

Waste Connections, Inc.  
Form 10-K  
February 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2015

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 1-31507

WASTE CONNECTIONS, INC.

(Exact name of registrant as specified in its charter)

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Delaware 94-3283464  
(State or other jurisdiction (I.R.S. Employer Identification No.)  
of incorporation or organization)

3 Waterway Square Place, Suite 110  
The Woodlands, Texas 77380  
(Address of principal executive offices) (Zip Code)

(832) 442-2200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$0.01 per share New York Stock Exchange  
(Title of each class) (Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

☒ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of June 30, 2015, the aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant, based on the closing sales price for the registrant's common stock, as reported on the New York Stock Exchange, was \$5,778,923,129.

Number of shares of common stock outstanding as of January 29, 2016: 122,395,994

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2016 Annual Meeting of Stockholders (which will be filed with the SEC pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, or the Exchange Act, within 120 days after the end of our 2015 fiscal year) are incorporated by reference into Part III hereof.



WASTE CONNECTIONS, INC.

ANNUAL REPORT ON FORM 10-K

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## PART I

### ITEM 1. BUSINESS

#### Our Company

Waste Connections, Inc. is an integrated municipal solid waste, or MSW, services company that provides solid waste collection, transfer, disposal and recycling services primarily in exclusive and secondary markets in the U.S. and a leading provider of non-hazardous exploration and production, or E&P, waste treatment, recovery and disposal services in several of the most active natural resource producing areas of the U.S. We also provide intermodal services for the rail haul movement of cargo and solid waste containers in the Pacific Northwest through a network of intermodal facilities.

As of December 31, 2015, we served residential, commercial, industrial and E&P customers in 32 states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington and Wyoming. As of December 31, 2015, we owned or operated a network of 155 solid waste collection operations; 69 transfer stations; seven intermodal facilities, 37 recycling operations, 62 active MSW, E&P and/or non-MSW landfills, 24 E&P liquid waste injection wells and 20 E&P waste treatment and oil recovery facilities. Non-MSW landfills accept construction and demolition, industrial and other non-putrescible waste.

Our senior management team has extensive experience in operating, acquiring and integrating non-hazardous waste services businesses, and we intend to continue to focus our efforts on balancing internal and acquisition-based growth. As described below, we recently entered into an agreement providing for a business combination with Progressive Waste Solutions Ltd. We anticipate that a part of our future growth will come from acquiring additional MSW and E&P waste businesses and, therefore, we expect that additional acquisitions beyond the transaction currently pending could continue to affect period-to-period comparisons of our operating results.

Waste Connections, Inc. is a Delaware corporation organized in 1997.

On January 18, 2016, Waste Connections entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Progressive Waste Solutions Ltd., a corporation organized under the laws of Ontario (“Progressive Waste”) and Water

Merger Sub LLC, a Delaware limited liability company and wholly-owned subsidiary of Progressive Waste (“Merger Sub”). Subject to the terms and conditions of the Merger Agreement, Merger Sub will merge with and into Waste Connections (the “Merger”), with Waste 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 company will use the Waste Connections name and it is anticipated that its shares will trade on the New York Stock Exchange and the Toronto Stock Exchange. Upon completion of the transaction, the combined company will be led by Waste Connections’ current management team. The Board of Directors for the combined company will include the five current members of Waste Connections’ Board and two members from Progressive Waste’s current Board.

Under the terms of the Merger Agreement, Waste Connections’ stockholders will receive 2.076843 Progressive Waste shares for each Waste Connections share they own. Subject to the approval of Progressive Waste’s shareholders, Progressive Waste expects to implement, immediately following the Merger, a share consolidation whereby every 2.076843 shares will be consolidated into one Progressive Waste share on the basis of 0.4815 (1 divided by the 2.076843 ratio above) of a share on a post-consolidation basis for each one share outstanding on a pre-consolidation basis. If the share consolidation is approved by Progressive Waste’s shareholders and effected, Waste Connections’ stockholders will receive one share of the combined company for each existing Waste Connections share. Upon the completion of the transaction and regardless of whether or not the share consolidation occurs, Waste Connections’ stockholders will own approximately 70% of the combined company, and Progressive Waste shareholders will own approximately 30%.

The transaction is subject to customary closing conditions, including the approval of both companies’ shareholders, U.S. antitrust approval and the approval of the Toronto Stock Exchange.

The remainder of this Annual Report on Form 10-K, other than the discussion of certain risks related to the Merger in the section entitled “Risk Factors” on page 20 of this Annual Report, excludes any impact that results or may result from the Merger.



## Our Operating Strategy

Our operating strategy seeks to improve financial returns and deliver superior stockholder value creation within the solid waste industry. We seek to avoid highly competitive, large urban markets and instead target markets where we can attain high market share either through exclusive contracts, vertical integration or asset positioning. We also target niche markets, like E&P waste treatment and disposal services, with similar characteristics and, we believe, higher comparative growth potential. We are a leading provider of waste services in most of our markets, and the key components of our operating strategy, which are tailored to the competitive and regulatory factors that affect our markets, are as follows:

Target Secondary and Rural Markets. By targeting secondary and rural markets, we believe that we are able to garner a higher local market share than would be attainable in more competitive urban markets, which we believe reduces our exposure to customer churn and improves financial returns. In certain niche markets, like E&P waste treatment and disposal, early mover advantage in certain rural basins may improve market positioning and financial returns given the limited availability of existing third-party-owned waste disposal alternatives.

Control the Waste Stream. In markets where waste collection services are provided under exclusive arrangements, or where waste disposal is municipally owned or funded or available at multiple sources, we believe that controlling the waste stream by providing collection services under exclusive arrangements is often more important to our growth and profitability than owning or operating landfills. In addition, in certain E&P markets with “no pit” rules or other regulations that limit on-site storage or treatment of waste, control of the waste stream allows us to generate additional service revenue from the transportation of waste, as well as the waste treatment and disposal, thus increasing the overall scope and value of the services provided.

Optimize Asset Positioning. We believe that the location of disposal sites within competitive markets is a critical factor to success in both MSW and E&P waste services. Given the importance of and costs associated with the transportation of waste to treatment and disposal sites, having disposal capacity proximate to the waste stream may provide a competitive advantage and serve as a barrier to entry.

Provide Vertically Integrated Services. In markets where we believe that owning landfills is a strategic advantage to a collection operation because of competitive and regulatory factors, we generally focus on providing integrated services, from collection through disposal of solid waste in landfills that we own or operate. Similarly, we see this strategic advantage in E&P waste services where we offer closed loop systems for liquid and solid waste storage, transportation, treatment, and disposal.

Manage on a Decentralized Basis. We manage our operations on a decentralized basis. This places decision-making authority close to the customer, enabling us to identify and address customers' needs quickly in a cost-effective manner. We believe that decentralization provides a low-overhead, highly efficient operational structure that allows us to expand into geographically contiguous markets and operate in relatively small communities that larger competitors may not find attractive. We believe that this structure gives us a strategic competitive advantage, given the relatively rural nature of many of the markets in which we operate, and makes us an attractive buyer to many potential acquisition candidates.

As of December 31, 2015, we delivered our services from over 225 operating locations grouped into four operating segments: our Western segment is comprised of operating locations in Alaska, California, Idaho, Montana, Nevada, Oregon, Washington and western Wyoming; our Central segment is comprised of operating locations in Arizona, Colorado, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah and eastern Wyoming; our Eastern segment is comprised of operating locations in Alabama, Illinois, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, North Carolina, South Carolina and Tennessee; and, our E&P segment includes the majority of our E&P waste service operations in Arkansas, Louisiana, New Mexico, North Dakota, Oklahoma, Texas, Wyoming and along the Gulf of Mexico. Some E&P revenues are also included in other operating segments, where we accept E&P waste at some of our MSW landfills. In addition, a small amount of solid waste revenue is included in our E&P segment.

We manage and evaluate our business on the basis of the operating segments' geographic characteristics, interstate waste flow, revenue base, employee base, regulatory structure, and acquisition opportunities. Each operating segment has a regional vice president and a regional controller reporting directly to our corporate management. These regional officers are responsible for operations and accounting in their operating segments and supervise their regional staff. See Note 14 to the consolidated financial statements included in Item 8 of this Annual Report for further information on our segment reporting of our operations.

Each operating location has a district or site manager who has a high degree of decision-making authority for his or her operations and is responsible for maintaining service quality, promoting safety, implementing marketing programs and overseeing day-to-day operations, including contract administration. Local managers also help identify acquisition candidates and are responsible for integrating acquired businesses into our operations and obtaining the permits and other governmental approvals required for us to operate.

Implement Operating Standards. We develop company-wide operating standards, which are tailored for each of our markets based on industry norms and local conditions. We implement cost controls and employee training and safety procedures and establish a sales and marketing plan for each market. By internalizing the waste stream of acquired operations, we can further increase operating efficiencies and improve capital utilization. We use a wide-area information system network, implement financial controls and consolidate certain accounting, personnel and customer service functions. While regional and district management operate with a high degree of autonomy, our executive officers monitor regional and district operations and require adherence to our accounting, purchasing, safety, marketing and internal control policies, particularly with respect to financial matters. Our executive officers regularly review the performance of regional officers, district managers and operations. We believe we can improve the profitability of existing and newly acquired operations by establishing operating standards, closely monitoring performance and streamlining certain administrative functions.

### Our Growth Strategy

We tailor the components of our growth strategy to the markets in which we operate and into which we hope to expand.

Obtain Additional Exclusive Arrangements. Our operations include market areas where we have exclusive arrangements, including franchise agreements, municipal contracts and governmental certificates, under which we are the exclusive service provider for a specified market. These exclusive rights and contractual arrangements create a barrier to entry that is usually obtained through the acquisition of a company with such exclusive rights or contractual arrangements or by winning a competitive bid.

We devote significant resources to securing additional franchise agreements and municipal contracts through competitive bidding and by acquiring other companies. In bidding for franchises and municipal contracts and evaluating acquisition candidates holding governmental certificates, our management team draws on its experience in the waste industry and knowledge of local service areas in existing and target markets. Our district management and sales and marketing personnel maintain relationships with local governmental officials within their service areas, maintain, renew and renegotiate existing franchise agreements and municipal contracts, and secure additional agreements and contracts while targeting acceptable financial returns. Our sales and marketing personnel also expand our presence into areas adjacent to or contiguous with our existing markets, and market additional services to existing customers. We believe our ability to offer comprehensive rail haul disposal services in the Pacific Northwest improves our competitive position in bidding for such contracts in that region.

Generate Internal Growth. To generate internal revenue growth, our district management and sales and marketing personnel focus on increasing market penetration in our current and adjacent markets, soliciting new customers in markets where such customers have the option to choose a particular waste collection service and marketing upgraded

or additional services (such as compaction or automated collection) to existing customers. We also seek price increases necessary to offset increased costs, to improve operating margins and to obtain adequate returns on our deployed capital. Where possible, we intend to leverage our franchise-based platforms to expand our customer base beyond our exclusive market territories. As customers are added in existing markets, our revenue per routed truck increases, which generally increases our collection efficiencies and profitability. In markets in which we have exclusive contracts, franchises and governmental certificates, we expect internal volume growth generally to track population and business growth.

In niche disposal markets, like E&P, our focus is on increasing market penetration, and providing additional service offerings in existing markets where appropriate. In addition, we focus on developing and permitting new treatment and disposal sites in new and existing E&P markets to position ourselves to capitalize on current and future drilling activity in those areas.

Expand Through Acquisitions. We intend to expand the scope of our operations by continuing to acquire MSW and E&P waste facilities and companies in new markets and in existing or adjacent markets that are combined with or “tucked in” to our existing operations. We focus our acquisition efforts on markets that we believe provide significant growth opportunities for a well-capitalized market entrant and where we can create economic and operational barriers to entry by new competitors. This focus typically highlights markets in which we can: (1) provide waste collection services under exclusive arrangements such as franchise agreements, municipal contracts and governmental certificates; (2) gain a leading market position and provide vertically integrated collection and disposal services; or (3) gain a leading market position in a niche market through the provision of treatment and disposal services. We believe that our experienced management, decentralized operating strategy, financial strength, size and public company status make us an attractive buyer to certain waste collection and disposal acquisition candidates. We have developed an acquisition discipline based on a set of financial, market and management criteria to evaluate opportunities. Once an acquisition is closed, we seek to integrate it while minimizing disruption to our ongoing operations and those of the acquired business.

In new markets, we often use an initial acquisition as an operating base and seek to strengthen the acquired operation's presence in that market by providing additional services, adding new customers and making "tuck-in" acquisitions of other waste companies in that market or adjacent markets. We believe that many suitable "tuck-in" acquisition opportunities exist within our current and targeted market areas that may provide us with opportunities to increase our market share and route density.

