Waste Connections Reports Third Quarter 2012 Results

Oct 22, 2012 (Marketwire via COMTEX) -- Waste Connections, Inc. NYSE: WCN)

- Revenue of \$425.7 million, up 5.4%, and adjusted net income* of \$49.3 million, up 4.8%
- GAAP and adjusted EPS* of \$0.40
- YTD net cash provided by operating activities of \$326.7 million
- YTD adjusted free cash flow* of \$223.9 million, or 18.5% of revenue
- R360 acquisition on track to close during Q4

Waste Connections, Inc. (NYSE: WCN) today announced its results for the third quarter of 2012. Revenue totaled \$425.7 million, a 5.4% increase over revenue of \$404.0 million in the year ago period. Operating income was \$89.1 million compared to \$89.3 million in the third quarter of 2011. Operating income in the current year period included approximately \$3.5 million (\$2.2 million net of taxes) associated with costs incurred in connection with the relocation of our corporate headquarters from California to Texas, acquisition-related transaction costs and loss on disposal of assets, which were offset by an approximate \$3.5 million (\$2.2 million net of taxes) gain from litigation settlement. Net income attributable to Waste Connections in the quarter was \$49.4 million, or \$0.40 per share on a diluted basis of 123.7 million shares. In the year ago period, the Company reported net income attributable to Waste Connections of \$46.3 million, or \$0.41 per share on a diluted basis of 113.2 million shares.

Adjusted net income attributable to Waste Connections in the quarter was \$49.3 million*, or \$0.40 per share*, adjusting for the items noted above. Adjusted net income attributable to Waste Connections in the prior year period was \$47.1 million*, or \$0.42 per share*, adjusting primarily for a loss on disposal of assets.

"We once again are extremely pleased with our performance for the quarter as revenue, margins and free cash flow exceeded the upper end of our expectations -notable achievements in light of declining recycled commodity values realized during the period. Throughout the year, we have cautioned investors about the tepid macro environment, the headwinds of lower recycled commodity prices and tough disposal comps. We believe the strength of our operating performance continues to demonstrate the resiliency of our differentiated strategy," said Ronald J. Mittelstaedt, Chairman and Chief Executive Officer. "Although the direction of the economy remains uncertain, we are encouraged both by recent improvements in construction data and increases since early October in recycled commodity prices."

Mr. Mittelstaedt added, "We also are especially encouraged by our prospects for 2013 given the expected highly accretive rollover contribution from acquisitions already completed or announced this year. The Alaska Waste and SKB acquisitions completed earlier this year are exceeding our initial expectations. And as announced in September, we entered into an agreement to acquire the business of R360 Environmental Solutions, Inc. for approximately \$1.3 billion in cash. R360 is a leading provider of non-hazardous oilfield waste treatment, recovery and disposal services in several of the most active natural resource producing areas in the United States, including the oil-rich Permian, Bakken and Eagle Ford Basins. Its growth is being fueled by increased drilling activity in unconventional basins, increased environmental regulatory scrutiny, and the strategic positioning of its assets across several basins. The R360 transaction, which remains subject to certain closing conditions including receipt of regulatory approvals, remains on track to close during the fourth quarter of 2012."

* A non-GAAP measure; see accompanying Non-GAAP Reconciliation Schedule.

For the nine months ended September 30, 2012, revenue was \$1.2 billion, a 7.7% increase over revenue of \$1.1 billion in the year ago period. Operating income was \$235.9 million compared to \$242.7 million for the same period in 2011. Operating income in the current year period included approximately \$10.9 million (\$7.8 million net of taxes) of costs incurred in connection with the relocation of our corporate headquarters from California to Texas, acquisition-related transaction costs, a one-time equity compensation expense related to awards made at the time of the modification of our named executive officers' employment contracts, and loss on disposal of assets, partially offset by a gain from litigation settlement. Operating income in the prior year period included approximately \$2.0 million of expenses (\$1.5 million net of taxes) associated with acquisition-related transaction costs and loss on disposal of assets.

Net income attributable to Waste Connections for the nine months ended September 30, 2012, was \$123.1 million, or \$1.02 per share on a diluted basis of 121.2 million shares. In the year ago period, the Company reported net income attributable to Waste Connections of \$127.3 million, or \$1.12 per share on a diluted basis of 114.0 million shares. Adjusted net income attributable to Waste Connections for the nine months ended September 30, 2012, was \$130.9 million*, or \$1.08 per share*, compared to \$128.8 million*, or \$1.13 per share*, in the year ago period.

Waste Connections, Inc. is an integrated solid waste services company that provides solid waste collection, transfer, disposal and recycling services in mostly exclusive and secondary markets. The Company serves more than two million residential, commercial and industrial customers from a network of operations in 30 states. The Company also provides intermodal services for the movement of cargo and solid waste containers in the Pacific Northwest. Waste Connections, Inc. was founded in September 1997 and is headquartered in The Woodlands, Texas.

Waste Connections will be hosting a conference call related to third quarter earnings and fourth quarter outlook on October 2^G at 8:30 A.M. Eastern Time. The call will be broadcast live over the Internet at www.streetevents.com or through a link on our website atwww.wasteconnections.com. A playback of the call will be available at both of these websites.

For more information, visit the Waste Connections web site atwww.wasteconnections.com. Copies of financial literature, including this release, are available on the Waste Connections website or through contacting us directly at (832) 442-2200.

* A non-GAAP measure; see accompanying Non-GAAP Reconciliation Schedule.

