

WASTE CONNECTIONS, INC.  
Form 8-K  
October 20, 2010

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): October 20, 2010**

**WASTE CONNECTIONS, INC.**  
(Exact name of registrant as specified in its charter)

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| <b>DELAWARE</b><br>(State or other Jurisdiction of<br>Incorporation) | <b>1-31507</b><br>(Commission File Number) | <b>94-3283464</b><br>(IRS Employer Identification No.) |
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| <b>2295 Iron Point Road, Suite 200, Folsom, CA</b><br>(Address of Principal Executive Offices) | <b>95630</b><br>(Zip Code) |
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Registrant's telephone number, including area code: **(916) 608-8200**

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure.

During our earnings conference call on October 20, 2010, we highlighted the following outlook for the fourth quarter and full year 2010.

*(Dollar amounts are approximations)*

For the fourth quarter of the year, we estimate our revenue to be approximately \$327 million to \$330 million. Components of organic growth are assumed to be as follows: net pricing growth between positive 2.5% and 3%; recycling, intermodal and other growth to be between positive 1.0% and 1.5%; and volume growth to be between zero and a positive 1.0%. OCC prices are currently around \$160 per ton. Based on discussions with third parties, we expect OCC prices to weaken \$30 to \$40 per ton to between \$120 to \$130 per ton over the next three to six months, and then rise back to current levels.

Additionally, for the fourth quarter of the year, operating income before depreciation, amortization and accretion expense is estimated to be between \$102.5 million and \$103.5 million, reflecting a margin of about 31.3%. Depreciation and amortization expense is estimated to be approximately 11.2% of revenue. Operating income is estimated to be slightly above 20% of revenue. We expect net interest expense to be approximately \$9.2 million. We expect our effective tax rate to be about 38.8%. Noncontrolling interests expense is estimated to be approximately \$300,000. We expect our fully diluted share count to be approximately 77.2 million shares on a pre-split basis, or close to 116 million shares on a split-adjusted basis, excluding the impact of any stock option exercise activity or any stock repurchase activity that we may complete during the quarter. Additionally, recently enacted bonus depreciation for 2010 should reduce fourth quarter cash taxes between \$6 million and \$8 million. We intend to absorb over half of that fourth quarter cash flow benefit by pulling some capital expenditures for new equipment and trucks from 2011 into late 2010.

We also updated our full year 2010 guidance, last highlighted during our earnings conference call on February 9, 2010 and partially updated during our earnings conference call on July 21, 2010. In July, we raised our full year outlook to approximately \$1.3 billion in revenue, and operating income before depreciation, amortization and accretion as a percentage of revenue to about 32%. Our third quarter results combined with the mid-point of our fourth quarter outlook would put us above both of these figures for the full year. We are on target to generate free cash flow of about 16% of revenue.

These estimates assume the acquisition of Stutzman Refuse & Disposal, Inc. will close on November 1, 2010, but excludes the impact of any acquisitions that may close during the remainder of the year and the expensing of any acquisition-related costs.

Operating income before depreciation, amortization and accretion expense is considered a non-GAAP financial measure, and is provided supplementally because it is widely used by investors as a performance and valuation measure in the solid waste industry. We define operating income before depreciation, amortization and accretion as operating income, plus depreciation and amortization expense, plus closure and post-closure accretion expense, plus or minus any gain or loss on disposal of assets. This measure is not a substitute for, and should be used in conjunction with, GAAP financial measures. Management uses operating income before depreciation, amortization and accretion as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. Other companies may calculate this measure differently.

Free cash flow, a non-GAAP financial measure, is provided supplementally because it is widely used by investors as a valuation and liquidity measure in the solid waste industry. Waste Connections defines free cash flow as net cash provided by operating activities, plus proceeds from disposal of assets, plus or minus change in book overdraft, plus

excess tax benefit associated with equity-based compensation, less capital expenditures for property and equipment and distributions to noncontrolling interests. This measure is not a substitute for, and should be used in conjunction with, GAAP liquidity or financial measures. Management uses free cash flow as one of the principal measures to evaluate and monitor the ongoing financial performance of the Company's operations. Other companies may calculate free cash flow differently.

*Safe Harbor for Forward-Looking Statements*

*Certain statements contained in this report are forward-looking in nature, including statements related to expected share repurchases, dividend payments, expected revenues from closed acquisitions, the closing of signed acquisitions and future acquisition activity. 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 in 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, the following: (1) our acquisitions may not be successful, resulting in changes in strategy, operating losses or a loss on sale of the business acquired; (2) a portion of our growth and future financial performance depends on our ability to integrate acquired businesses into our organization and operations; (3) downturns in the worldwide economy adversely affect operating results; (4) our results are vulnerable to economic conditions and seasonal factors affecting the regions in which we operate; (5) 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; (6) we may be unable to compete effectively with larger and better capitalized companies and governmental service providers; (7) we may lose contracts through competitive bidding, early termination or governmental action; (8) price increases may not be adequate to offset the impact of increased costs or may cause us to lose volume; (9) increases in the price of fuel may adversely affect our business and reduce our operating margins; (10) increases in labor and disposal and related transportation costs could impact our financial results; (11) efforts by labor unions could divert management attention and adversely affect operating results; (12) we could face significant withdrawal liability if we withdraw from participation in one or more multiemployer pension plans in which we participate; (13) increases in insurance costs and the amount that we self-insure for various risks could reduce our operating margins and reported earnings; (14) competition for acquisition candidates, consolidation within the waste industry and economic and market conditions may limit our ability to grow through acquisitions; (15) our indebtedness could adversely affect our financial condition; we may incur substantially more debt in the future; (16) each business that we acquire or have acquired may have liabilities or risks that we fail or are unable to discover, including environmental liabilities; (17) liabilities for environmental damage may adversely affect our financial condition, business and earnings; (18) our accruals for our landfill site closure and post-closure costs may be inadequate; (19) the financial soundness of our customers could affect our business and operating results; (20) we depend significantly on the services of the members of our senior, regional and district management team, and the departure of any of those persons could cause our operating results to suffer; (21) our decentralized decision-making structure could allow local managers to make decisions that adversely affect our operating results; (22) we may incur additional charges related to capitalized expenditures of landfill development projects, which would decrease our earnings; (23) because we depend on railroads for our intermodal operations, our operating results and financial condition are likely to be adversely affected by any reduction or deterioration in rail service; (24) our financial results are based upon estimates and assumptions that may differ from actual results; (25) the adoption of new accounting standards or interpretations could adversely affect our financial results; (26) our financial and operating performance may be affected by the inability to renew landfill operating permits, obtain new landfills and expand existing ones; (27) future changes in laws or renewed enforcement of laws regulating the flow of solid waste in interstate commerce could adversely affect our operating results; (28) extensive and evolving environmental and health and safety laws and regulations may restrict our operations and growth and increase our costs; (29) climate change regulations may adversely affect operating results; (30) extensive regulations that govern the design, operation and closure of landfills may restrict our landfill operations or increase our costs of operating landfills; (31) alternatives to landfill disposal may cause our revenues and operating results to decline; (32) fluctuations in prices for recycled commodities that we sell and rebates we offer to customers may cause our revenues and operating results to decline; and (33) unusually adverse weather conditions may interfere with our operations, harming our operating results. These risks and uncertainties, as well as others, are discussed in greater detail in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form*

*10-K and subsequent Quarterly Reports on Form 10-Q. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances that may change.*

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**WASTE CONNECTIONS, INC.**

Date: October 20, 2010

BY: /s/ Worthing F. Jackman  
Worthing F. Jackman,  
Executive Vice President and Chief  
Financial Officer