The U.S. solid waste services industry has experienced significant consolidation over the past decade, most notably with the merger between Republic Services, Inc. and Allied Waste Industries, Inc. in 2008, the merger between IESI-BFC Ltd. and Waste Services, Inc. in 2010, the sale of the U.S. solid waste business of Veolia Environnement S.A. to Advanced Disposal Services, Inc. in 2012, and our announcement of our entry into the Merger Agreement with Progressive Waste on January 18, 2016. In spite of this consolidation, the solid waste services industry remains regional in nature, with acquisition opportunities available in select markets. The E&P waste services industry is similarly regional in nature and is also highly fragmented, with acquisition opportunities available in several active natural resource basins. In some markets in both MSW and E&P waste, independent landfill, collection or service providers lack the capital resources, management skills and/or technical expertise necessary to comply with stringent environmental and other governmental regulations and to compete with larger, more efficient, integrated operators. In addition, many of the remaining independent operators may wish to sell their businesses to achieve liquidity in their personal finances or as part of their estate planning.

During the year ended December 31, 2015, we completed 14 acquisitions, none of which individually accounted for greater than 10% of our total assets. The total fair value of consideration transferred for the 14 acquisitions completed during the year ended December 31, 2015 was approximately \$348.7 million. During the year ended December 31, 2014, we completed nine acquisitions, none of which individually accounted for greater than 10% of our total assets. The total fair value of consideration transferred for the nine acquisitions completed during the year ended December 31, 2014 was approximately \$168.7 million. During the year ended December 31, 2013, we completed eight acquisitions, none of which individually accounted for greater than 10% of our total assets. The total fair value of consideration transferred for the eight acquisitions completed during the year ended December 31, 2013 was approximately \$64.2 million.

## WASTE SERVICES

### Collection Services

We provide collection services to residential, commercial, industrial and E&P customers. Our services are generally provided under one of the following arrangements: (1) governmental certificates; (2) exclusive franchise agreements; (3) exclusive municipal contracts; (4) residential subscriptions; (5) residential contracts; or (6) commercial, industrial and E&P service agreements.

Governmental certificates, exclusive franchise agreements and exclusive municipal contracts grant us rights to provide MSW services within specified areas at established rates and are long-term in nature. Governmental certificates, or G Certificates, are unique to the State of Washington and are awarded by the Washington Utilities and Transportation Commission, or WUTC, to solid waste collection service providers in unincorporated areas and electing municipalities. These certificates typically grant the holder the exclusive and perpetual right to provide specific residential, commercial and/or industrial waste services in a defined territory at specified rates subject to divestiture and/or overlap or cancellation by the WUTC on specified, limited grounds. Franchise agreements typically provide an exclusive period of seven years or longer for a specified territory; they specify a broad range of services to be provided, establish rates for the services and often give the service provider a right of first refusal to extend the term of the agreement. Municipal contracts typically provide a shorter service period and a more limited scope of services than franchise agreements and generally require competitive bidding at the end of the contract term. In markets where exclusive arrangements are not available, we may enter into residential contracts with homeowners' associations, apartment owners and mobile home park operators, or work on a subscription basis with individual households. In such markets, we may also provide commercial and industrial services under customer service agreements generally ranging from one to five years in duration. Finally, in certain E&P markets with "no pit" rules or other regulations that limit on-site storage or treatment of waste, we offer containers and collection services to provide a closed loop system for the collection of drilling wastes at customers' well sites and subsequent transportation of the waste to our facilities for treatment and disposal.

#### Landfill Disposal Services

As of December 31, 2015, we owned or operated 44 MSW landfills, nine E&P waste landfills, which only accept E&P waste and nine non-MSW landfills, which only accept construction and demolition, industrial and other non-putrescible waste. Eleven of our MSW landfills also received E&P waste during 2015. We generally own landfills to achieve vertical integration in markets where the economic and regulatory environments make landfill ownership attractive. We also own landfills in certain markets where it is not necessary to provide collection services because we believe that we are able to attract volume to our landfills, given our location or other market dynamics. Over time, MSW landfills generate a greenhouse gas, methane, which can be converted into a valuable source of clean energy. We deploy gas recovery systems at 33 of our landfills to collect methane, which can then be used to generate electricity for local households, fuel local industrial power plants, power alternative fueled vehicles, or qualify for carbon emission credits.

Our developed and operational landfill facilities consisted of the following at December 31, 2015:

Owned and operated landfills	52
Operated landfills under life-of-site agreements	5
Operated landfills under limited-term operating agreements	5
	62

Under landfill operating agreements, the owner of the property, generally a municipality, usually owns the permit and we operate the landfill for a contracted term, which may be the life of the landfill. Where the contracted term is not the life of the landfill, the property owner is generally responsible for final capping, closure and post-closure obligations. We are responsible for all final capping, closure and post-closure obligations at our operated landfills for which we have life-of-site agreements.

The expiration dates of two of our operating agreements for which the contracted term is less than the life of the landfill occur in 2017. These two landfills contributed \$1.4 million of revenue during the year ended December 31, 2015. The expiration dates of the remaining three operating agreements for which the contracted term is less than the life of the landfill range from 2018 to 2024. These three landfills contributed \$5.2 million of revenue during the year ended December 31, 2015. We intend to seek renewal of these contracts prior to, or upon, their expiration.

Based on remaining permitted capacity as of December 31, 2015, and projected annual disposal volumes, the average remaining landfill life for our owned and operated landfills and landfills operated, but not owned, under life-of-site agreements, is estimated to be approximately 32 years. Many of our existing landfills have the potential for expanded disposal capacity beyond the amount currently permitted. We regularly consider whether it is advisable, in light of changing market conditions and/or regulatory requirements, to seek to expand or change the permitted waste streams or to seek other permit modifications. We also monitor the available permitted in-place disposal capacity of our landfills on an ongoing basis and evaluate whether to seek capacity expansion using a variety of factors.

We are currently seeking to expand permitted capacity at nine of our landfills, for which we consider expansions to be probable. Although we cannot be certain that all future expansions will be permitted as designed, the average remaining landfill life for our owned and operated landfills and landfills operated, but not owned, under life-of-site agreements is estimated to be approximately 38 years when considering remaining permitted capacity, probable expansion capacity and projected annual disposal volume.

The following table reflects estimated landfill capacity and airspace changes, as measured in tons, for owned and operated landfills and landfills operated, but not owned, under life-of-site agreements (in thousands):

	2015			2014		
	Permitted	Probable Expansion	Total	Permitted	Probable Expansion	Total
Balance, beginning of year	714,155	105,498	819,653	668,052	146,933	814,985
Acquired landfills	40,343	41,432	81,775	19,994	-	19,994
Permits granted	9,846	(9,846 )	-	31,265	(31,265 )	-
Airspace consumed	(21,331 )	-	(21,331 )	(20,486 )	-	(20,486 )
Expansions initiated	-	21,731	21,731	-	-	-
Changes in engineering estimates	12,583	4,643	17,226	15,330	(10,170 )	5,160
Balance, end of year	755,596	163,458	919,054	714,155	105,498	819,653

The estimated remaining operating lives for the landfills we own and landfills we operate under life-of-site agreements, based on remaining permitted and probable expansion capacity and projected annual disposal volume, in years, as of December 31, 2015, and December 31, 2014, are shown in the tables below. The estimated remaining operating lives include assumptions that the operating permits are renewed.



	2015						
	0 to 5	6 to 10	11 to 20	21 to 40	41 to 50	51+	Total
Owned and operated landfills	1	1	8	24	8	10	52
Operated landfills under life-of-site agreements	-	-	2	1	1	1	5
	1	1	10	25	9	11	57
	2014						
	0 to 5	6 to 10	11 to 20	21 to 40	41 to 50	51+	Total
Owned and operated landfills	1	3	4	17	6	16	47
Operated landfills under life-of-site agreements	1	-	3	1	-	1	6
	2	3	7	18	6	17	53

The disposal tonnage that we received in 2015 and 2014 at all of our landfills is shown in the tables below (tons in thousands):

	Three months ended March 31,		June 30,		September 30,		December 31,		Twelve months ended December 31,
	2015 Number of Sites	2015 Total Tons	2015 Number of Sites	2015 Total Tons	2015 Number of Sites	2015 Total Tons	2015 Number of Sites	2015 Total Tons	2015
Owned operational landfills and landfills operated under life-of-site agreements	54	4,566	54	5,429	55	5,821	57	5,515	21,331
Operated landfills	5	116	5	121	5	153	5	125	515
	59	4,682	59	5,550	60	5,974	62	5,640	21,846
	Three months ended March 31,		June 30,		September 30,		December 31,		Twelve months ended December 31,
	2014 Number of Sites	2014 Total Tons	2014 Number of Sites	2014 Total Tons	2014 Number of Sites	2014 Total Tons	2014 Number of Sites	2014 Total Tons	2014
Owned operational landfills and landfills operated under life-of-site agreements	50	4,545	50	5,139	51	5,562	53	5,240	20,486
Operated landfills	5	116	5	124	5	130	5	121	491
	55	4,661	55	5,263	56	5,692	58	5,361	20,977

## Transfer Station and Intermodal Services

As of December 31, 2015, we owned or operated 64 MSW transfer stations and five E&P waste transfer stations with marine access. Transfer stations receive, compact and/or load waste to be transported to landfills or treatment facilities via truck, rail or barge. They extend our direct-haul reach and link collection operations or waste generators with distant disposal or treatment facilities by concentrating the waste stream from a wider area and thus providing better utilization rates and operating efficiencies.

Intermodal logistics is the movement of containers using two or more modes of transportation, usually including a rail or truck segment. We entered the intermodal services business in the Pacific Northwest through the acquisition of Northwest Container Services, Inc., which provides repositioning, storage, maintenance and repair of cargo containers for international shipping companies. We provide these services for containerized cargo primarily to international shipping companies importing and exporting goods through the Pacific Northwest. We also operate two intermodal facilities primarily for the shipment of waste by rail to distant disposal facilities that we do not own. As of December 31, 2015, we owned or operated seven intermodal operations in Washington and Oregon. Our fleet of double-stack railcars provides dedicated direct-line haul services among terminals in Portland, Tacoma and Seattle. We have a contract with Union Pacific railroad for the movement of containers among our seven intermodal operations. We also provide our customers container and chassis sales and leasing services.

We intend to further expand our intermodal business through cross-selling efforts with our solid waste services operations. We believe that a significant amount of solid waste is transported currently by truck, rail and barge from primarily the Seattle-Tacoma and Metro Portland areas to remote landfills in Eastern Washington and Eastern Oregon. We believe our ability to market both intermodal and disposal services will enable us to more effectively compete for these volumes.

### Recycling Services

We offer residential, commercial, industrial and municipal customers recycling services for a variety of recyclable materials, including compost, cardboard, office paper, plastic containers, glass bottles and ferrous and aluminum metals. We own or operate 37 recycling operations and sell other collected recyclable materials to third parties for processing before resale. The majority of the recyclables we process for sale are paper products and are shipped primarily to customers in Asia. Changes in end market demand as well as other factors can cause fluctuations in the prices for such commodities, which can affect revenue, operating income and cash flows. To reduce our exposure to commodity price volatility and risk with respect to recycled materials, we have adopted a pricing strategy of charging collection and processing fees for recycling volumes collected from third parties. We believe that recycling will continue to be an important component of local and state solid waste management plans due to the public's increasing environmental awareness and expanding regulations that mandate or encourage recycling.

### E&P Waste Treatment, Recovery and Disposal Services

E&P waste is a broad term referring to the by-products resulting from oil and natural gas exploration and production activity. These generally include: waste created throughout the initial drilling and completion of an oil or natural gas well, such as drilling fluids, drill cuttings, completion fluids and flowback water; production wastes and produced water during a well's operating life; contaminated soils that require treatment during site reclamation; and substances that require clean-up after a spill, reserve pit clean-up or pipeline rupture. E&P customers are oil and natural gas exploration and production companies operating in the areas that we serve. E&P revenue is therefore driven by vertical and horizontal drilling, hydraulic fracturing, production and clean-up activity; it is complemented by other services including closed loop collection systems and the sale of recovered products. E&P activity varies across market areas which are tied to the natural resource basins in which the drilling activity occurs and reflects the regulatory environment, pricing and disposal alternatives available in any given market.

Our customers are generally responsible for the delivery of their waste streams to us. We receive flowback water, produced water and other drilling and production wastes at our facilities in vacuum trucks, dump trucks or containers deposited by roll-off trucks. In certain markets, we offer bins and rails systems that capture and separate liquid and solid oilfield waste streams at our customers' well sites and deliver the drilling and production wastes to our facilities. Waste generated by offshore drilling is delivered by supply vessel from the drilling rig to one of our transfer stations,

where the waste is then transferred to our network of barges for transport to our treatment facilities.