Information Regarding Forward-Looking Statements

Certain statements contained in this release are forward-looking in nature, including statements related to: expected operating performance; expected roll-off activity and recycled commodity prices; expected contribution from recently completed and announced acquisitions; the anticipated closing date for announced acquisitions and the Company's ability to finance such activity; and the impact of the relocation of the Company's corporate headquarters from Folsom, California

to The Woodlands, Texas. These statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates," or the negative thereof or comparable terminology, or by discussions of strategy. Factors that could cause actual results to differ from those projected include, but are not limited to, the following: (1) our acquisitions may not be successful, resulting in changes in strategy, operating losses or a loss on sale of the business acquired; (2) a portion of our growth and future financial performance depends on our ability to integrate acquired businesses into our organization and operations; (3) competition for acquisition candidates, consolidation within the waste industry and economic and market conditions may limit our ability to grow through acquisitions; (4) we may be unable to compete effectively with larger and better capitalized companies, companies with lower return expectations, and governmental service providers; (5) we may lose contracts through competitive bidding, early termination or governmental action; (6) price increases may not be adequate to offset the impact of increased costs or may cause us to lose volume: (7) economic downturns adversely affect operating results; (8) our results are vulnerable to economic conditions and seasonal factors affecting the regions in which we operate; (9) we may be subject in the normal course of business to judicial, administrative or other third party proceedings that could interrupt or limit our operations, require expensive remediation, result in adverse judgments, settlements or fines and create negative publicity; (10) increases in the price of fuel may adversely affect our business and reduce our operating margins; (11) increases in labor and disposal and related transportation costs could impact our financial results; (12) efforts by labor unions could divert management attention and adversely affect operating results; (13) we could face significant withdrawal liability if we withdraw from participation in one or more underfunded multiemployer pension plans in which we participate; (14) increases in insurance costs and the amount that we self-insure for various risks could reduce our operating margins and reported earnings; (15) our indebtedness could adversely affect our financial condition; we may incur substantially more debt in the future; (16) each business that we acquire or have acquired may have liabilities or risks that we fail or are unable to discover, including environmental liabilities; (17) liabilities for environmental damage may adversely affect our financial condition, business and earnings; (18) our accruals for our landfill site closure and post-closure costs may be inadequate; (19) the financial soundness of our customers could affect our business and operating results; (20) we depend significantly on the services of the members of our senior, regional and district management team, and the departure of any of those persons could cause our operating results to suffer; (21) our decentralized decision-making structure could allow local managers to make decisions that adversely affect our operating results; (22) we may incur charges related to capitalized expenditures of landfill development projects, which would decrease our earnings; (23) because we depend on railroads for our intermodal operations, our operating results and financial condition are likely to be adversely affected by any reduction or deterioration in rail service; (24) our financial results are based upon estimates and assumptions that may differ from actual results; (25) the adoption of new accounting standards or interpretations could adversely affect our financial results; (26) pending or future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements; and (27) if we are not able to develop and protect intellectual property, or if a competitor develops or obtains exclusive rights to a breakthrough technology, our financial results may suffer. These risks and uncertainties, as well as others, are discussed in greater detail in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances that may change.

WASTE CONNECTIONS, INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2012 (Unaudited)

(in thousands, except share and per share amounts)

		Three mor Septem				Nine mon Septem	
		2011	2011 2012			2011	 2012
Revenues	\$	403,962	\$	425,654	\$	1,125,614	\$ 1,212,815
Operating expenses:		220 561		242 242		627 400	600.251
Cost of operations		228,561		243,243		637,499	698,351
Selling, general and administrative		41,047		47,977		121,054	143,899
Depreciation		38,868		42,313		108,843	119,331
Amortization of intangibles		5,138		6,267 244		14,788 742	18,115 715
Loss on disposal of assets Gain from litigation settlement		1,034		(3,537)		742	
•	<u> </u>	- 89.314		· · · · · · · · · · · · · · · · · · ·	<u> </u>	-	 (3,537)
Operating income		89,314		89,147		242,688	235,941
Interest expense		(12,029)		(11,949)		(31,948)	(36,063)
Interest income		132		333		408	630
Other income (expense), net		(899)		492		(750)	1,033
Income before income tax provision		76,518		78,023		210,398	 201,541
Income tax provision		(29,934)		(28,403)		(82,415)	(77,967)
Net income		46,584		49,620		127,983	 123,574
Less: net income attributable tononcontrolling interests		(255)		(235)		(702)	(470)
Net income attributable to Waste Connections	\$	46,329	\$	49,385	\$	127,281	\$ 123,104
Earnings per common share attributable to Waste Connections' common stockholders:							
Basic	\$	0.41	\$	0.40	\$	1.13	\$ 1.02
Diluted	\$	0.41	\$	0.40	\$	1.12	\$ 1.02
Shares used in the per share calculations:							
Basic		112,327,410		123,031,259		113,130,314	120,571,106

Diluted	 113,192,884	 123,665,589	 113,979,165	 121,198,901
Cash dividends per common share	\$ 0.075	\$ 0.09	\$ 0.225	\$ 0.27

WASTE CONNECTIONS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share and per share amounts)

