Agreement between the Registrant and James M. reference to Exhibit 10.25 of the Registrant's Form 10-K filed on February 10, 2009)
10.10 +	Form of Amendment to Employment Agreement between the Registrant and Eric O. H reference to Exhibit 10.26 of the Registrant's Form 10-K filed on February 10, 2009)
10.11 +	Employment Agreement between the Registrant and Rick Wojahn, dated as of Februar reference to Exhibit 10.1 of the Registrant's Form 10-Q filed on May 8, 2009)
10.12 +	Employment Agreement between the Registrant and Scott Schreiber, dated as of Febru reference to Exhibit 10.2 of the Registrant's Form 10-Q filed on May 8, 2009)
10.13 +	Employment Agreement between the Registrant and Greg Thibodeaux, dated as of July reference to Exhibit 10.29 of the Registrant's Form 10-K filed on February 9, 2011)
10.14 +	Form of Amendment to Employment Agreement between the Registrant and Greg Thi reference to Exhibit 10.30 of the Registrant's Form 10-K filed on February 9, 2011)
10.15 +	Waste Connections, Inc. Nonqualified Deferred Compensation Plan, amended and rest (incorporated by reference to Exhibit 10.17 of the Registrant's Form 10-K filed on Feb

118

Exhibit Number	Description of Exhibits
10.16 +	Waste Connections, Inc. Third Amended and Restated 2004 Equity Incentive Plan (inc Exhibit 10.30 of the Registrant’s Form 10-K filed on February 8, 2012)
10.17 +	Separation Benefits Plan and Employment Agreement by and between the Registrant a effective February 13, 2012 (incorporated by reference to Exhibit 10.1 of the Registran February 27, 2012)
10.18 +	Separation Benefits Plan, effective February 13, 2012 (incorporated by reference to Ex Form 8-K/A filed on February 27, 2012)
10.19 +	Separation Benefits Plan Participation Letter Agreement by and between the Registran February 13, 2012 (incorporated by reference to Exhibit 10.3 of the Registrant's Form 2012)
10.20 +	Separation Benefits Plan Participation Letter Agreement by and between the Registran effective February 13, 2012 (incorporated by reference to Exhibit 10.4 of the Registran February 27, 2012)
10.21 +	Separation Benefits Plan Participation Letter Agreement by and between the Registran effective February 13, 2012 (incorporated by reference to Exhibit 10.5 of the Registran February 27, 2012)
10.22 +	Employment Agreement between the Registrant and Matthew Black, dated as of Marcl reference to Exhibit 10.7 of the Registrant's Form 10-Q filed on April 26, 2012)
10.23 +	Employment Agreement between the Registrant and Mary Anne Whitney, dated as of reference to Exhibit 10.8 of the Registrant's Form 10-Q filed on April 26, 2012)
10.24 +	Employment Agreement between the Registrant and Susan Netherton, dated as of July reference to Exhibit 10.1 of the Registrant's Form 10-Q filed on October 23, 2013)
10.25 +	Waste Connections, Inc. 2014 Incentive Award Plan (incorporated by reference to Exh Form 8-K filed on May 19, 2014)
10.26 +	Form Grant Agreement for Performance-Based Restricted Stock Units (incorporated b the Registrant's Form 8-K filed on May 19, 2014)
10.27 +	Form Warrant to Purchase Common Stock pursuant to 2014 Incentive Award Plan (inc Exhibit 10.3 of the Registrant's Form 10-Q filed on July 21, 2014)
10.28 +	Form Grant Agreement for Restricted Stock Units pursuant to 2014 Incentive Award P to Exhibit 10.1 of the Registrant's Form 10-Q filed on October 22, 2014)
10.29 +	

Employment Agreement between the Registrant and Robert Cloninger, dated as of Au
reference to Exhibit 10.2 of the Registrant's Form 10-Q filed on October 22, 2014)

119

Exhibit Number	Description of Exhibits
10.30	Term Loan Agreement, dated as of October 25, 2012 (incorporated by reference to Ex Form 10-K filed on March 1, 2013)
10.31	First Amendment to Term Loan Agreement, dated as of May 6, 2013 (incorporated by Registrant’s Form 10-Q filed on July 24, 2013)
10.32	Second Amended and Restated Credit Agreement, dated as of May 6, 2013 (incorpora of the Registrant’s Form 10-Q filed on July 24, 2013)
10.33	Second Amendment to Term Loan Agreement, dated as of May 15, 2014 (incorporate of the Registrant’s Form 8-K filed on May 19, 2014)
10.34	Revolving Credit and Term Loan Agreement, dated as of January 26, 2015 (incorpora of the Registrant's Form 8-K filed on January 30, 2015)
10.35 +	Amendment to Separation Benefits Plan and Employment Agreement between Regist (incorporated by reference to Exhibit 10.1 of the Registrant’s Form 8-K filed on Dece
10.36 + *	Amended and Restated Compensation Plan for Independent Directors, dated January
10.37 + *	Form Grant Agreement for Restricted Stock Units for Non-employee Directors pursua Plan
10.38 + *	Form Grant Agreement for Restricted Stock Units (with One-Year Performance Perio Award Plan
10.39	Consent to Revolving Credit and Term Loan Agreement, dated as of January 18, 2016 Exhibit 10.1 of the Registrant’s Form 8-K filed on January 22, 2016)
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
32.2 *	Certificate of 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.