As of December 31, 2015, we provided E&P waste treatment, recovery and/or disposal services from a network of nine E&P waste landfills, eleven MSW landfills that also received E&P waste during 2015, 24 E&P liquid waste injection wells and 20 E&P waste treatment and oil recovery facilities. Treatment processes vary by site and regulatory jurisdiction. At certain treatment facilities, loads of flowback and produced water and other drilling and production wastes delivered by our customers are sampled, assessed and tested by third parties according to state regulations. Solids contained in a waste load are deposited into a land treatment cell where liquids are removed from the solids and are sent through an oil recovery system before being injected into saltwater disposal injection wells or placed in evaporation cells that utilize specialized equipment to accelerate evaporation of liquids. In certain locations, fresh water is then added to the remaining solids in the cell to “wash” the solids several times to remove contaminants, including oil and grease, chlorides and other contaminants, to ensure the solids meet specific regulatory criteria that, in certain areas, are administered by third-party labs and submitted to the regulatory authorities.

After the washing or treatment process, the treated solids are designated “reuse materials,” and are no longer considered a waste product by state regulation. These materials are dried, removed from the treatment cells, stockpiled and compacted in designated stockpile areas on site and at certain locations are available for use as feedstock for roadbase. At certain of our facilities, during the treatment process we reclaim oil for resale and we treat and recycle liquids for re-use in our operations or for sale to third parties as fresh or brine water.

## COMPETITION

The U.S. municipal solid waste services industry is highly competitive and requires substantial labor and capital resources. Besides Waste Connections, the industry includes: two national, publicly held solid waste companies – Waste Management, Inc. and Republic Services, Inc.; several regional, publicly held and privately owned companies; and several thousand small, local, privately owned companies. Certain of the markets in which we compete or will likely compete are served by one or more large, national solid waste companies, as well as by numerous regional and local solid waste companies of varying sizes and resources, some of which we believe have accumulated substantial goodwill in their markets. We compete for collection, transfer and disposal volume based primarily on the price and, to a lesser extent, quality of our services. We also compete with operators of alternative disposal facilities, including incinerators, and with counties, municipalities and solid waste districts that maintain their own waste collection and disposal operations. Public sector operators may have financial and other advantages over us because of their access to user fees and similar charges, tax revenues, tax-exempt financing and the ability to flow-control waste streams to publicly owned disposal facilities.

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

The U.S. municipal solid waste services industry has undergone significant consolidation, and we encounter competition in our efforts to acquire collection operations, transfer stations and landfills. We generally compete for acquisition candidates with publicly owned regional and national waste management companies. Accordingly, it may become uneconomical for us to make further acquisitions or we may be unable to locate or acquire suitable acquisition candidates at price levels and on terms and conditions that we consider appropriate, particularly in markets we do not already serve. Competition in the disposal industry is also affected by the increasing national emphasis on recycling and other waste reduction programs, which may reduce the volume of waste deposited in landfills.

Competition for E&P waste comes primarily from smaller regional companies that utilize a variety of disposal methods and generally serve specific geographic markets. We also compete in certain markets with publicly held and privately owned companies such as Waste Management, Inc., Republic Services, Inc., Clean Harbors, Inc., Secure Energy Services Inc., Nuverra Environmental Solutions, Trinity Environmental Services, LLC and Ecoserv. In addition, customers in many markets have the option of using internal disposal methods or outsourcing to another third-party disposal company. The principal competitive factors in this business include: gaining customer approval of treatment and disposal facilities; location of facilities in relation to customer activity; reputation; reliability of services; track record of environmental compliance; ability to accept multiple waste types at a single facility; and price.

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

## REGULATION

### Introduction

Our operations, including landfills, solid waste transportation, transfer stations, intermodal operations, vehicle maintenance shops, fueling facilities, and oilfield waste treatment, recovery and disposal operations, are all subject to extensive and evolving federal, state and local environmental, health, and safety laws and regulations, the enforcement of which has become increasingly stringent. These laws and regulations may, among other things, require the acquisition of permits or other authorizations for regulated activities; govern the amounts and types of substances that may be released into the environment in connection with our operations; impose clean-up or corrective action responsibility for releases of regulated substances into the environment; restrict the way we handle or dispose of wastes; limit or prohibit our or our customers' activities in sensitive areas such as wetlands, wilderness areas or areas inhabited by endangered or threatened species; require investigatory and remedial actions to mitigate pollution conditions caused by our operations or attributable to former operations; and impose specific standards addressing worker protection and health. Compliance is often costly or difficult, and the violation of these laws and regulations may result in the denial or revocation of permits, issuance of corrective action orders, assessment of administrative and civil penalties and even criminal prosecution. In many instances, liability is often "strict," meaning it is imposed without a requirement of intent or fault on the part of the regulated entity. The environmental regulations that affect us are administered by the Environmental Protection Agency, or the EPA, and numerous other federal, state and local agencies having jurisdiction over our operations including environmental, health and safety, zoning and other areas. For example, the WUTC regulates the portion of our collection business in Washington performed under G Certificates.

With regard to any permit or authorization issued by a regulatory agency necessary for our operations, there are no assurances that we will be able to obtain or maintain all necessary permits or authorizations. With regard to any permit or authorization that has been issued, it remains subject to removal, modification, suspension or revocation by the agency with jurisdiction.

We currently comply in all material respects with applicable federal, state and local environmental and occupational health and safety laws, permits, orders and regulations. In addition, we attempt to anticipate future regulatory requirements and plan in advance as necessary to comply with them. We do not presently anticipate incurring any material costs to bring our operations into environmental compliance with existing or expected future regulatory requirements, although we can give no assurance that this will not change in the future. It is possible that substantial costs for compliance or penalties for non-compliance may be incurred in the future. It is also possible that other developments, such as the adoption of additional or stricter environmental laws, regulations and enforcement policies, could result in additional costs or liabilities that we cannot currently quantify. Moreover, changes in environmental laws or regulations could reduce the demand for our services and adversely impact our business. For example, changes in environmental laws or regulations could limit our customers' oil and natural gas E&P businesses or encourage our customers to handle and dispose of oil and natural gas E&P wastes in other ways.

Various federal and state laws impose clean-up or remediation liability on responsible parties, which are discussed in more detail below. Substances subject to clean-up liability have been or may have been disposed of or released on or under certain of our sites, including our E&P sites. At some of our facilities, we have conducted and continue to conduct monitoring or remediation of known soil and groundwater contamination, and we will continue to perform such monitoring and remediation of known contamination, including any post-remediation groundwater monitoring that may be required, until the appropriate regulatory standards have been achieved. These monitoring and remediation efforts are usually overseen by state environmental regulatory agencies. Further, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other pollutants into the environment.

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

A number of the major federal, state and local statutes and regulations that apply to our operations are described generally below. Certain of the statutes described below contain provisions that authorize, under certain circumstances, lawsuits by private citizens to enforce the provisions of the statutes. In addition to penalties, some of those statutes authorize an award of attorneys' fees to parties that successfully bring such an action. Enforcement actions under these statutes may include both civil and criminal penalties, as well as injunctive relief in some instances.

The Resource Conservation and Recovery Act of 1976, or RCRA

RCRA regulates the generation, treatment, storage, handling, transportation and disposal of solid waste and requires states to develop programs to ensure the safe disposal of solid waste. RCRA generally divides solid waste into two groups, hazardous and nonhazardous. Wastes are generally classified as hazardous if they either: (1) are specifically included on a list of hazardous wastes or (2) exhibit certain characteristics defined as hazardous. Household wastes are specifically designated as nonhazardous. Wastes classified as hazardous under RCRA are subject to much stricter regulation than wastes classified as nonhazardous, and businesses that deal with hazardous waste are subject to regulatory obligations in addition to those imposed on handlers of nonhazardous waste. Some of our ancillary operations, such as vehicle maintenance operations, may generate hazardous wastes. We manage these wastes in substantial compliance with applicable laws.

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



Most E&P waste is exempt from stringent regulation as a hazardous waste under RCRA. None of our oilfield waste recycling, treatment, and disposal facilities are currently permitted to accept hazardous wastes for disposal, and we take precautions to mitigate the potential that hazardous wastes could enter or be disposed of at these facilities. Some wastes handled by us that currently are exempt from treatment as hazardous wastes may in the future be designated as “hazardous wastes” under RCRA or other applicable statutes. For example, in September 2010, a nonprofit environmental group filed a petition with the EPA requesting reconsideration of the RCRA E&P waste exemption. Although the EPA has not yet formally responded to the petition, if the RCRA E&P waste exemption is repealed or modified, we could become subject to more rigorous and costly operating and disposal requirements.

We are required to obtain permits for the land treatment and disposal of E&P waste as part of our operations. The construction, operation and closure of E&P waste land treatment and disposal operations are generally regulated at the state level. These regulations vary widely from state to state.

In the course of our E&P waste operations, some of our equipment may be exposed to naturally occurring radiation associated with oil and gas deposits, and this exposure may result in the generation of wastes containing naturally occurring radioactive materials, or NORM. NORM wastes exhibiting trace levels of naturally occurring radiation in excess of established state standards are subject to special handling and disposal requirements, and any storage vessels, piping and work area affected by NORM may be subject to remediation or restoration requirements. It is possible that we may incur costs or liabilities associated with elevated levels of NORM.

With respect to any of our permitted facilities, permits can impose various requirements and may restrict the size and location of disposal operations, impose limits on the types and amount of waste a facility may receive and the overall capacity of a waste disposal facility. States may add additional restrictions on the operations of a disposal facility when a permit is renewed or amended. As these regulations change, our permit requirements could become more stringent and may require material expenditures at our facilities or impose significant restraints, or new or additional financial assurances on our operations.

RCRA also regulates underground storage of petroleum and other materials it defines as “regulated substances.” RCRA requires registration, compliance with technical standards for tanks, release detection and reporting, and corrective action, among other things. Certain of our facilities and operations are subject to these requirements and these requirements are typically 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, without limitation, solid waste disposal sites, transfer stations, and oilfield waste facilities, into waters of the United States, including surface and ground waters. If run-off or other contaminants from our owned or operated transfer stations or oilfield waste facilities or run-off, collected leachate or other contaminants from our owned or operated landfills is discharged into streams, rivers or other surface waters, the Clean Water Act would require us to respond, apply for and obtain a discharge permit, conduct sampling and monitoring and, under certain circumstances, reduce the quantity of pollutants in such discharge. Also, virtually all landfills are required to comply with the EPA's storm water regulations issued in November 1990, which are designed to prevent contaminated landfill storm water run-off from flowing into surface waters. Spill prevention, control and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of regulated waters in the event of a hydrocarbon storage tank spill, rupture or leak. We believe that our facilities comply in all material respects with the Clean Water Act requirements. Various states in which we operate or may operate in the future have been delegated authority to implement the Clean Water Act and its permitting requirements, and some of these states have adopted regulations that are more stringent than the federal Clean Water Act requirements. For example, states often require permits for discharges that may impact ground water as well as surface water. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations. We believe that compliance with existing permits and regulatory requirements under the Clean Water Act and state counterparts will not have a material adverse effect on our business. Future changes to permits or regulatory requirements under the Clean Water Act, however, could adversely affect our business.

#### Safe Drinking Water Act, or SDWA

Our E&P underground injection operations are subject to the SDWA, as well as analogous state laws and regulations. Under the SDWA, the EPA established the underground injection control or UIC program, which includes requirements for permitting, testing, monitoring, record keeping, and reporting of injection well activities, as well as a prohibition against the migration of fluid containing any contaminant into underground sources of drinking water. State regulations require us to obtain a permit from the applicable regulatory agencies to operate our underground injection wells. We believe that we have obtained the necessary permits from these agencies for our underground injection wells and that we are in substantial compliance with permit conditions and state rules. Although we monitor the injection process of our wells, any leakage from the subsurface portions of the injection wells could cause degradation of fresh groundwater resources, potentially resulting in suspension of our UIC permit, issuance of fines and penalties from governmental agencies, incurrence of expenditures for remediation of the affected resource and imposition of liability by third parties for property damages and personal injuries. In addition, our sales of residual crude oil collected as part of the saltwater injection process could impose liability on us in the event that the entity to which the oil was transferred fails to manage and, as necessary, dispose of residual crude oil in accordance with applicable environmental and occupational health and safety laws.

#### Oil Pollution Act of 1990, or OPA

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

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

CERCLA, which is also known as the “Superfund” law, established a regulatory and remedial program intended to provide for the investigation and clean-up of facilities where, or from which, a release of any hazardous substance into the environment has occurred or is threatened. CERCLA’s primary mechanism to address such a release or threatened release is to impose strict joint and several liability for clean-up of facilities on responsible parties. Responsible parties are current owners and operators of the site, former owners and operators of the site at the time of the disposal of the hazardous substances, any person who arranged for the transportation, disposal or treatment of the hazardous substances, and the transporters who selected the disposal and/or treatment facilities, regardless of the intent or care exercised by such persons. CERCLA also imposes liability for the cost of evaluating and remedying any damage to natural resources. The costs of CERCLA investigation and clean-up can be very substantial. Liability under CERCLA

does not depend on the existence or disposal of “hazardous waste” as defined by RCRA; it can also be based on the release of even very small amounts of the more than 700 “hazardous substances” listed by the EPA, many of which can be found in household waste. In addition, the definition of “hazardous substances” in CERCLA incorporates substances designated as hazardous or toxic under the federal Clean Water Act, Clear Air Act and Toxic Substances Control Act.