Accounts receivable, net of allowance for doubtful accounts of \$6,617 and \$6,577 at December 31, 2011 and September 30, 2012, respectively 176,277 196,617 Deferred income taxes 20,630 29,125 Prepaid expenses and other current assets 39,708 33,487 Total current assets 249,258 362,761 Property and equipment, net 1,450,469 1,561,415 Goodwill 1,116,888 1,183,363 Intangible assets, net 49,581 496,341 Restricted assets 30,544 32,982 Other assets, net 31,265 36,0768 Accounts payable \$ 95,097 \$ 105,883 Book overdraft 12,169 8,786 Accounts payable \$ 95,097 \$ 105,883 Book overdraft 12,169 8,786 Current liabilities 97,020 115,579 Deferred revenue 64,694 66,644 Current portion of contingent consideration 8,923 25,958 Current portion of contingent consideration 22,573 23,995 Current liabilities 22,651 <td< th=""><th></th><th>De</th><th colspan="2">December 31, 2011</th><th colspan="2"></th><th>eptember 30, 2012</th></td<>		De	December 31, 2011				eptember 30, 2012
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Deferred income taxes 20,630 29,125 Prepaid expenses and other current assets 39,708 33,487 Total current assets 249,258 362,761 Property and equipment, net 1,450,469 1,561,415 Goodwill 1,116,888 1,133,363 Intangible assets, net 449,581 496,341 Restricted assets 30,544 32,982 Other assets, net 31,265 3,673,827 LIABILITIES AND EQUITY 3,328,005 \$ 3,328,005 \$ 3,673,827 Current liabilities: 440,513 49,503 \$ 3,673,827 Accounts payable \$ 95,097 \$ 105,883 \$ 3,673,827 Deferred revenue \$ 95,097 \$ 105,883 \$ 3,673,827 Current liabilities 97,020 119,579 \$ 26,656 Accounts payable \$ 95,097 \$ 105,883 \$ 26,955 Current portion of contigent consideration 8,923 25,956 \$ 3,3020 Current portion of contingent consideration 22,573 23,995 \$ 26,051 66,045 Deferred	Accounts receivable, net of allowance for doubtful accounts of \$6,617 and \$6,577 at						
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Total current assets 249,258 362,761 Property and equipment, net 1,450,469 1,561,415 Goodwill 1,116,888 1,183,363 Intangible assets, net 449,581 496,341 Restricted assets 30,544 32,982 Other assets, net 31,265 36,673,827 LIABILITIES AND EQUITY 5 3,328,005 \$ 3,673,827 LIABILITIES AND EQUITY Current liabilities: Accounts payable \$ 95,097 \$ 105,883 Book overdraft 12,169 8,786 Accounts payable \$ 97,020 119,579 Deferred revenue 66,694 66,694 66,694 66,694 66,694 66,694 66,694 66,694 66,694 66,694 66,694 66,094<	Deferred income taxes		20,630		29,125		
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Intangible assets, net 449,581 496,341 Restricted assets 30,544 32,982 Other assets, net 31,265 36,965 \$ 3,328,005 \$ 36,673,827 LLABILITIES AND EQUITY \$ 95,097 \$ 105,883 Book overdraft 12,169 8,786 Accrued liabilities 97,020 119,579 Deferred revenue 64,694 68,694 Current portion of contingent consideration 8,923 25,958 Current portion of long-term debt and notes payable 5,899 4,128 Total current liabilities 283,802 333,028 Long-term debt and notes payable 1,172,758 976,446 Long-term portion of contingent consideration 22,573 23,995 Other long-term liabilities 52,051 66,045 Deferred income taxes 397,134 422,487 Total liabilities 1,928,318 1,822,001 Commitments and contingencies 1,928,318 1,822,001 Equity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstanding - Common stoc	Property and equipment, net		1,450,469		1,561,415		
Restricted assets 30,544 32,982 Other assets, net 31,265 36,965 \$ 3,328,005 \$ 3,673,827 LLABILLTIES AND EQUITY \$ 3,328,005 \$ 3,673,827 Current liabilities: Accounts payable \$ 95,097 \$ 105,883 Book overdraft 12,169 8,786 3,720 119,579 Deferred revenue 64,694 68,694 68,694 Current portion of contingent consideration 8,923 25,958 283,802 333,028 Current portion of long-term debt and notes payable 5,899 4,128 333,028 339,134 422,487	Goodwill		1,116,888		1,183,363		
Other assets, net 31,265 36,965 \$ 3,328,005 \$ 3,673,827 LIABILITIES AND EQUITY Current liabilities: * 95,097 \$ 105,883 Accounts payable \$ 95,097 \$ 105,883 8,786 Accounts payable \$ 97,020 119,579 9 19,579 Deferred revenue 64,694 68,694 68,694 68,694 Current portion of contingent consideration 8,923 25,958 25,958 Current portion of long-term debt and notes payable 5,899 4,128 333,028 Long-term portion of contingent consideration 22,573 23,995 333,028 333,028 Long-term debt and notes payable 1,172,758 976,446 20,045 22,573 23,995 22,513 66,045 20,511 66,045 20,511 66,045 20,511 66,045 20,511 66,045 20,511 66,045 20,511 66,045 20,511 66,045 20,511 66,045 20,511 1,928,318 1,8	Intangible assets, net		449,581		496,341		
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LIABILITIES AND EQUITY Current liabilities: Accounts payable \$ 95,097 \$ 105,883 Book overdraft 12,169 8,786 Accrued liabilities 97,020 119,579 Deferred revenue 64,694 68,694 Current portion of contingent consideration 8,923 25,958 Current portion of long-term debt and notes payable 5,899 4,128 Total current liabilities 283,802 333,028 Long-term debt and notes payable 1,172,758 976,446 Long-term portion of contingent consideration 22,573 23,995 Other long-term liabilities 52,051 66,045 Deferred income taxes 397,134 422,487 Total liabilities 1,928,318 1,822,001 Commitments and contingencies Equity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstanding - 0,000 shares authorized; 10,907,782 and	Other assets, net	<u> </u>	31,265	<u> </u>	36,965		
Current liabilities:Accounts payable\$ 95,097 \$ 105,883Book overdraft12,169Accrued liabilities97,020Deferred revenue64,694Current portion of contingent consideration8,923Current portion of long-term debt and notes payable5,899Acta current liabilities283,802Total current liabilities22,573Long-term debt and notes payable1,172,758Long-term debt and notes payable22,573Long-term portion of contingent consideration22,573Current portion of contingent consideration22,573Comp-term liabilities52,051Other long-term liabilities52,051Deferred income taxes397,134At22,4871,928,318Total liabilities1,928,318Commitments and contingencies-Equity:Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstandingCommon stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and		\$	3,328,005	\$	3,673,827		
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Deferred revenue64,69468,694Current portion of contingent consideration8,92325,958Current portion of long-term debt and notes payable5,8994,128Total current liabilities283,802333,028Long-term debt and notes payable1,172,758976,446Long-term portion of contingent consideration22,57323,995Other long-term liabilities52,05166,045Deferred income taxes397,134422,487Total liabilities1,928,3181,822,001Commitments and contingenciesEquity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstandingCommon stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Book overdraft		12,169		8,786		
Current portion of contingent consideration8,92325,958Current portion of long-term debt and notes payable5,8994,128Total current liabilities283,802333,028Long-term debt and notes payable1,172,758976,446Long-term portion of contingent consideration22,57323,995Other long-term liabilities52,05166,045Deferred income taxes397,134422,487Total liabilities1,928,3181,822,001Commitments and contingenciesEquity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstandingCommon stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Accrued liabilities		97,020		119,579		
Current portion of long-term debt and notes payable5,8994,128Total current liabilities283,802333,028Long-term debt and notes payable1,172,758976,446Long-term portion of contingent consideration22,57323,995Other long-term liabilities52,05166,045Deferred income taxes397,134422,487Total liabilities1,928,3181,822,001Commitments and contingenciesEquity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstandingCommon stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Deferred revenue		64,694		68,694		
Total current liabilities283,802333,028Long-term debt and notes payable1,172,758976,446Long-term portion of contingent consideration22,57323,995Other long-term liabilities52,05166,045Deferred income taxes397,134422,487Total liabilities1,928,3181,822,001Commitments and contingenciesEquity:-Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstandingCommon stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Current portion of contingent consideration		8,923		25,958		
Long-term debt and notes payable1,172,758976,446Long-term portion of contingent consideration22,57323,995Other long-term liabilities52,05166,045Deferred income taxes397,134422,487Total liabilities1,928,3181,822,001Commitments and contingenciesEquity:Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstandingCommon stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Current portion of long-term debt and notes payable		5,899		4,128		
Long-term portion of contingent consideration22,57323,995Other long-term liabilities52,05166,045Deferred income taxes397,134422,487Total liabilities1,928,3181,822,001Commitments and contingenciesEquity:Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstandingCommon stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Total current liabilities		283,802		333,028		
Other long-term liabilities52,05166,045Deferred income taxes397,134422,487Total liabilities1,928,3181,822,001Commitments and contingencies52,05152,051Equity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstandingCommon stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Long-term debt and notes payable		1,172,758		976,446		
Deferred income taxes397,134422,487Total liabilities1,928,3181,822,001Commitments and contingenciesEquity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstandingCommon stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Long-term portion of contingent consideration		22,573		23,995		
Total liabilities 1,928,318 1,822,001 Commitments and contingencies Equity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstanding - - Common stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and - -	Other long-term liabilities		52,051		66,045		
Commitments and contingencies Equity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstanding Common stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Deferred income taxes		397,134		422,487		
Equity: Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstanding Common stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Total liabilities		1,928,318		1,822,001		
Preferred stock: \$0.01 par value; 7,500,000 shares authorized; none issued and outstanding Common stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Commitments and contingencies						
outstanding Common stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and	Equity:						
			-		-		
122,783,945 shares issued and outstanding at December 31, 2011 and September	Common stock: \$0.01 par value; 250,000,000 shares authorized; 110,907,782 and 122,783,945 shares issued and outstanding at December 31, 2011 and September						
			1,109		1,228		
Additional paid-in capital408,721772,043	Additional paid-in capital		408,721		772,043		
-	-		988,560		1,079,482		
Accumulated other comprehensive loss (3,480) (6,080	Accumulated other comprehensive loss	<u> </u>	(3,480)		(6,080)		
Total Waste Connections' equity1,394,9101,846,673	Total Waste Connections' equity		1,394,910		1,846,673		
Noncontrolling interest in subsidiaries 4,777 5,153	Noncontrolling interest in subsidiaries	<u> </u>	4,777	<u> </u>	5,153		
Total equity 1,399,687 1,851,826	Total equity	<u> </u>	1,399,687	<u> </u>	1,851,826		
<u>\$</u> 3,328,005 <u>\$</u> 3,673,827		\$	3,328,005	\$	3,673,827		

WASTE CONNECTIONS, INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2012

(Unaudited) (Dollars in thousands)

Interest accretion1.9772.797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net change in operating assets and liabilities, net of acquisitions1.37532,379Net cash provided by operating activities297,724326,739Cash flows from investing activities:297,7243226,739Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities:(328,140)(333,652)Proceeds from financing activities:1000)(4,099)Cash flows from financing activities:1000)(4,099)Proceeds from olong-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(543,069)Payment of contingent consideration(1000)(4,099)Change in book overdraft(937)(3,383)Proceeds from olyne and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for repurchase of common stock and estricted stock units(5,436)(6,039)Distributions to nonchrolling interests(6,75)(944)Proceeds from common stock offering, net </th <th></th> <th colspan="4">Nine months ended</th>		Nine months ended			
Cash flows from operating activities: Net income \$ 127,983 \$ 123,574 Adjustments to reconcile net income to net cash provided by operating activities: 742 715 Depreciation 108,843 119,331 Amoritzation of intangibles 14,788 18,115 Deferred income taxes, net of acquisitions 36,960 18,451 Amoritzation of intangibles 1,005 1,247 Equity-based compensation 8,906 14,036 Interest income on restricted assets (355) (401) Interest income on restricted assets 1,977 2,797 Excess tax benefit associated with equity-based compensation (4,500) (3,415) Net cash provided by operating activities: 297,724 326,799 Cash flows from investing activities: 297,724 326,739 Cash flows from investing activities: 2,241 4,779 Payments for acquisitions act of cash acquired (247,862) (223,256) Cash flows from investing activities: 32,38 2,107 Proceeds from disposal of assets 32,328 2,107 Other (1,706) (6,627) (233,652)		· · · · ·			
Net income\$127,983\$123,574Adjustments to reconcile net income to net cash provided by operating activities:742715Depreciation108,843119,331Amortization of intangibles10,8,43119,331Amortization of intangibles1,4,78818,115Deferred income taxes, net of acquisitions36,696018,451Amortization of debt issuance costs1,0051,247Equity-based compensation8,90614,036Interest income on restricted assets(3355)(491)Interest accretion1,9772,797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net cash provided by operating activities237,724326,739Cash flows from investing activities237,724326,739Cash flows from investing activities:223,240(223,256)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)(6,287)Other(1,006)(6,287)(33,652)Cash flows from financing activities:(343,726)(3,34,000Proceeds from disposal of assets(33,752)(3,384)Detrees in nestricted assets, net of interest income(25,476)(3,34,000Principal payments on notes payable and long-term debt(343,726)(545,069)Proceeds from financing activities:(6,414)(7,456)(1,628)Proceeds from option and warant exerc			2012		
Adjustments to reconcile net income to net cash provided by operating activities:742715Loss on disposal of assets742715Depreciation108,843119,331Amortization of intangibles14,78818,115Deferred income taxes, net of acquisitions36,96018,451Amortization of bet issuance costs1,0051,247Equity-based compensation8,90614,036Interest accretion1,9772,797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net change in operating assets and liabilities, net of acquisitions1,37732,279Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net cash provided by operating activities:237,7243226,739Cash flows from investing activities:3,2382,107Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities:(33,726)(54,506)Proceeds from financing activities:(33,726)(54,506)Proceeds from financing activities:(33,726)(54,506)Proceeds from financing activities:(5,566)(18,597)Proceeds from option and warrant exercises4,956(1,422)Excess tax be	Cash flows from operating activities:				
Loss on disposal of assets742715Depreciation108,843119,331Amortization of intangibles14,78818,115Deferred income taxes, net of acquisitions36,96018,851Amortization of debt issuance costs1,0051,247Equity-based compensation8,90614,036Interest income on restricted assets(355)(491)Interest accretion1,9772,797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net cash provided by operating activities297,724326,739Cash flows from investing activities297,724326,739Cash flows from investing activities237,224326,739Cash flows from investing activities(247,862)(223,256)Cash flows from investing activities(247,862)(223,256)Other(1,706)(6,287)(6,287)Net cash used in investing activities(33,262)(336,52)Cash flows from financing activities(33,262)(336,502)Cash flows from financing activities(337,26)(34,000)Proceeds from other payments on notes payable and long-term debt(343,726)(345,069)Proceeds from other payments on tost payable and long-term debt(33,726)(328,140)Proceeds from other payable and long-term debt(33,726)(328,140)Proceeds from other payable and long-term debt(33,726)(328,140)Proceeds from other and warrant exercises(4,956)(1,429)Proceeds from other and	Net income	\$ 127,983 \$	123,574		
Depreciation108,843119,331Amortization of intengibles14,78818,115Deferred income taxes, net of acquisitions36,96018,451Amortization of debt issuance costs1,0051,247Equity-based compensation6,90614,036Interest income on restricted assets(355)(491)Interest income on restricted assets(355)(491)Interest income on restricted assets1,9772,797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net cash provided by operating activities:297,724326,739Cash flows from investing activities:297,724326,739Payments for acquisitions, net of cash acquired(247,862)(223,256)Cash flows from investing activities:32,3382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities:34,000Proceeds from linpact activities:34,000Proceeds from long-term debt515,50034,000Principal payments on ontes payable and long-term debt(343,726)(545,069)Payments for cash driventation(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9551,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for cash drivendes(25,437)(3,283)Proceeds from option and warrant	Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of intangibles14,78818,115Deferred income taxes, net of acquisitions36,96018,451Amortization of debt issuance costs1,0051,247Equity-based compensation8,90614,036Interest income on restricted assets(355)(491)Interest accretion1,9772,797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net cash provided by operating assets and liabilities, net of acquisitions1,37532,379Net cash provided by operating activities:297,724326,739Payments for acquisitions, net of cash acquired(247,862)(223,256)Cash flows from investing activities:3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,766)(5,827)(333,652)Cash flows from linvesting activities:328,100)(333,652)Proceeds from long-term debt515,50034,000Principal payments on notes payable and long-term debt(343,726)(545,669)Payment for cash dividends(25,497)(3,333,52)Proceeds from long-term debt(100)(4,099)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payment for cash dividends(25,497)(32,122)Tax withholdings related to net share settlements of restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(675) <td>Loss on disposal of assets</td> <td>742</td> <td>715</td>	Loss on disposal of assets	742	715		