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

CERCLA also authorizes the imposition of a lien in favor of the United States on all real property subject to, or affected by, a remedial action for all costs for which a party is liable. Subject to certain procedural restrictions, CERCLA gives a responsible party the right to bring a contribution or cost recovery action against other responsible parties for their allocable shares of investigative and remedial costs. Our ability to obtain reimbursement from others for their allocable shares of such costs would be limited by our ability to find other responsible parties and prove the extent of their responsibility, their financial resources, and other procedural requirements. Various state laws also impose liability, which is typically strict and joint and several, for investigation, clean-up and other damages associated with the release of hazardous or other regulated substances.

#### The Clean Air Act, or CAA

The CAA generally regulates emissions of air pollutants from emissions sources, including certain landfills and oilfield waste facilities, based on factors such as the date of the construction and tons per year of emissions of regulated pollutants. Typically, federal requirements are implemented at the state level. The CAA and analogous state laws require permits for and impose other restrictions on facilities that have the potential to emit pollutants into the atmosphere above certain specified quantities or in a manner that could adversely affect environmental quality. Failure to obtain a permit or to comply with permit requirements could result in the imposition of substantial administrative, civil and even criminal penalties.

Larger landfills and landfills located in areas where the ambient air does not meet certain air quality standards called for by the CAA may be subject to even more extensive air pollution controls and emission limitations. In addition to the potential CAA permitting of landfill facilities, CAA permitting may be required for the construction of gas collection and flaring systems, composting and other operations. In some instances, operating permits may be required depending on the nature and volume of air emissions. Further, in those situations where major source permitting is not required, typically state laws and rules will 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 increase operating costs or impose additional compliance burdens. In July 2014, the EPA proposed “Subpart XXX,” a New Source Performance Standard, or NSPS, that would apply to newly constructed or modified municipal solid waste, or MSW, landfills. Subpart XXX would reduce the non-methane organic compounds, or NMOC, emission threshold at which MSW landfills must install controls, require compliance even during periods of start-up, shutdown, and malfunction, and impose other requirements. In August 2015, the EPA proposed a supplemental proposal for the Standard of Performance for MSW landfills. This “supplemental” proposal would address the NMOC emission rate threshold at which gas collection and controls must be installed at an MSW landfill. Further, in July 2014, the EPA used an Advanced Notice of Proposed Rule Making (“ANPRM”) seeking input on methods to reduce emissions from existing MSW landfills. This ANPRM was used to determine if additional changes to existing landfill NSPS were required beyond the proposed Subpart XXX. Based upon this ANPRM, the EPA proposed in August 2015 a new Subpart Cf that updates existing Emission Guidelines and Compliance Times for MSW landfills. The proposal would generally apply to landfills that accepted waste after November 8, 1987 and commenced construction or modification on or before July 17, 2014. The proposal would be expected to result in the reduction of landfill gas emissions, including methane, by lowering the thresholds where an MSW landfill must install a gas collection and control system. It is expected that, if implemented, the proposed Subpart Cf would ultimately affect existing sources that may not have been affected by proposed Subpart XXX. State air regulatory programs may impose additional restrictions beyond federal requirements. For example, some state air programs 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 promulgated under the CAA in a manner which could increase our compliance costs. For example, the EPA has recently modified or discussed modifying national ambient air quality standards applicable to particulate matter, carbon monoxide, and oxides of sulfur and nitrogen, and other standards to make them more stringent.

In addition, our customers’ operations may be subject to existing and future CAA permitting and regulatory requirements that could have a material effect on their operations, which could have an adverse effect on our business. For example, on April 17, 2012, the EPA approved new CAA rules requiring additional emissions controls and practices for oil and natural gas production wells, including wells that are the subject of hydraulic fracturing operations. These rules may increase the costs to our customers of developing and producing hydrocarbons, and as a result, may have an indirect and adverse effect on the amount of oilfield waste delivered to our facilities by our customers.

## Climate Change Laws and Regulations

Generally, the promulgation of climate change laws or rules restricting greenhouse gas emissions could increase our costs to operate. For example, the EPA's current and proposed regulation of greenhouse gas, or GHG, emissions may impact our operations. In 2009, the EPA made an endangerment finding allowing GHGs to be regulated under the CAA. The CAA requires stationary sources of air pollution to obtain New Source Review, or NSR, permits prior to construction and, in some cases, Title V operating permits. Pursuant to the EPA's rulemakings and interpretations, certain Title V and NSR Prevention of Significant Deterioration, or PSD, permits issued on or after January 2, 2011, must address GHG emissions. As a result, new or modified emissions sources may be required to install Best Available Control Technology to limit GHG emissions. The EPA's proposed Subpart XXX would also require the reduction of GHG emissions from new or modified landfills, and the EPA published in July 2014 an Advanced Notice of Proposed Rulemaking, or ANPRM, that sought public comment on rules that would reduce GHG emissions from existing landfills. In addition, the EPA's Mandatory Greenhouse Gas Reporting Rule sets monitoring, 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 Solutions Act of 2006, which established the first statewide program in the United States to limit GHG emissions and impose penalties for non-compliance. Because landfill and collection operations emit GHGs, our operations in California are subject to regulations issued under AB 32. The California Air Resources Board, or CARB, has taken, and plans to take, various actions to implement AB 32. CARB approved a landfill methane control measure, which became effective in June 2010, and this measure requires that certain uncontrolled landfills install gas collection and control systems and also sets operating standards for gas collection and control systems. In addition, CARB implemented a GHG cap-and-trade program, which began imposing compliance obligations in January 2013.

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

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

These statutes and regulations increase the costs of our and our customers' operations, and future climate change statutes and regulations may have an impact as well. If we are unable to pass such higher costs through to our customers, or if our customers' costs of developing and producing hydrocarbons increase, our business, financial condition and operating results could be adversely affected.

The Occupational Safety and Health Act of 1970, or the OSH Act

The OSH Act is administered by the Occupational Safety and Health Administration, or OSHA, and many state agencies whose programs have been approved by OSHA. The OSH Act establishes employer responsibilities for worker health and safety, including the obligation to maintain a workplace free of recognized hazards likely to cause death or serious injury, comply with adopted worker protection standards, maintain certain records, provide workers with required disclosures and implement certain health and safety training programs. Various OSHA standards may apply to our operations, including standards concerning notices of hazards, safety in excavation and demolition work, the handling of asbestos and asbestos-containing materials and worker training and emergency response programs. Moreover, the Department of Transportation, OSHA and other agencies regulate and have jurisdiction concerning the transport, movement, and related safety of hazardous and other regulated materials. In some instances, state and local agencies also regulate the safe transport of such materials to the extent not preempted by federal law.

Hydraulic Fracturing Regulation

We do not conduct hydraulic fracturing operations, but we do provide treatment, recovery and disposal services with respect to the fluids used and wastes generated by our customers in such operations, which are often necessary to drill and complete new wells and maintain existing wells. Recently, there has been increased public concern regarding the alleged potential for hydraulic fracturing to adversely affect drinking water supplies, and proposals have been made to enact separate federal legislation or legislation at the state and local government levels that would increase the regulatory burden imposed on hydraulic fracturing. Bills and regulations have been proposed and/or adopted at the federal, state and local levels that would regulate, restrict or prohibit hydraulic fracturing operations or require the reporting and public disclosure of chemicals used in the hydraulic fracturing process. Additionally, the EPA is currently studying the environmental impacts of hydraulic fracturing on drinking water. The EPA released its Draft Assessment outlining its findings in June 2015. In 2014, the EPA proposed or discussed new rules that would regulate hydraulic fracturing and the treatment and disposal of E&P wastes associated with fracturing.

Hydraulic fracturing is regulated extensively at the state level, typically by state oil and natural gas commissions and similar agencies. Certain states and localities have placed moratoria or bans on hydraulic fracturing or the disposal of waste therefrom, or have considered the same. For example, in December 2014, New York announced its intention to ban hydraulic fracturing, and bans or moratoria are in effect in localities in California, Colorado, Ohio, Pennsylvania and Texas, as well as in other states. Several states, including Louisiana, New Mexico, North Dakota, Oklahoma, Texas and Wyoming, where we conduct business, have adopted or proposed laws and/or regulations to require oil and natural gas operators to disclose information concerning their operations, which could result in increased public scrutiny.



As part of its efforts to regulate hydraulic fracturing, the EPA developed a proposed rule to amend the Effluent Limitations Guidelines and Standards, or ELGs, to address discharges of wastewater pollutants from onshore unconventional oil and gas extraction facilities to publicly-owned treatment works, or POTWs. The EPA sent the proposed rule to the White House Office of Management & Budget in November 2014 for pre-publication review and published the proposed rule in April 2015. The EPA is currently conducting a detailed study of centralized waste treatment, or CWT, facilities accepting oil and gas extraction wastewater to ensure that current controls are adequate and to analyze the environmental impacts of discharges from CWTs, available treatment technologies and their costs. In May 2014, the EPA issued an ANPR under the Toxic Substances Control Act, or TSCA, seeking comment on whether and how the EPA should regulate the reporting or disclosure of the use of hydraulic fracturing chemical substances and mixtures. The EPA also released in 2014 guidance concerning the applicability of the SDWA to hydraulic fracturing operations. The impacts of these rules that the EPA is proposing or considering will be uncertain until the rules are finalized.

If the EPA's newly proposed or discussed rules, or other new federal, state or local laws or regulations that significantly restrict hydraulic fracturing, are adopted, such legal requirements could result in delays, eliminate certain drilling and injection activities and make it more difficult or costly for our customers to perform hydraulic fracturing. Any such regulations limiting or prohibiting hydraulic fracturing could reduce oil and natural gas exploration and production activities by our customers and, therefore, adversely affect our business. Such laws or regulations could also materially increase our costs of compliance.

#### Flow Control/Interstate Waste Restrictions

Certain permits and approvals and state and local regulations may limit a landfill's or transfer station's ability to accept waste that originates from specified geographic areas, import out-of-state waste or wastes originating outside the local jurisdictions or otherwise discriminate against non-local waste. These restrictions, generally known as flow control restrictions, are controversial, and some courts have held that some state and local flow control schemes violate constitutional limits on state or local regulation of interstate commerce, while other state and local flow control schemes do not. Certain state and local jurisdictions may seek to enforce flow control restrictions through local legislation or contractually. These actions could limit or prohibit the importation of wastes originating outside of local jurisdictions or direct that wastes be handled at specified facilities. Such actions could adversely affect our transfer stations and landfills. These restrictions could also result in higher disposal costs for our collection operations. If we were unable to pass such higher costs through to our customers, our business, financial condition and operating results could be adversely affected. Additionally, certain local jurisdictions have sought or may seek to impose extraterritorial obligations on our operations in an effort to affect flow control and enforce tax and fee arrangements on behalf of such jurisdictions.

#### Disposal of Drilling Fluids

Certain of our facilities accept drilling fluids and other E&P wastes for disposal via underground injection. While generally regulated at the state level, claims, including some regulatory actions, have been brought against some owners or operators of these types of facilities for nuisance, seismic disturbances, and other claims in relation to the operation of underground injection 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 governing the management, generation, storage, treatment, handling, transportation and disposal of solid waste, oilfield waste, occupational safety and health, water and air pollution and, in most cases, the siting, design, operation, maintenance, corrective action, closure and post-closure maintenance of landfills and transfer stations. State and local permits and approval for these operations may be required and may be subject to periodic renewal, modification or revocation by the issuing agencies. In addition, many states have adopted statutes comparable to, and in some cases more stringent than, their federal counterparts, including CERCLA. State law analogous to CERCLA typically impose requirements for investigation and clean-up of contaminated sites and liability for costs and damages associated with such sites, and some provide for the imposition of liens on property owned by responsible parties.

Many municipalities also have enacted or could enact ordinances, local laws and regulations affecting our operations. These include zoning and health measures that limit solid waste management activities to specified sites or activities, flow control provisions that direct or restrict the delivery of solid wastes to specific facilities, laws that grant the right to establish franchises for collection services and bidding for such franchises, and bans or other restrictions on the movement of solid wastes into a municipality.

Various jurisdictions have enacted “fitness” regulations which allow agencies with authority over waste service contracts or permits to deny or revoke such contracts or permits based on the compliance history of the provider. Some jurisdictions also consider the compliance history of the parent, subsidiaries, or affiliated companies of the provider in making these decisions.