Deferred income taxes, net of acquisitions36,96018,451Amotization of debt issuance costs1,0051,247Equity-based compensation8,90614,036Interest income on restricted assets(355)(491)Interest accretion1,9772,797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net cash provided by operating activities297,724326,739Cash flows from investing activities:297,724326,739Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Detrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities:(328,140)(333,652)Cash flows from linancing activities:(328,140)(333,652)Cash flows from linancing activities:(328,140)(333,652)Proceeds from long-term debt515,50034,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overfat(937)(3,383)Proceeds from option and warrant exercises4,9561,042Execes tax benefit associated with equity-based compensation4,5003,415Payments for cash dividends(25,497)(32,182)Tax withholdings related to net shar	Depreciation	108,843	119,331		
Amortization of debt issuance costs1,0051,247Equity-based compensation8,90614,036Interest income on restricted assets(335)(491)Interest accretion1,9772,797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net change in operating assets and liabilities, net of acquisitions1,37532,379Net cash provided by operating activities297,724326,739Cash flows from investing activities:297,724326,739Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities:(328,140)(333,652)Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(100)(4,099)Payments on notes payable and long-term debt(343,726)(545,068)Payments for repurchase of common stock(85,068)(10,597)Payments for repurchase of common stock(85,068)(16,597)Payments for cap dividends(5436)(6,639)Distributions to noncontrolling interests(675)(644)Proceeds from common stock offering, net-369,584Debt issuance costs(6,6414)(776)Net cash provided by financing	Amortization of intangibles	14,788	18,115		
Equity-based compensation8,90614,036Interest income on restricted assets(355)(491)Interest accretion1,9772,797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net change in operating assets and liabilities, net of acquisitions1,37532,379Net cash provided by operating activities297,724326,739Cash flows from investing activities:297,724326,739Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities:215,500334,000Proceeds from long-term debt(343,726)(343,626)Proceeds from ontes payable and long-term debt(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrat exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for repurchase of common stock(65,068)(18,597)Payments for repurchase of common stock offering, netProceeds from connon stock offering, netProceeds from common stock offering, netPayments for repurc	Deferred income taxes, net of acquisitions	36,960	18,451		
Interest income on restricted assets(355)(491)Interest accretion1.9772.797Excess tax benefit associated with equity-based compensation(4.500)(3.415)Net change in operating assets and liabilities, net of acquisitions1.37523.2379Net cash provided by operating activities297,724326,739Cash flows from investing activities:297,724326,739Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities(328,140)(333,652)Cash flows from financing activities:1000(4,099)Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for cash dividends(25,497)(32,182)Payments for cash dividends(6,55)(94)Proceeds from option and warrant exercises(6,75)(6,94)Proceeds from common stock offering, net-369,584Debt issuanc	Amortization of debt issuance costs	1,005	1,247		
Interest accretion1,9772,797Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net change in operating assets and liabilities, net of acquisitions1,37532,379Net cash provided by operating activities297,724326,739Cash flows from investing activities:297,7243226,739Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities:(328,140)(333,652)Proceeds from financing activities:(100)(4,099)Cash flows from financing activities:(100)(4,099)Proceeds from olong-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from otion and warrant exercises(4,5561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for repurchase of common stock and estricted stock units(5,436)(6,039)Distributions to noncontrolling interests(6,75)(944)Proceeds from common stock offering, net	Equity-based compensation	8,906	14,036		
Excess tax benefit associated with equity-based compensation(4,500)(3,415)Net change in operating assets and liabilities, net of acquisitions1,37532,379Net cash provided by operating activities297,724326,739Cash flows from investing activities:297,724322,739Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities:(328,140)(333,652)Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for cash dividends(25,497)(22,182)Tax withholdings related to net share settlements of restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643	Interest income on restricted assets	(355)	(491)		
Net change in operating assets and liabilities, net of acquisitions1.37532.379Net cash provided by operating activities297.724326.739Cash flows from investing activities:297.724326.739Payments for acquisitions, net of cash acquired(247.862)(223.256)Capital expenditures for property and equipment(84.051)(110.995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6.287)Net cash used in investing activities(328,140)(333.652)Cash flows from financing activities:(100)(4099)Proceeds from long-term debt(100)(4099)Change in book overdraft(937)(3.383)Proceeds from ong to and warrant exercises4.9561.042Excess tax benefit associated with equity-based compensation4.5003.415Payments for repurchase of common stock(85,068)(18,597)Payments for act dividends(25,497)(32.182)Tax withholdings related to net share settlementsof restricted stock units(675)(94)Proceeds from contortolling interests(6,414)(776)Net cash provided by financing activities57.10397.802Net increase in cash and equivalents26,68790.889Cash and equivalents at beginning of period9.87312,643	Interest accretion	1,977	2,797		
Net change in operating assets and liabilities, net of acquisitions1.37532.379Net cash provided by operating activities297.724326.739Cash flows from investing activities:297.724326.739Payments for acquisitions, net of cash acquired(247.862)(223.256)Capital expenditures for property and equipment(84.051)(110.995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6.287)Net cash used in investing activities(328,140)(333.652)Cash flows from financing activities:(100)(4099)Proceeds from long-term debt(100)(4099)Change in book overdraft(937)(3.383)Proceeds from ong to and warrant exercises4.9561.042Excess tax benefit associated with equity-based compensation4.5003.415Payments for repurchase of common stock(85,068)(18,597)Payments for act dividends(25,497)(32.182)Tax withholdings related to net share settlementsof restricted stock units(675)(94)Proceeds from contortolling interests(6,414)(776)Net cash provided by financing activities57.10397.802Net increase in cash and equivalents26,68790.889Cash and equivalents at beginning of period9.87312,643	Excess tax benefit associated with equity-based compensation	(4,500)	(3,415)		