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

There has been an increasing trend at the state and local level to mandate and encourage waste reduction at the source and waste recycling, and to prohibit or restrict the disposal in landfills of certain types of solid wastes, such as food waste, yard waste, leaves, tires, computers and other electronic equipment waste, and painted wood and other construction and demolition debris. The enactment of regulations reducing the volume and types of wastes available for transport to and disposal in landfills could prevent us from operating our facilities at their full capacity.

Some state and local authorities enforce certain federal requirements in addition to state and local laws and regulations. For example, in some states, local or state authorities enforce requirements of RCRA, the OSH Act and parts of the CAA and the Clean Water Act instead of the EPA or OSHA, as applicable, and in some states such laws are enforced jointly by state or local and federal authorities.

E&P waste treatment, recovery and disposal operations are also regulated at the state level. For example, in Louisiana, the Louisiana Department of Natural Resources, or LDNR is responsible for regulating and permitting all oil and natural gas activities in the state, including E&P waste treatment and disposal operations, such as injection wells, land treatment and disposal facilities and transfer stations. As an example of the impact state regulations can have, in November 2009, the LDNR amended its regulations allowing operators to reuse certain E&P waste in hydraulic fracturing operations one time before the operators must dispose of the waste, and on June 20, 2010, the LDNR amended its regulations to allow operators to reuse E&P waste from hydraulic fracturing as many times as reasonably feasible. This regulatory action allows operators to, in some cases, forego sending their E&P waste to commercial disposal facilities such as ours, directly impacting our operations in Louisiana. State environmental laws and regulations require that we obtain permits and authorizations prior to the development and operation of E&P waste treatment and storage facilities and in connection with the disposal and transportation of certain types of waste. The applicable regulatory agencies strictly monitor production and disposal practices at all of our facilities. As part of our permitting process, we participate in annual monitoring, internal testing and third-party testing. A breach of such laws or regulations may result in suspension or revocation of necessary permits and authorizations, civil liability and imposition of fines and penalties. Moreover, if we experience a delay in obtaining, are unable to obtain, or suffer the revocation of required permits, we may be unable to serve our customers, our operations may be interrupted, and our growth and revenue may be limited.

#### Public Utility Regulation

In some states, public authorities regulate the rates that landfill operators may charge. The adoption of rate regulation or the reduction of current rates in states in which we own or operate landfills could adversely affect our business, financial condition and operating results.

Solid waste collection services in all unincorporated areas of Washington and in electing municipalities in Washington are provided under G Certificates awarded by the WUTC. In association with the regulation of solid waste collection

service levels in these areas, the WUTC also reviews and approves rates for regulated solid waste collection and transportation service.

## RISK MANAGEMENT, INSURANCE AND FINANCIAL SURETY BONDS

### Risk Management

We maintain environmental and other risk management programs that we believe are appropriate for our business. Our environmental risk management program includes evaluating existing facilities and potential acquisitions for environmental law compliance. We do not presently expect environmental compliance costs to increase materially above current levels, but we cannot predict whether future acquisitions will cause such costs to increase. We also maintain a worker safety program that encourages safe practices in the workplace. Operating practices at our operations emphasize minimizing the possibility of environmental contamination and litigation. Our facilities comply in all material respects with applicable federal and state regulations.

### Insurance

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

We carry environmental protection insurance which has a \$250,000 per incident deductible. This insurance policy covers all owned or operated landfills, certain transfer stations and other facilities, subject to the policy terms and conditions. Our policy provides insurance for new pollution conditions that originate after the commencement of our coverage. Pollution conditions existing prior to the commencement of our coverage, if found, could be excluded from coverage.

#### Financial Surety Bonds

We use financial surety bonds for a variety of corporate guarantees. The financial surety bonds are primarily used for guaranteeing municipal contract performance and providing financial assurances to meet asset closure and retirement requirements under certain environmental regulations. In addition to surety bonds, such guarantees and obligations may also be met through alternative financial assurance instruments, including insurance, letters of credit and restricted asset deposits. At December 31, 2015 and 2014, we had provided customers and various regulatory authorities with surety bonds in the aggregate amount of approximately \$353.8 million and \$342.6 million, respectively, to secure our asset closure and retirement requirements and \$121.7 million and \$94.4 million, respectively, to secure performance under collection contracts and landfill operating agreements.

We own a 9.9% interest in a company that, among other activities, issues financial surety bonds to secure landfill final capping, closure and post-closure obligations for companies operating in the solid waste sector, including a portion of our own.

#### EMPLOYEES

At December 31, 2015, we had 7,227 employees, of which 797, or approximately 11.0% of our workforce, were employed under collective bargaining agreements, primarily with the Teamsters Union. These collective bargaining agreements are renegotiated periodically. We have 11 collective bargaining agreements covering 358 employees that have expired or are set to expire during 2016. We do not expect any significant disruption in our overall business in 2016 as a result of labor negotiations, employee strikes or organizational efforts.

#### SEASONALITY

We expect our operating results to vary seasonally, with revenues typically lowest in the first quarter, higher in the second and third quarters and lower in the fourth quarter than in the second and third quarters. This seasonality

reflects (a) the lower volume of solid waste generated during the late fall, winter and early spring because of decreased construction and demolition activities during winter months in the U.S., and (b) reduced E&P activity during harsh weather conditions, with expected fluctuation due to such seasonality between our highest and lowest quarters of approximately 12% to 15%. In addition, some of our operating costs may be higher in the winter months. Adverse winter weather conditions slow waste collection activities, resulting in higher labor and operational costs. Greater precipitation in the winter increases the weight of collected municipal solid waste, resulting in higher disposal costs, which are calculated on a per ton basis.

# EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information concerning our executive officers as of February 9, 2016:

NAME	AGE	POSITIONS
Ronald J. Mittelstaedt <sup>(1)</sup>	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 Directors.

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

Steven F. Bouck has served as President of Waste Connections since September 1, 2004. From February 1998 to that date, Mr. Bouck served as Executive Vice President and Chief Financial Officer. Mr. Bouck held various positions with First Analysis Corporation from 1986 to 1998, focusing on financial services to the environmental industry. Mr. Bouck holds B.S. and M.S. degrees in Mechanical Engineering from Rensselaer Polytechnic Institute, and an M.B.A. in Finance from the Wharton School of Business.

Darrell W. Chambliss has served as Executive Vice President and Chief Operating Officer of Waste Connections since October 2003. From October 1, 1997, to that date, Mr. Chambliss served as Executive Vice President – Operations. Mr. Chambliss has more than 25 years of experience in the solid waste industry. Mr. Chambliss holds a B.S. degree in Business Administration from the University of Arkansas.

Worthing F. Jackman has served as Executive Vice President and Chief Financial Officer of Waste Connections since September 1, 2004. From April 2003 to that date, Mr. Jackman served as Vice President – Finance and Investor Relations. Mr. Jackman held various investment banking positions with Alex. Brown & Sons, now Deutsche Bank Securities, Inc., from 1991 through 2003, including most recently as a Managing Director within the Global Industrial & Environmental Services Group. In that capacity, he provided capital markets and strategic advisory services to companies in a variety of sectors, including solid waste services. Mr. Jackman serves as a director of Quanta Services, Inc. He holds a B.S. degree in Finance from Syracuse University and an M.B.A. from the Harvard Business School.

David G. Eddie has served as Senior Vice President and Chief Accounting Officer of Waste Connections since January 2011. From February 2010 to that date, Mr. Eddie served as Vice President – Chief Accounting Officer. From March 2004 to February 2010, Mr. Eddie served as Vice President – Corporate Controller. From April 2003 to February 2004, Mr. Eddie served as Vice President – Public Reporting and Compliance. From May 2001 to March 2003, Mr. Eddie served as Director of Finance. Mr. Eddie served as Corporate Controller for International Fibercom, Inc. from April 2000 to May 2001. From September 1999 to April 2000, Mr. Eddie served as Waste Connections' Manager of Financial Reporting. From September 1994 to September 1999, Mr. Eddie held various positions, including Audit Manager, for PricewaterhouseCoopers LLP. Mr. Eddie is a Certified Public Accountant and holds a B.S. degree in Accounting from California State University, Sacramento.



David M. Hall has served as Senior Vice President – Sales and Marketing of Waste Connections since October 2005. From August 1998 to that date, Mr. Hall served as Vice President – Business Development. Mr. Hall has more than 30 years of experience in the solid waste industry with extensive operating and marketing experience in the Western U.S. Mr. Hall received a B.S. degree in Management and Marketing from Missouri State University.

James M. Little has served as Senior Vice President – Engineering and Disposal of Waste Connections since February 2009. From September 1999 to that date, Mr. Little served as Vice President – Engineering. Mr. Little held various management positions with Waste Management, Inc. (formerly USA Waste Services, Inc., which acquired Waste Management, Inc. and Chambers Development Co. Inc.) from April 1990 to September 1999, including Regional Environmental Manager and Regional Landfill Manager, and most recently Division Manager in Ohio, where he was responsible for the operations of ten operating companies in the Northern Ohio area. Mr. Little is a certified professional geologist and holds a B.S. degree in Geology from Slippery Rock University.

Patrick J. Shea has served as Senior Vice President, General Counsel and Secretary of Waste Connections since August 2014. From February 2009 to that date, Mr. Shea served as Vice President, General Counsel and Secretary. From February 2008 to February 2009, Mr. Shea served as General Counsel and Secretary. He served as Corporate Counsel from February 2004 to February 2008. Mr. Shea practiced corporate and securities law with Brobeck, Phleger & Harrison LLP in San Francisco from 1999 to 2003 and Winthrop, Stimson, Putnam & Roberts (now Pillsbury Winthrop Shaw Pittman LLP) in New York and London from 1995 to 1999. Mr. Shea holds a B.S. degree in Managerial Economics from the University of California at Davis and a J.D. degree from Cornell University.

Matthew S. Black has served as Vice President and Chief Tax Officer of Waste Connections since March 2012. From December 2006 to that date, Mr. Black served as Executive Director of Taxes. Mr. Black served as Tax Director for The McClatchy Company from April 2001 to November 2006, and served as Tax Manager from December 2000 to March 2001. From January 1994 to November 2000, Mr. Black held various positions, including Tax Manager, for PricewaterhouseCoopers LLP. Mr. Black is a Certified Public Accountant and holds a B.S. degree in Accounting and M.S. degree in Taxation from California State University, Sacramento.

Robert M. Cloninger has served as Vice President, Deputy General Counsel and Assistant Secretary of Waste Connections since August 2014. From February 2013 to that date, Mr. Cloninger served as Deputy General Counsel. He served as Corporate Counsel from February 2008 to February 2013. Mr. Cloninger practiced corporate, securities and mergers and acquisitions law with Schiff Hardin LLP in Chicago from 1999 to 2004 and Downey Brand LLP in Sacramento from 2004 to 2008. Mr. Cloninger holds a B.A. degree in History from Northwestern University and a J.D. degree from the University of California at Davis.

Eric O. Hansen has served as Vice President – Chief Information Officer of Waste Connections since July 2004. From January 2001 to that date, Mr. Hansen served as Vice President – Information Technology. From April 1998 to

December 2000, Mr. Hansen served as Director of Management Information Systems. Mr. Hansen holds a B.S. degree from Portland State University.

Susan R. Netherton has served as Vice President – People, Training and Development since July 2013. From February 2007 to that date, Ms. Netherton served as Director of Human Resources and Employment Manager. From 1994 to 2007, Ms. Netherton held various human resources positions at Carpenter Technology Corporation, a publicly traded specialty metals and materials company. Ms. Netherton holds a B. S. in Elementary Education from Kutztown University and an M.B.A. from St. Mary's College of California.

Scott I. Schreiber has served as Vice President – Disposal Operations of Waste Connections since February 2009. From October 1998 to that date, Mr. Schreiber served as Director of Landfill Operations. Mr. Schreiber has more than 35 years of experience in the solid waste industry. From September 1993 to September 1998, Mr. Schreiber served as corporate Director of Landfill Development and corporate Director of Environmental Compliance for Allied Waste Industries, Inc. From August 1988 to September 1993, Mr. Schreiber served as Regional Engineer (Continental Region) and corporate Director of Landfill Development for Laidlaw Waste Systems Inc. From June 1979 to August 1988, Mr. Schreiber held several managerial and technical positions in the solid waste and environmental industry. Mr. Schreiber holds a B.S. degree in Chemistry from the University of Wisconsin at Parkside.

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

Mary Anne Whitney has served as Vice President - Finance of Waste Connections since March 2012. From November 2006 to that date, Ms. Whitney served as Director of Finance. Ms. Whitney held various finance positions for Wheelabrator Technologies from 1990 to 2001. Ms. Whitney holds a B.A. degree in Economics from Georgetown University and an M.B.A. in Finance from New York University Stern School of Business.

Richard K. Wojahn has served as Vice President – Business Development of Waste Connections since February 2009. From September 2005 to that date, Mr. Wojahn served as Director of Business Development. Mr. Wojahn served as Vice President of Operations for Mountain Jack Environmental Services, Inc. (which was acquired by Waste Connections in September 2005) from January 2004 to September 2005. Mr. Wojahn has more than 34 years of experience in the solid waste industry having held various management positions with Waste Management, Inc. and Allied Waste Industries, Inc. Mr. Wojahn attended Western Illinois University.

#### AVAILABLE INFORMATION

Our corporate website address is <http://www.wasteconnections.com>. The information on our website is not incorporated by reference in this annual report on Form 10-K. We make our reports on Forms 10-K, 10-Q and 8-K and any amendments to such reports available on our website free of charge as soon as reasonably practicable after we file them with or furnish them to the Securities and Exchange Commission, or SEC. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC, 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

## ITEM 1A. RISK FACTORS

Certain statements contained in this Annual Report on Form 10-K are forward-looking in nature, including statements related to the impact of global economic conditions, including the price of crude oil, on our volume, business and results of operations; our ability to generate internal growth or expand permitted capacity at landfills we own or operate; our ability to grow through acquisitions and our expectations with respect to the impact of acquisitions on our expected revenues and expenses following the integration of such businesses; the competitiveness of our industry and how such competition may affect our operating results; our ability to provide adequate cash to fund our operating activities; our ability to draw on our credit agreement or raise additional capital; our ability to generate free cash flow and reduce our leverage; the effects of landfill special waste projects on volume results; the impact that price increases may have on our business and operating results; demand for recyclable commodities and recyclable commodity pricing; the effects of seasonality on our business and results of operations; our ability to obtain additional exclusive arrangements; increasing alternatives to landfill disposal; increases in labor and pension plan costs or the impact that labor union activity may have on our operating results; our expectations with respect to the purchase of fuel and fuel prices; our expectations with respect to capital expenditures; our expectations with respect to the outcomes of our legal proceedings; the impairment of our goodwill; insurance costs; disruptions to or breaches of our information systems; environmental, health and safety laws and regulations, including changes to the regulation of landfills, solid waste disposal, E&P waste disposal, or hydraulic fracturing; and the Merger Agreement, including the ability of the parties to consummate the proposed Merger. These statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” or “anticipates,” or the negative thereof or comparable terminology, or by discussions of strategy. Our business and operations are subject to a variety of risks and uncertainties and, consequently, actual results may differ materially from those projected by any forward-looking statements. Factors that could cause actual results to differ from those projected include, but are not limited to, those listed below and elsewhere in this report. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances that may change.

Negative trends or volatility in crude oil prices may adversely affect the level of exploration, development and production 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 sustained weakness is expected to affect the profitability and creditworthiness of many E&P companies and therefore may affect their level of investment and the amount of linear feet drilled in the basins where we operate. Lower crude oil prices and the volatility of such prices may impact the ability of E&P companies to access capital on economically advantageous terms or at all; in addition, E&P companies may elect to decrease investment in basins where the returns on investment are inadequate or uncertain due to lower crude oil prices or volatility in crude oil prices. Such reductions in capital spending would negatively impact E&P waste generation and therefore the demand for our services. Further, we cannot provide assurances that higher crude oil prices will result in increased capital 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 the economy of the regions in which we operate as well as other factors affecting those regions, including the price of crude oil. In an economic slowdown, we experience the negative effects of decreased waste generation, increased competitive pricing pressure, customer turnover, and reductions in customer service requirements. Two lines of business that could see a more immediate impact would be construction and demolition and E&P waste disposal. In addition, a weaker economy may result in declines in recycled commodity prices. Worsening economic conditions or a prolonged or recurring economic recession could adversely affect our operating results and expected seasonal fluctuations. Further, we cannot assure you that any improvement in economic conditions after such a downturn will result in an immediate, if at all positive, improvement in our operating results or cash flows.

Our financial and operating performance may be affected by the inability to renew landfill operating permits, obtain new landfills and expand existing ones.

We currently own and/or operate 62 landfills. Our ability to meet our financial and operating objectives may depend in part on our ability to acquire, lease, or renew landfill operating permits, expand existing landfills and develop new landfill sites, especially in our E&P waste business. It has become increasingly difficult and expensive to obtain required permits and approvals to build, operate and expand solid waste management facilities, including landfills and transfer stations. Although the process generally takes less time, the process of obtaining permits and approvals for E&P landfills has similar uncertainties. Operating permits for landfills in states where we operate must generally be renewed every five to ten years, although some permits are required to be renewed more frequently. These operating permits often must be renewed several times during the permitted life of a landfill. The permit and approval process is often time consuming, requires numerous hearings and compliance with zoning, environmental and other requirements, is frequently challenged by special interest and other groups, and may result in the denial of a permit or renewal, the award of a permit or renewal for a shorter duration than we believed was otherwise required by law, or burdensome terms and conditions being imposed on our operations. We may not be able to obtain new landfill sites or expand the permitted capacity of our landfills when necessary and may be required to expense up to the carrying value of the landfill or expansion project, less the recoverable value of the property and other amounts recovered. Obtaining new landfill sites is important to our expansion into new, non-exclusive solid waste markets and in our E&P waste business. If we do not believe that we can obtain a landfill site in a non-exclusive market, we may choose not to enter that market. Expanding existing landfill sites is important in those markets where the remaining lives of our landfills are relatively short. We may choose to forego acquisitions and internal growth in these markets because increased volumes would further shorten the lives of these landfills. Any of these circumstances could adversely affect our operating results.

A portion of our growth and future financial performance depends on our ability to integrate acquired businesses, and the success of our acquisitions.

A component of our growth strategy involves achieving economies of scale and operating efficiencies by growing through acquisitions. We may not achieve these goals unless we effectively combine the operations of acquired businesses with our existing operations. Similar risks may affect contracts that we are awarded to operate municipally-owned assets, such as landfills. In addition, we are not always able to control the timing of our acquisitions. Our inability to complete acquisitions within the time frames that we expect may cause our operating results to be less favorable than expected, which could cause our stock price to decline.

Even if we are able to make acquisitions on advantageous terms and are able to integrate them successfully into our operations and organization, some acquisitions may not fulfill our anticipated financial or strategic objectives in a given market due to factors that we cannot control, such as market conditions, including the price of crude oil, market position, competition, customer base, loss of key employees, third-party legal challenges or governmental actions. In addition, we may change our strategy with respect to a market or acquired businesses and decide to sell such operations at a loss, or keep those operations and recognize an impairment of goodwill and/or intangible assets. Similar risks may affect contracts that we are awarded to operate municipally-owned assets, such as landfills.

Each business that we acquire or have acquired may have liabilities or risks that we fail or are unable to discover, or that become 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 future, have liabilities or risks in respect of former or existing operations or properties, or otherwise, which we have not been able to identify and assess through our due diligence investigations. As a successor owner, we may be legally responsible for those liabilities that arise from businesses that we acquire. Even if we obtain legally enforceable representations, warranties and indemnities from the sellers of such businesses, they may not cover the liabilities fully or the sellers may not have sufficient funds to perform their obligations. Some environmental liabilities, even if we do not expressly assume them, may be imposed on us under various regulatory schemes and other applicable laws. In addition, our insurance program may not cover such sites and will not cover liabilities associated with some environmental issues that may have existed prior to attachment of coverage. A successful uninsured claim against us could harm our financial condition or operating results. Additionally, there may be other risks of which we are unaware that could have an adverse effect on businesses that we acquire or have acquired. For example, interested parties may bring actions against us in connection with operations that we acquire or have acquired. Furthermore, risks or liabilities we judge to be not material or remote at the time of acquisition may develop into more serious risks to our business. Any adverse outcome resulting from such risks or liabilities could harm our operations and financial results and create negative publicity, which could damage our reputation, competitive position and stock price. For example, see the discussion regarding the Lower Duwamish Waterway Superfund Site Allocation Process under the “Legal Proceedings” section of Note 10 of our consolidated financial statements included in Item 8 of this report.

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

We seek to grow through strategic acquisitions in addition to internal growth. Although we have and expect to continue to identify numerous acquisition candidates that we believe may be suitable, we may not be able to acquire them at prices or on terms and conditions favorable to us.

Other companies have adopted or may in the future adopt our strategy of acquiring and consolidating regional and local businesses. We expect that increased consolidation in the solid waste services industry will continue to reduce the number of attractive acquisition candidates. Moreover, general economic conditions and the environment for attractive investments may affect the desire of the owners of acquisition candidates to sell their companies. As a result, we may have fewer acquisition opportunities, and those opportunities may be on less attractive terms than in the past, which could cause a reduction in our rate of growth from acquisitions.

Our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so. While we expect we will be able to fund some of our acquisitions with our existing resources, additional financing to pursue additional acquisitions may be required. However, particularly if market conditions deteriorate, we may be unable to secure additional financing or any such additional financing may be available to us on unfavorable terms, which could have an impact on our flexibility to pursue additional acquisition opportunities. In addition, disruptions in the capital and credit markets could adversely affect our ability to draw on our credit agreement or raise other capital. Our access to funds under the credit agreement is dependent on the ability of the banks that are parties to the facility to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time.

Our industry is highly competitive and includes larger and better capitalized companies, companies with lower prices, return expectations or other advantages, and governmental service providers, which could adversely affect our ability to compete and our operating results.

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

In our solid waste business, we also compete with counties, municipalities and solid waste districts that maintain or could in the future choose to maintain their own waste collection and disposal operations, including through the implementation of flow control ordinances or similar legislation. These operators may have financial advantages over us because of their access to user fees and similar charges, tax revenues and tax-exempt financing.

In our E&P waste business, we compete for disposal volumes with existing facilities owned by third parties, and we face potential competition from new facilities that are currently under development. Increased competition in certain



markets may result in lower pricing and decreased volumes at our facilities. In addition, customers in certain markets may decide to use 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, and we may incur additional debt in the future. This amount of indebtedness could:

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

Further, our outstanding indebtedness is subject to financial and other covenants, which may be affected by changes in economic or business conditions or other events that are beyond our control. If we fail to comply with the covenants under any of our indebtedness, we may be in default under the loan, which may entitle the lenders to accelerate the debt obligations. A default under one of our loans could result in cross-defaults under our other indebtedness. In order to avoid defaulting on our indebtedness, we may be required to take actions such as reducing or delaying capital expenditures, reducing or eliminating dividends or stock repurchases, selling assets, restructuring or refinancing all or part of our existing debt, or seeking additional equity capital, any of which may not be available on terms that are favorable to us, if at all.

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

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

Fluctuations in prices for recycled commodities that we sell and rebates we offer to customers may cause our revenues and operating results to decline.

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

The seasonal nature of our business and “event-driven” waste projects cause our results to fluctuate.

Based on historic trends, we expect our operating results to vary seasonally, with revenues typically lowest in the first quarter, higher in the second and third quarters, and lower in the fourth quarter than in the second and third quarters. We expect the fluctuation in our revenues between our highest and lowest quarters to be approximately 12% to 15%. This seasonality reflects the lower volume of solid waste generated during the late fall, winter and early spring because of decreased construction and demolition activities during the winter months in the U.S., and reduced E&P activity during harsh weather conditions. Conversely, mild winter weather conditions may reduce demand for oil and natural gas, which may cause our customers to curtail their drilling programs, which could result in production of lower volumes of E&P waste.

Adverse winter weather conditions slow waste collection activities, resulting in higher labor and operational costs. Greater precipitation in the winter increases the weight of collected waste, resulting in higher disposal costs, which are calculated on a per ton basis. Certain weather conditions, including severe storms, may result in temporary suspension of our operations, which can significantly impact the operating results of the affected areas. Conversely, weather-related occurrences and other “event-driven” waste projects can boost revenues through heavier weight loads or

additional work for a limited time period. These factors impact period-to-period comparisons of financial results, and our stock price may be negatively affected by these 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 arrangements, including franchise agreements, municipal contracts and G Certificates. Many franchise agreements and municipal contracts are for a specified term and are, or will be, subject to competitive bidding in the future. For example, we have approximately 265 contracts, representing approximately 2.5% of our annual revenues, which are set for expiration or automatic renewal on or before December 31, 2016. Although we intend to bid on additional municipal contracts and franchise agreements, we may not be the successful bidder. In addition, some of our customers, including municipalities, may terminate their contracts with us before the end of the terms of those contracts. Similar risks may affect contracts that we are awarded to operate municipally-owned assets, such as landfills. For example, see the discussion regarding the Madera County, California Materials Recovery Facility Contract Litigation under the “Legal Proceedings” section of Note 10 of our consolidated financial statements included in Item 8 of this report.