Net cash provided by operating activities297,724326,739Cash flows from investing activities:Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities(328,140)(333,652)Proceeds from financing activities:(100)(4,099)Proceeds from ong-term debt(134,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for ropurchase of common stock(85,068)(18,579)Payments for concontrolling interests(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643					
Cash flows from investing activities:Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities(333,652)Cash flows from financing activities:(328,140)(333,652)Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(16,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643					
Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,238 2,107Decrease in restricted assets, net of interest income2,241 4,779Other(1,706)(6,287)Net cash used in investing activities(328,140)(333,652)Cash flows from financing activities:(328,140)(333,652)Proceeds from long-term debt515,500 334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,956 1,042Excess tax benefit associated with equity-based compensation4,500 3,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(6,514)(776)Distributions to noncontrolling interests(6,57)(94)Proceeds from common stock offering, net-369,584)Debt issuance costs(6,414)(776)Net cash provided by financing activities26,687 90,889)Cash and equivalents at beginning of period9,873 12,643	········				
Payments for acquisitions, net of cash acquired(247,862)(223,256)Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,238 2,107Decrease in restricted assets, net of interest income2,241 4,779Other(1,706)(6,287)Net cash used in investing activities(328,140)(333,652)Cash flows from financing activities:(328,140)(333,652)Proceeds from long-term debt515,500 334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,956 1,042Excess tax benefit associated with equity-based compensation4,500 3,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(6,514)(776)Distributions to noncontrolling interests(6,57)(94)Proceeds from common stock offering, net-369,584)Debt issuance costs(6,414)(776)Net cash provided by financing activities26,687 90,889)Cash and equivalents at beginning of period9,873 12,643	Cash flows from investing activities:				
Capital expenditures for property and equipment(84,051)(110,995)Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities(328,140)(333,652)Cash flows from financing activities:(343,726)(545,059)Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(545,059)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(6,414)(776)Distributions to noncontrolling interests(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643	-	(247,862)	(223,256)		
Proceeds from disposal of assets3,2382,107Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities(328,140)(333,652)Cash flows from financing activities:(328,140)(333,652)Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643		(84.051)			
Decrease in restricted assets, net of interest income2,2414,779Other(1,706)(6,287)Net cash used in investing activities(328,140)(333,652)Cash flows from financing activities:(328,140)(333,652)Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,114)(776)Net cash provided by financing activities26,68790,889Cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643					
Other(1,706)(6,287)Net cash used in investing activities(328,140)(333,652)Cash flows from financing activities:7roceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(6,614)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643					
Net cash used in investing activities(328,140)(333,652)Cash flows from financing activities: Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(6,75)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities26,68790,889Cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643					
Cash flows from financing activities:Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(5436)(6,039)Distributions to noncontrolling interests(675)(94)Pebt issuance costs(6,414)(776)Net cash provided by financing activities26,68790,889Cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643	Net cash used in investing activities		`		
Proceeds from long-term debt515,500334,000Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities26,68790,889Cash and equivalents at beginning of period9,87312,643		/	,		
Principal payments on notes payable and long-term debt(343,726)(545,069)Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(6,75)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(7776)Net cash provided by financing activities26,68790,889Cash and equivalents at beginning of period9,87312,643	Cash flows from financing activities:				
Payment of contingent consideration(100)(4,099)Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Cash and equivalents at beginning of period9,87312,643	Proceeds from long-term debt	515,500	334,000		
Change in book overdraft(937)(3,383)Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(7776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643	Principal payments on notes payable and long-term debt	(343,726)	(545,069)		
Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities26,68790,889Cash and equivalents at beginning of period9,87312,643	Payment of contingent consideration	(100)	(4,099)		
Proceeds from option and warrant exercises4,9561,042Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities26,68790,889Cash and equivalents at beginning of period9,87312,643		(937)	(3,383)		
Excess tax benefit associated with equity-based compensation4,5003,415Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlementsof restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643	-	4,956			
Payments for repurchase of common stock(85,068)(18,597)Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlements frestricted stock units(5,436)(6,039)Distributions to noncontrolling interests(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643					
Payments for cash dividends(25,497)(32,182)Tax withholdings related to net share settlements frestricted stock units(5,436)(6,039)Distributions to noncontrolling interests(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643					
Tax withholdings related to net share settlements of restricted stock units(5,436)(6,039)Distributions to noncontrolling interests(675)(94)Proceeds from common stock offering, net-369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643					
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Proceeds from common stock offering, net369,584Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643		(5,436)	(6,039)		
Debt issuance costs(6,414)(776)Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643	Distributions to noncontrolling interests	(675)	(94)		
Net cash provided by financing activities57,10397,802Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643	Proceeds from common stock offering, net	-	369,584		
Net increase in cash and equivalents26,68790,889Cash and equivalents at beginning of period9,87312,643	Debt issuance costs	(6,414)	(776)		
Cash and equivalents at beginning of period 9,873 12,643	Net cash provided by financing activities	57,103	97,802		
Cash and equivalents at beginning of period 9,873 12,643					
	Net increase in cash and equivalents	26,687	90,889		
Cash and equivalents at end of period \$ 36,560 \$ 103,532	Cash and equivalents at beginning of period	9,873	12,643		
	Cash and equivalents at end of period	\$ 36,560 \$	103,532		