Governmental action may also affect our exclusive arrangements. Municipalities may annex unincorporated areas within counties where we provide collection services. As a result, our customers in annexed areas may be required to obtain services from competitors that have been franchised by the annexing municipalities to provide those services. In addition, municipalities in which we provide services on a competitive basis may elect to franchise those services. Unless we are awarded franchises by these municipalities, we will lose customers. Municipalities may also decide to provide services to their residents themselves, on an optional or mandatory basis, causing us to lose customers. Municipalities in Washington may, by law, annex any unincorporated territory, which could remove such territory from an area covered by a G Certificate issued to us by the WUTC. Such occurrences could subject more of our Washington operations to competitive bidding. Moreover, legislative action could amend or repeal the laws governing WUTC regulation, which could harm our competitive position by subjecting more areas to competitive bidding and/or overlapping service. If we are not able to replace revenues from contracts lost through competitive bidding or early termination or from the renegotiation of existing contracts with other revenues within a reasonable time period, our revenues could decline.

Alternatives to landfill disposal may cause our revenues and operating results to decline.

Counties and municipalities in which we operate landfills may be required to formulate and implement comprehensive plans to reduce the volume of municipal solid waste deposited in landfills through waste planning, composting, recycling or other programs. Some state and local governments prohibit the disposal of certain types of wastes, such as yard waste, at landfills. Although such actions are useful to protect our environment, these actions, as well as the actions of our customers to reduce waste or seek disposal alternatives, have reduced and may in the future further reduce the volume of waste going to landfills in certain areas, which may affect our ability to operate our landfills at full capacity and could adversely affect our operating results.

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 materially affect our cost structure. We compete with other businesses in our markets for qualified employees and the labor supply is sometimes tight in our markets. In our E&P waste business, for example, we are exposed to the cyclical variations in demand that are particular to the development and production of oil and natural gas in the U.S. A shortage of qualified employees would require us to incur additional costs related to wages and benefits, to hire more expensive temporary employees or to contract for services with more expensive third-party vendors.

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

The market price of diesel fuel is volatile. We generally purchase diesel fuel at market prices, and such prices have fluctuated significantly in recent years. A significant increase in market prices for fuel could adversely affect our waste collection business through a combination of higher fuel and disposal-related transportation costs and reduce our operating margins and reported earnings. To manage a portion of this risk, we have entered into fuel hedge agreements related to forecasted diesel fuel purchases and fixed-price fuel purchase contracts. During periods of falling diesel fuel prices, our hedge payable positions may increase and it may become more expensive to purchase fuel under fixed-price fuel purchase contracts than at market prices.

We utilize compressed natural gas, or CNG, in a small percentage of our fleet and may convert more of our fleet from diesel fuel to CNG over time. The market price of CNG is also volatile; a significant increase in such cost could adversely affect our 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 employees are represented by unions, and we have negotiated collective bargaining agreements with most of these unions. Additional groups of employees may seek union representation in the future. As a result of these activities, we may be subjected to unfair labor practice charges, complaints and other legal and administrative proceedings initiated against us by unions or the National Labor Relations Board, which could negatively impact our operating results. Negotiating collective bargaining agreements with these unions could divert management attention, which could also adversely affect operating results. If we are unable to negotiate acceptable collective bargaining agreements, we might have to wait through “cooling off” periods, which are often followed by union-initiated work stoppages, including strikes. Depending on the type and duration of any labor disruptions, our operating expenses could increase significantly, which could adversely affect our financial condition, results of operations and cash flows.

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

We participate in two “multiemployer” pension plans administered by employee and union trustees. We make periodic contributions to these plans to fund pension benefits for our union employees pursuant to our various contractual obligations to do so. In the event that we withdraw from participation in or otherwise cease our contributions to one of these plans, then applicable law regarding withdrawal liability could require us to make additional contributions to the plan if the accrued benefits are not fully funded, and we would have to reflect that “withdrawal liability” as an expense in our consolidated statement of operations and as a liability on our consolidated balance sheet. Our withdrawal liability for any multiemployer plan would depend on the extent to which accrued benefits are funded. In the ordinary course of our renegotiation of collective bargaining agreements with labor unions that participate in these plans, we may decide to discontinue participation in a multiemployer plan, and in that event, we could face withdrawal liability. Some multiemployer plans in which we participate may from time to time have significant accrued benefits that are not funded. The size of our potential withdrawal liability may be affected by the level of unfunded accrued benefits, the actuarial assumptions used by the plan and the investment gains and losses experienced by the plan.

Pending or future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements.

We are, and from time to time become, involved in lawsuits, regulatory inquiries, and governmental and other legal proceedings arising out of the ordinary course of our business. Many of these matters raise complicated factual and legal issues and are subject to uncertainties and complexities, all of which makes the matters costly to address. For example, in recent years, wage and hour and employment laws have changed regularly and become increasingly complex, which has fostered litigation, including purported class actions. Similarly, citizen suits brought pursuant to environmental laws, such as those regulating the treatment of storm water runoff, have proliferated. The timing of the final resolutions to lawsuits, regulatory inquiries, and governmental and other legal proceedings is uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting our consolidated financial condition, results of operations and cash flows. See discussion under the “Legal Proceedings” section of Note 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 proceedings that could interrupt or limit our operations, require expensive remediation, result in adverse judgments, settlements or fines and create negative publicity.

Governmental agencies may, among other things, impose fines or penalties on us relating to the conduct of our business, attempt to revoke or deny renewal of our operating permits, franchises or licenses for violations or alleged violations of environmental laws or regulations or as a result of third-party challenges, require us to install additional pollution control equipment or require us to remediate potential environmental problems relating to any real property that we or our predecessors ever owned, leased or operated or any waste that we or our predecessors ever collected, transported, disposed of or stored. Individuals, citizens groups, trade associations or environmental activists may also bring actions against us in connection with our operations that could interrupt or limit the scope of our business. Any adverse outcome in such proceedings could harm our operations and financial results and create negative publicity, which could damage our reputation, competitive position and stock price.

Our financial results could be adversely affected by impairments of goodwill, indefinite-lived intangibles or property and equipment.

As a result of our acquisition strategy, we have a material amount of goodwill, indefinite-lived intangibles and property and equipment recorded in our financial statements. We do not amortize our existing goodwill or indefinite-lived intangibles and are required to test goodwill and indefinite-lived intangibles for impairment annually in the fourth quarter of the year and whenever events or changes in circumstances indicate that the carrying value of goodwill and/or indefinite-lived intangible assets may not be recoverable using the two-step process prescribed in the

accounting guidance. The first step is a screen for potential impairment, using either a qualitative or quantitative assessment, while the second step measures the amount of the impairment, if any. We perform the first step of the required impairment tests of goodwill and indefinite-lived intangible assets using a quantitative assessment. The recoverability of property and equipment is tested for impairment whenever events or changes in 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 expectations of a likely slow recovery in oil prices, reduced the expected future period cash flows of our E&P segment, causing the fair value of the E&P segment to decrease below its carrying value. During the year ended December 31, 2015, we recorded impairment charges of \$411.8 million associated with goodwill, \$38.4 million associated with indefinite-lived intangible assets and \$67.6 million associated with property and equipment in our E&P segment. Following the impairment charge, at December 31, 2015, our E&P segment has remaining balances of \$77.3 million in goodwill, \$21.5 million in indefinite-lived intangible assets and \$929.8 million in property and equipment. Continued declines in oil prices, and/or a slower recovery in oil prices relative to market expectations could result in additional impairment charges associated with goodwill, indefinite-lived intangible assets and/or property and equipment in our E&P segment, which could adversely affect our financial condition and results of operations.

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

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

We rely on computer systems to run our business and disruptions or privacy breaches in these systems could impact our ability to service our customers and adversely affect our financial results, damage our reputation, and expose us to litigation risk.

Our businesses rely on computer systems to provide customer information, process customer transactions and provide other general information necessary to manage our businesses. We also rely on a payment card industry compliant third party to protect our customers' credit card information. We have an active disaster recovery plan in place that we review and test. However, our computer systems are subject to damage or interruption due to system conversions, power outages, computer or telecommunication failures, catastrophic events such as fires, tornadoes and hurricanes and usage errors by our employees. Given the unpredictability of the timing, nature and scope of such disruptions, we could potentially be subject to operational delays and interruptions in our ability to provide services to our customers. Any disruption caused by the unavailability of our computer systems could adversely affect our revenues or could require significant investment to fix or replace them, and, therefore, could affect our operating results.

In addition, cyber-security attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. If the network of security controls, policy enforcement mechanisms or monitoring systems we use to address these threats to technology fail, the compromising of confidential or otherwise protected company, customer or employee information, destruction or corruption of data, security breaches or other manipulation or improper use of our systems and



networks could result in financial losses from remedial actions, loss of business or potential liability and damage to our reputation.

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

Existing environmental laws and regulations have become more stringently enforced in recent years. In addition, our industry is subject to regular enactment of new or amended federal, state and local environmental and health and safety statutes, regulations and ballot initiatives, as well as judicial decisions interpreting these requirements, which have become more stringent over time. Citizen suits brought pursuant to environmental laws have proliferated. We expect these trends to continue, which could lead to material increases in our costs for future environmental, health and safety compliance. These requirements also impose substantial capital and operating costs and operational limitations on us and may adversely affect our business. In addition, federal, state and local governments may change the rights they grant to, the restrictions they impose on, or the laws and regulations they enforce against, solid waste and E&P waste services companies. These changes could adversely affect our operations in various ways, including without limitation, by restricting the way in which we manage storm water runoff, comply with health and safety laws, treat and dispose of E&P or other waste or our ability to operate and expand our business.

Governmental authorities and various interest groups have promoted laws and regulations that could or will limit GHG emissions due to concerns that GHGs are contributing to climate change. The State of California has already adopted a climate change law, and other states in which we operate are considering similar actions. In addition, the EPA made an endangerment finding in 2009 allowing certain GHGs to be regulated under the CAA. This finding allows the EPA to create regulations that will impact our operations – including imposing emission reporting, permitting, control technology installation, and monitoring requirements, although the materiality of the impacts will not be known until all applicable regulations are promulgated and finalized. Regulation of GHG emissions from oil and natural gas E&P operations may also increase the costs to our customers of developing and producing hydrocarbons, and as a result, may have an indirect and adverse effect on the amount of oilfield waste delivered to our facilities by our customers. These statutes and regulations increase the costs of our operations, and future climate 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&P waste. In particular, RCRA, which governs the disposal of solid and hazardous waste, currently exempts certain E&P wastes from classification as hazardous wastes. In recent years, proposals have been made to rescind this exemption from RCRA. If the exemption covering E&P wastes is repealed or modified, or if the regulations interpreting the rules regarding the treatment or disposal of this type of waste were changed, our operations could face significantly more stringent regulations, permitting requirements, and other restrictions, which could have a material adverse effect on our business.



Our E&P waste business depends on the willingness of E&P companies to outsource their waste services activities.

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

Changes in laws or government regulations regarding hydraulic fracturing could increase our customers' costs of doing business and reduce oil and gas production by our customers, which could adversely impact our business.

We do not conduct hydraulic fracturing operations, but we do provide treatment, recovery and disposal services with respect to the fluids used and wastes generated by our customers in such operations, which are often necessary to drill and complete new wells and maintain existing wells. Recently, there has been increased public concern regarding the alleged potential for hydraulic fracturing to adversely affect drinking water supplies, and proposals have been made to enact separate federal, state and local legislation that would increase the regulatory burden imposed on hydraulic fracturing. Bills and regulations have been proposed and/or adopted at the federal, state, and local levels that would regulate, restrict, or prohibit hydraulic fracturing operations or require the reporting and public disclosure of chemicals used in the hydraulic fracturing process. Additionally, the EPA is currently studying the environmental impacts of hydraulic fracturing, including the impacts resulting from the treatment and disposal of E&P wastes associated with the hydraulic fracturing process, which could result in increased regulation of hydraulic fracturing and new rules regarding the treatment and disposal of E&P wastes associated with fracturing.

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

Future changes in laws regulating the flow of solid waste in interstate commerce could adversely affect our operating results.

Various state and local governments have enacted, or are considering enacting, laws and regulations that restrict the disposal within the jurisdiction of solid waste generated outside the jurisdiction. In addition, some state and local governments have promulgated, or are considering promulgating, laws and regulations which govern the flow of waste generated within their respective jurisdictions. These “flow control” laws and regulations typically require that waste generated within the jurisdiction be directed to specified facilities for disposal or processing, which could limit or prohibit the disposal or processing of waste in our transfer stations and landfills. Such flow control laws and regulations could also require us to deliver waste collected by us within a particular jurisdiction to facilities not owned or controlled by us, which could increase our costs and reduce our revenues. In addition, such laws and regulations could require us to obtain additional costly licenses or authorizations to be deemed an authorized hauler or disposal facility. All such waste disposal laws and regulations are subject to judicial interpretation and review. Court decisions, legislation, and state and local regulation in the waste disposal area could adversely affect our operations.