ADDITIONAL STATISTICS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

(Dollars in thousands)

Internal Growth: The following table reflects revenue growth for operations owned for at least 12 months:

	Three months ended September 30, 2012
Core Price	2.9 %
Surcharges	0.0 %
Volume	(3.4 %)
Intermodal, Recycling and Other	(2.2 %)
Total	(2.7 %)

Revenue Breakdown:

	Three months er September 30, 2		ded 012		
Collection	\$ 304,166	62.8 %	\$	880,920	63.5 %
Disposal and Transfer	148,117	30.5 %		406,034	29.3 %
Intermodal, Recycling and Other	 32,316	6.7 %		100,041	7.2 %
Total before inter-company elimination	 484,599	100.0 %		1,386,995	100.0 %
Inter-company elimination	 (58,945)			(174,180)	
Reported Revenue	\$ 425,654		\$	1,212,815	

Days Sales Outstanding for the three months ended September 30, 2012: 42 (28 net of deferred revenue)

Internalization for the three months ended September 30, 2012: 55%

Other Cash Flow Items:

		Three months ended September 30, 2012	Nine months ended September 30, 2012		
Cash Interest Paid	\$	3,593	\$	26,731	
Cash Taxes Paid	\$	28,448	\$	42,149	

Debt to Book Capitalization as of September 30, 2012: 35%

Share Information for the three months ended September 30, 2012:

Basic shares outstanding	123,031,259
Dilutive effect of options and warrants	303,293
Dilutive effect of restricted stock units	331,037
Diluted shares outstanding	123,665,589

NON-GAAP RECONCILIATION SCHEDULE

(in thousands)

Reconciliation of Adjusted Operating Income before Depreciation and Amortization:

Adjusted operating income before depreciation and amortization, a non-GAAP financial measure, is provided supplementally because it is widely used by investors as a performance and valuation measure in the solid waste industry. Waste Connections defines adjusted operating income before depreciation and amortization as operating income, plus depreciation and amortization expense, plus closure and post-closure accretion expense, plus or minus any gain or loss on disposal of assets. The Company further adjusts this calculation to exclude the effects of items management believes impact the ability to assess the operating performance of our business. This measure is not a substitute for, and should be used in conjunction with, GAAP financial measures. Management uses adjusted operating income before depreciation and amortization as one of the principal measures to evaluate and monitor the ongoing financial performance of the Company's operations. Other companies may calculate adjusted operating income before depreciation and amortization as operating income before depreciation and amortization as one of the principal measures to evaluate and monitor the ongoing financial performance of the Company's operations. Other companies may calculate adjusted operating income before depreciation and amortization differently.

33.4 %

32.5 %

		Three months ended September 30, 2011		nonths ended ber 30, 2012
Operating income	\$	89,314	\$	89,147
Plus: Depreciation and amortization		44,006		48,580
Plus: Closure and post-closure accretion		484		645
Plus: Loss on disposal of assets		1,034		244
Adjustments:				
Plus: Acquisition-related transaction costs (a)		183		1,451
Plus: Corporate relocation expenses (b)		-		1,774
Less: Gain from litigation settlement (d)		-		(3,537)
Adjusted operating income before depreciation and amortization	\$	135,021	\$	138,304

As % of revenues

	 nonths ended nber 30, 2011	Nine months ended September 30, 2012		
Operating income	\$ 242,688	\$	235,941	
Plus: Depreciation and amortization	123,631		137,446	
Plus: Closure and post-closure accretion	1,451		1,870	
Plus: Loss on disposal of assets	742		715	
Adjustments:				
Plus: Acquisition-related transaction costs (a)	1,278		3,610	

Plus: Corporate relocation expenses (b)	-	6,491
Plus: NEO one-time equity grants (c)	-	3,585
Less: Gain from litigation settlement (d)	 -	 (3,537)
Adjusted operating income before depreciation and amortization	\$ 369,790	\$ 386,121
As % of revenues	32.9 %	31.8 %

(a) Reflects the addback of acquisition-related costs.

(b) Reflects the addback of costs associated with the relocation of the Company's corporate headquarters from California to Texas.

(c) Reflects the addback of one-time equity compensation expense incurred at the time the Company's NEOs' employment contracts were modified.

(d) Reflects the elimination of a non-recurring gain from an arbitration award.

NON-GAAP RECONCILIATION SCHEDULE (continued)

(in thousands, except per share amounts)

Reconciliation of Net Income to Adjusted Net Income and Adjusted Net Income per diluted share:

Adjusted net income and adjusted net income per diluted share, both non-GAAP financial measures, are provided supplementally because they are widely used by investors as a valuation measure in the solid waste industry. Waste Connections provides adjusted net income to exclude the effects of items management believes impact the comparability of operating results between periods. Adjusted net income has limitations due to the fact that it may exclude items that have an impact on the Company's financial condition and results of operations. Adjusted net income and adjusted net income per diluted share are not a substitute for, and should be used in conjunction with, GAAP financial measures. Management uses adjusted net income and adjusted net income per diluted share as one of the principal measures to evaluate and monitor ongoing financial performance of the Company's operations. Other companies may calculate adjusted net income and adjusted net income per diluted share differently.

	Three months ended September 30,				Nine months ended September 30,				
	2011			2012		2011		2012	
Reported net income attributable to Waste Connections Adjustments:	\$	46,329	\$	49,385	\$	127,281	\$	123,104	
Acquisition-related transaction costs, net of taxes (a)		114		900		1,037		2,238	
Loss on disposal of assets, net of taxes (b)		641		151		460		443	
Corporate relocation expenses, net of taxes (c)		-		1,100		-		4,024	
NEO one-time equity grants, net of taxes (d)		-		-		-		3,315	
Litigation settlement, net of taxes (e)		-		(2,193)		-		(2,193)	
Adjusted net income attributable to Waste Connections	\$	47,084	\$	49,343	\$	128,778	\$	130,931	
Diluted earnings per common share attributable to Waste Connections common stockholders:									
Reported net income	\$	0.41	\$	0.40	\$	1.12	\$	1.02	
Adjusted net income	\$	0.42	\$	0.40	\$	1.13	\$	1.08	

(a) Reflects the elimination of acquisition-related costs.

(b) Reflects the elimination of a loss on disposal of assets.

(c) Reflects the addback of costs associated with the relocation of the Company's corporate headquarters from California to Texas.

(d) Reflects the addback of one-time equity compensation expense incurred at the time our NEOs' employment contracts were modified.

(e) Reflects the elimination of a non-recurring gain from an arbitration award.

NON-GAAP RECONCILIATION SCHEDULE (continued)

(in thousands)

Reconciliation of Adjusted Free Cash Flow:

Adjusted free cash flow, a non-GAAP financial measure, is provided supplementally because it is widely used by investors as a valuation and liquidity measure in the solid waste industry. Waste Connections defines adjusted free cash flow as net cash provided by operating activities, plus proceeds from disposal of assets, plus or minus change in book overdraft, plus excess tax benefit associated with equity-based compensation, less capital expenditures for property and equipment and distributions to noncontrolling interests. The Company further adjusts this calculation to exclude the effects of items management believes impact the ability to assess the operating performance of its business. This measure is not a substitute for, and should be used in conjunction with, GAAP liquidity or financial measures. Management uses adjusted free cash flow as one of the principal measures to evaluate and monitor the ongoing financial performance of the Company's operations. Other companies may calculate adjusted free cash flow differently.

		September 30, 2011		September 30, 2012	
Net cash provided by operating activities	\$	107,748	\$	121,799	
Plus/less: Change in book overdraft		981		(3,519)	
Plus: Proceeds from disposal of assets		1,375		610	
Plus: Excess tax benefit associated with equity-based compensation		1,671		132	
Less: Capital expenditures for property and equipment		(37,489)		(43,550)	
Less: Distributions to noncontrolling interests		-		-	
Adjustment:					
Corporate office relocation, net of taxes (a)		-		(75)	
Adjusted free cash flow	\$	74,286	\$	75,397	
As % of revenues		18.4 %		17.7 %	

		Nine months ended September 30, 2011		Nine months ended September 30, 2012	
Net cash provided by operating activities	\$	297,724	\$	326,739	
Less: Change in book overdraft		(937)		(3,383)	
Plus: Proceeds from disposal of assets		3,238		2,107	
Plus: Excess tax benefit associated with equity-based compensation		4,500		3,415	
Less: Capital expenditures for property and equipment		(84,051)		(110,995)	
Less: Distributions to noncontrolling interests		(675)		(94)	
Adjustment:					
Corporate office relocation, net of taxes (a)		-		6,149	
Adjusted free cash flow	\$	219,799	\$	223,938	
As % of revenues		19.5 %		18.5 %	

(a) Reflects the addback of third party expenses and reimbursable advances to employees associated with the relocation of our corporate headquarters from California to Texas.

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https://investors.wasteconnections.com/2012-10-22-Waste-Connections-Reports-Third-Quarter-2012-Results