Extensive regulations that govern the design, operation, expansion and closure of landfills may restrict our landfill operations or increase our costs of operating landfills.

If we fail to comply with state and federal regulations governing the design, operation, expansion, closure and financial assurance of MSW, non-MSW and E&P landfills, we could be required to undertake investigatory or remedial activities, curtail operations or close such landfills temporarily or permanently. Future changes to these regulations may require us to modify, supplement or replace equipment or facilities at substantial costs. If regulatory agencies fail to enforce these regulations vigorously or consistently, our competitors whose facilities are not forced to comply with the regulations may obtain an advantage over us. Our financial obligations arising from any failure to comply with these regulations could harm our business and operating results.

Our financial results are based upon estimates and assumptions that may differ from actual results.

In preparing our consolidated financial statements in accordance with U.S. generally accepted accounting principles, estimates and assumptions are made that affect the accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and assumptions must be made because certain information that is used in the preparation of our financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. The most difficult, subjective and complex estimates and the assumptions that deal with the greatest amount of uncertainty are related to our accounting for landfills, self-insurance accruals, income taxes, allocation of acquisition purchase price, asset impairments and litigation, claims and assessments. Actual results for all estimates could differ materially from the estimates and assumptions that we use, which could have an adverse effect on our financial condition and results of operations.

Our accruals for our landfill site closure and post-closure costs may be inadequate.

We are required to pay capping, closure and post-closure maintenance costs for landfill sites that we own and operate. We are also required to pay capping, closure and post-closure maintenance costs for operated landfills for which we have life-of-site agreements. Our obligations to pay closure or post-closure costs may exceed the amount we have accrued and reserved and other amounts available from funds or reserves established to pay such costs. In addition, the completion or closure of a landfill site does not end our environmental obligations. After completion or closure of a landfill site, there exists the potential for unforeseen environmental problems to occur that could result in substantial remediation costs or potential litigation. Paying additional amounts for closure or post-closure costs and/or for environmental remediation and/or for litigation could harm our financial condition or operating results.

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

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

Our decentralized decision-making structure could allow local managers to make decisions that may adversely affect our operating results.

We manage our operations on a decentralized basis. Local managers have the authority to make many decisions concerning their operations without obtaining prior approval from executive officers, subject to compliance with general company-wide policies. Poor decisions by local managers could result in the loss of customers or increases in costs, in either case adversely affecting operating results.

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

We may be liable for any environmental damage that our current or former operations cause, including damage to neighboring landowners or residents, particularly as a result of the contamination of soil, groundwater or surface water, and especially drinking water, or to natural resources. We may be liable for damage resulting from conditions existing before we acquired these operations. Even if we obtain legally enforceable representations, warranties and indemnities from the sellers of these operations, they may not cover the liabilities fully or the sellers may not have sufficient funds to perform their obligations.

We may also be liable for any on-site environmental contamination caused by pollutants or hazardous substances whose transportation, treatment or disposal we or our predecessors arranged or conducted. Some environmental laws and regulations may impose strict, joint and several liability in connection with releases of regulated substances into the environment. Therefore, in some situations we could be exposed to liability as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, third parties, including our predecessors. If we were to incur liability for environmental damage, environmental clean-ups, corrective action or damage not covered by insurance or in excess of the amount of our coverage, our financial condition or operating results could be materially adversely affected. For example, see the discussion regarding the Lower Duwamish Waterway Superfund Site Allocation Process under the “Legal Proceedings” section of Note 10 of our consolidated financial statements included in Item 8 of this report.

If we are not able to develop and protect intellectual property, or if a competitor develops or obtains exclusive rights to a breakthrough technology, our financial results may suffer.

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

*Risks Related to our Proposed Merger with Progressive Waste*

The proposed Merger is subject to various closing conditions, including regulatory and stockholder approvals, as well as other uncertainties and there can be no assurances as to whether and when the Merger may be completed.

As previously announced, on January 18, 2016, we entered into the Merger Agreement with Progressive Waste and Merger Sub, a wholly-owned subsidiary of Progressive Waste, under which, subject to the terms and conditions of the Merger Agreement, Merger Sub will be merged with and into Waste Connections, with Waste Connections surviving the Merger as a wholly-owned subsidiary of Progressive Waste, which we refer to as the Merger. The consummation of the Merger is subject to various customary conditions, including the affirmative vote of holders of a majority of the outstanding shares of our common stock, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other regulatory clearances. If these conditions to the closing of the Merger are not fulfilled, some of which are not within our control, then the Merger cannot be consummated. If the Merger does not receive, or timely receive, the required regulatory approvals and clearances, or if another event occurs that delays or prevents the Merger, such delay or failure to complete the Merger may cause uncertainty and other negative consequences that may materially and adversely affect our business, financial position, and results of operations.

In addition, under certain circumstances in connection with a termination of the Merger Agreement, we may be required to pay a termination fee of up to \$150 million to Progressive Waste. We can give you no assurance that the Merger will be consummated, in which case we would not realize the anticipated benefits of having completed the Merger, which may adversely affect us.

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

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

The proposed Merger may divert management attention and not achieve the intended benefits or may disrupt our operations.

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

If and when the Merger closes, we may not achieve anticipated synergies, integration may result in unforeseen expenses, and we may not realize the anticipated benefits of the integration plan. Our business may be negatively impacted following the Merger if we are unable to effectively manage our expanded operations. The integration will require significant time and focus from our management and may disrupt achievement of other strategic objectives.



The exchange ratio is fixed and will not be adjusted in the event of any change in the price of either our common stock or Progressive Waste common shares.

At the effective time of the Merger, each share of our common stock issued and outstanding immediately prior to the Merger will be converted into the right to receive 2.076843 validly issued, fully paid and nonassessable common shares of Progressive Waste (or, if the anticipated consolidation of shares of Progressive Waste is approved by the shareholders of Progressive Waste and implemented, one common share of Progressive Waste on a post-consolidation basis). This exchange ratio will not be adjusted for changes in the market price of either our common stock or Progressive Waste common shares between the date of signing the Merger Agreement and completion of the Merger. Changes in the price of Progressive Waste common shares prior to the closing of the Merger will affect the value of Progressive Waste common shares that our stockholders will receive on the effective date. The exchange ratio will, however, be adjusted appropriately to fully reflect the effect of any reclassification, stock split, stock dividend or distribution, recapitalization or other similar transaction with respect to either our common stock or Progressive 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 the Merger may vary from their prices between the date the Merger Agreement was executed and the effective date of the Merger. As a result, the value represented by the exchange ratio will also vary. These variations could result from changes in the business, operations or prospects of either Waste Connections or Progressive Waste prior to or following the effective date of the Merger, regulatory considerations, general market and economic conditions and other factors both within and beyond the control of Waste Connections or Progressive Waste.

#### ITEM 1B.UNRESOLVED STAFF COMMENTS

None.

#### ITEM 2.PROPERTIES

As of December 31, 2015, we owned 155 solid waste collection operations, 52 transfer stations, 35 MSW landfills, nine E&P waste landfills, eight non-MSW landfills, 37 recycling operations, five intermodal operations, 24 E&P liquid waste injection wells and 20 E&P waste treatment and oil recovery facilities, and operated, but did not own, an additional 17 transfer stations, nine MSW landfills, one non-MSW landfill and two intermodal operations, in 32 states. Non-MSW landfills accept construction and demolition, industrial and other non-putrescible waste. We lease certain of the sites on which these facilities are located. We lease various office facilities, including our corporate offices in The Woodlands, Texas, where we occupy approximately 53,000 square feet of space. We also maintain regional administrative offices in each of our segments. We own a variety of equipment, including waste collection and transportation vehicles, related support vehicles, double-stack rail cars, carts, containers, chassis and heavy equipment used in landfill, collection, transfer station, waste treatment and intermodal operations. We believe that our existing facilities and equipment are adequate for our current operations. However, we expect to make additional investments in property and equipment for expansion and replacement of assets in connection with future acquisitions.

#### ITEM 3.LEGAL PROCEEDINGS

Information regarding our legal proceedings can be found under the “Legal Proceedings” section of Note 10 of our consolidated financial statements included in Item 8 of this report and is incorporated herein by reference.

#### ITEM 4.MINE SAFETY DISCLOSURE

None.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the symbol "WCN". The following table sets forth the high and low prices per share of our common stock, as reported on the New York Stock Exchange, and the cash dividends declared per share of common stock, for the periods indicated.

	HIGH	LOW	DIVIDENDS DECLARED <sup>(1)</sup>
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 quarterly cash dividend of \$0.145 per share on our common stock. Our Board of Directors will review the cash dividend periodically, with a long-term objective of increasing the amount of the dividend. We cannot assure you as to the amounts or timing of future dividends. We have the ability under our credit agreement and master note purchase agreement to repurchase our common stock and pay dividends provided we 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 common stock over the past five fiscal years with the total cumulative returns for the S&P 500 Index and the Dow Jones U.S. Waste and Disposal Services Index, or DJ Waste Services Index.

The graph assumes an investment of \$100 in our common stock on December 31, 2010, and the reinvestment of all dividends. This chart has been calculated in compliance with SEC requirements and prepared by Capital IQ®.

This graph and the accompanying text is not “soliciting material,” is not deemed filed with the SEC, and is not to be incorporated by reference in any filing by us under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Company Name / Index	Base	Indexed Returns				
	Period	Years Ending				
	Dec10	Dec11	Dec12	Dec13	Dec14	Dec15
Waste Connections, Inc.	\$ 100	\$121.56	\$125.42	\$163.63	\$166.68	\$215.73
S&P 500 Index	\$ 100	\$102.11	\$118.45	\$156.82	\$178.29	\$180.75
Dow Jones U.S. Waste & Disposal Services Index	\$ 100	\$100.18	\$108.70	\$135.80	\$154.48	\$160.95

THE STOCK PRICE PERFORMANCE INCLUDED IN THIS GRAPH IS NOT NECESSARILY INDICATIVE OF FUTURE STOCK PRICE PERFORMANCE.

## ITEM 6. SELECTED FINANCIAL DATA

This table sets forth our selected financial data for the periods indicated. This data should be read in conjunction with, and is qualified by reference to, “Management's Discussion and Analysis of Financial Condition and Results of Operations” included in Item 7 of this Annual Report on Form 10-K and our audited consolidated financial statements, including the related notes and our independent registered public accounting firm’s report and the other financial information included in Item 8 of this Annual Report on Form 10-K. The selected data in this section is not intended to replace the consolidated financial statements included in this report.

	YEARS ENDED DECEMBER 31,				
	2015 (a)	2014 (a)	2013 (a)	2012	2011
	(in thousands, except share and per share data)				
STATEMENT OF OPERATIONS DATA:					
Revenues	\$2,117,287	\$2,079,166	\$1,928,795	\$1,661,618	\$1,505,366
Operating expenses:					
Cost of operations	1,177,409	1,138,388	1,064,819	956,357	857,580
Selling, general and administrative	237,484	229,474	212,637	197,454	161,967
Depreciation	240,357	230,944	218,454	169,027	147,036
Amortization of intangibles	29,077	27,000	25,410	24,557	20,064
Loss on prior office leases	-	-	9,902	-	-
Impairments and other operating items	494,492	4,091	4,129	(1,924)	) 1,657
Operating income (loss)	(61,532)	) 449,269	393,444	316,147	317,062
Interest expense	(64,236)	) (64,674)	) (73,579)	) (53,037)	) (44,520)
Other income (expense), net	(518)	) 1,067	1,056	1,993	587
Income (loss) before income tax provision	(126,286)	) 385,662	320,921	265,103	273,129
Income tax (provision) benefit	31,592	(152,335)	) (124,916)	) (105,443)	) (106,958)
Net income (loss)	(94,694)	) 233,327	196,005	159,660	166,171
Less: Net income attributable to noncontrolling interests	(1,070)	) (802)	) (350)	) (567)	) (932)
Net income (loss) attributable to Waste Connections	\$(95,764)	) \$232,525	\$195,655	\$159,093	\$165,239
Earnings (loss) per common share attributable to Waste Connections' common stockholders:					
Basic	\$(0.78)	) \$1.87	\$1.58	\$1.31	\$1.47
Diluted	\$(0.78)	) \$1.86	\$1.58	\$1.31	\$1.45

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Shares used in the per share calculations:

Basic	123,491,931	124,215,346	123,597,540	121,172,381	112,720,444
Diluted	123,491,931	124,787,421	124,165,052	121,824,349	113,583,486
Cash dividends per common share	\$0.535	\$0.475	\$0.415	\$0.37	\$0.315
Cash dividends paid	\$65,990	\$58,906	\$51,213	\$44,465	\$35,566

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

DECEMBER 31,  
2014 2013 2012 2011  
(in thousands, except share  
and per share data)

BALANCE SHEET DATA: