

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): February 6, 2014 (December 31, 2013)**

**Republic Services, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation)

**1-14267**

(Commission File Number)

**65-0716904**

(IRS Employer Identification No.)

**18500 North Allied Way**

**Phoenix, Arizona**

(Address of principal executive offices)

**85054**

(Zip Code)

**Registrant's telephone number, including area code: (480) 627-2700**

**Not Applicable**

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

Check the appropriate box below if the Form 8-K 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))

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**Item 2.02 Results of Operations and Financial Condition**

On February 6, 2014, Republic Services, Inc. (the Company) issued a press release containing information about the Company's financial results for the three months and year ended December 31, 2013. A copy of this press release is incorporated herein by reference as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Republic Services, Inc. issued February 6, 2014 to announce the financial results for the three months and year ended December 31, 2013.

**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.

Republic Services, Inc.

Date: February 6, 2014

By: /s/ Glenn A. Culpepper

Glenn A. Culpepper

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

By: /s/ Brian A. Goebel

Brian A. Goebel

Vice President and Chief Accounting Officer  
(Principal Accounting Officer)



**REPUBLIC SERVICES, INC. REPORTS  
FOURTH QUARTER AND FULL YEAR 2013 RESULTS;  
COMPANY PROVIDES 2014 FULL YEAR GUIDANCE**

- Company reports Q4 earnings of \$0.65 per share; \$0.53 as adjusted vs. \$0.43 in the prior year
- Company reports Q4 revenue growth of 5.6 percent, including positive volume performance of 2.5 percent
- 2013 results exceeded guidance for adjusted EPS and adjusted free cash flow

**PHOENIX (Feb. 6, 2014)** - Republic Services, Inc. (NYSE: RSG) today reported net income of \$236.6 million, or \$0.65 per diluted share, for the three months ended Dec. 31, 2013, versus \$127.0 million, or \$0.35 per diluted share, for the comparable 2012 period.

Republic's net income for the three months ended Dec. 31, 2013 and 2012, includes certain expenses and benefits that impacted its results. A detail of these expenses and benefits is contained in the Reconciliation of Certain Non-GAAP Measures section of this document. Excluding these items, net income for the three months ended Dec. 31, 2013 and 2012, would have been \$193.1 million, or \$0.53 per diluted share, and \$155.7 million, or \$0.43 per diluted share, respectively.

Excluding certain expenses and benefits recorded during 2013 and 2012, as described in the Reconciliation of Certain Non-GAAP Measures section of this document, adjusted earnings before interest, taxes, depreciation, depletion, amortization and accretion (adjusted EBITDA) for the three months ended Dec. 31, 2013, would have been \$648.1 million, or 30.3 percent of revenue, compared to \$572.1 million, or 28.2 percent of revenue, for the comparable 2012 period.

Revenue for the three months ended Dec. 31, 2013, increased to \$2,141.5 million from \$2,028.3 million for the comparable 2012 period. This increase in revenue of 5.6 percent was made up of increases in average yield of 1.3 percent, fuel recovery fees of 0.2 percent, volume of 2.5 percent, recycled commodities of 1.0 percent and acquisitions, net of divestitures of 0.6 percent.

## **Full Year 2013 Results**

For the year ended Dec. 31, 2013, net income was \$588.9 million, or \$1.62 per diluted share, versus \$571.8 million, or \$1.55 per diluted share for 2012.

Republic's net income for the years ended Dec. 31, 2013 and 2012, includes certain expenses and benefits that impacted its results. A detail of these expenses and benefits is contained in the Reconciliation of Certain Non-GAAP Measures section of this document. Excluding these items, net income for the years ended Dec. 31, 2013 and 2012, would have been \$715.3 million, or \$1.97 per diluted share, and \$708.1 million, or \$1.92 per diluted share, respectively.

Excluding certain expenses and benefits recorded during 2013 and 2012, as described in the Reconciliation of Certain Non-GAAP Measures section of this document, adjusted EBITDA for the year ended Dec. 31, 2013, would have been \$2,437.4 million, or 29.0 percent of revenue, compared to \$2,363.2 million, or 29.1 percent of revenue for 2012.

Revenue for the year ended Dec. 31, 2013, increased to \$8,417.2 million from \$8,118.3 million for the year ended Dec. 31, 2012. This increase in revenue of 3.7 percent was made up of increases in average yield of 1.3 percent, fuel recovery fees of 0.3 percent, volume of 1.3 percent, recycled commodities of 0.3 percent and acquisitions, net of divestitures of 0.5 percent.

“In 2013, we executed our strategy and delivered results that exceeded our EPS and free cash flow guidance,” said Donald W. Slager, president and chief executive officer. “Our volumes increased 2.5 percent in the fourth quarter, and we reported the first full year of positive volume performance since 2006. Our performance demonstrates our ability to profitably grow the business and create long-term shareholder value.”

## **Fiscal Year 2014 Guidance**

Republic's guidance is based on current economic conditions and does not assume any significant changes in the overall economy in 2014. Please refer to the Information Regarding Forward-Looking Statements section of this document.

Specific guidance is as follows:

- **Adjusted Free Cash Flow:** Republic expects adjusted free cash flow for 2014 to be \$675 million to \$725 million. Detail relating to the computation of adjusted free cash flow is contained in the Reconciliation of 2014 Financial Guidance section of this document.
- **Diluted Earnings per Share:** The Company expects 2014 diluted earnings per share to be in the range of \$1.93 to \$1.98.
- **Revenue:** Republic expects an increase in revenue for 2014 of 3.5 to 4.5 percent comprised of the following:

	Increase (Decrease)
Average yield	1.0 to 1.5%
Volume	1.5 to 2.0
Fuel recovery fees	-
Recycled commodities	-
Acquisitions / divestitures, net	1.0
Total change	<u>3.5 to 4.5%</u>

- **Property and Equipment:** In 2014, the Company anticipates receiving \$820 million of property and equipment, net of proceeds from sales of property and equipment.
- **Margins:** Republic expects EBITDA margins for 2014 to be in a range of 28.5 to 29 percent.
- **Taxes:** The Company expects our provision for income taxes in 2014 to be approximately 39.5 percent, of which cash taxes as a percentage of the overall tax provision are expected to be in a range of 105 to 110 percent.

Mr. Slager, commented, “We are encouraged by the positive momentum of our business entering 2014. We are focused on managing the controllable aspects of our business by enhancing the quality of our revenue, investing in profitable growth opportunities, and reducing costs. We remain committed to increasing returns and efficiently returning cash to shareholders through share repurchases and dividends.”

## **Republic Declares Quarterly Dividend**

Republic also announced that its Board of Directors declared a regular quarterly dividend of \$0.26 per share for stockholders of record on April 1, 2014. The dividend will be paid on April 15, 2014.

### **About Republic Services**

Republic is an industry leader in the U.S. non-hazardous solid waste and recycling industry. Through its subsidiaries, Republic's collection companies, transfer stations, recycling centers and landfills focus on providing reliable environmental services and solutions for commercial, industrial, municipal and residential customers. Republic and its employees believe in protecting the planet and applying common sense solutions to customers' waste and recycling challenges.

Republic participates in investor presentations and conferences throughout the year. Interested parties can find a schedule of these conferences at [republicservices.com](http://republicservices.com) by selecting "Calendar" on the investor relations page. Audio and other presentations from earnings calls and investor conferences are also available on the investor relations page of the website.

For more information, contact:

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**SUPPLEMENTAL UNAUDITED FINANCIAL INFORMATION  
AND OPERATING DATA**

**REPUBLIC SERVICES, INC.  
CONSOLIDATED BALANCE SHEETS  
(in millions, except per share amounts)**

	December 31, 2013 (Unaudited)	December 31, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 213.3	\$ 67.6
Accounts receivable, less allowance for doubtful accounts of \$38.3 and \$45.3, respectively	890.7	836.6
Prepaid expenses and other current assets	200.3	209.3
Deferred tax assets	117.6	117.8
Total current assets	1,421.9	1,231.3
Restricted cash and marketable securities	169.7	164.2
Property and equipment, net	7,036.8	6,910.3
Goodwill	10,724.1	10,690.0
Other intangible assets, net	315.8	358.7
Other assets	280.9	262.4
Total assets	<u>\$ 19,949.2</u>	<u>\$ 19,616.9</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 511.4	\$ 474.5
Notes payable and current maturities of long-term debt	15.7	19.4
Deferred revenue	301.8	313.2
Accrued landfill and environmental costs, current portion	178.7	195.5
Accrued interest	68.2	68.8
Other accrued liabilities	641.3	623.6
Total current liabilities	1,717.1	1,695.0
Long-term debt, net of current maturities	7,002.4	7,051.1
Accrued landfill and environmental costs, net of current portion	1,464.3	1,420.6
Deferred income taxes and other long-term tax liabilities	1,185.4	1,232.7
Self-insurance reserves, net of current portion	294.9	290.9
Other long-term liabilities	379.0	220.9
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share; 50 shares authorized; none issued	—	—
Common stock, par value \$0.01 per share; 750 shares authorized; 411.0 and 405.2 issued including shares held in treasury, respectively	4.1	4.1
Additional paid-in capital	6,764.9	6,588.9
Retained earnings	2,632.7	2,403.2
Treasury stock, at cost (50.6 and 44.1 shares, respectively)	(1,501.2)	(1,287.1)
Accumulated other comprehensive loss, net of tax	3.0	(5.8)
Total Republic Services, Inc. stockholders' equity	7,903.5	7,703.3
Noncontrolling interests	2.6	2.4
Total stockholders' equity	7,906.1	7,705.7
Total liabilities and stockholders' equity	<u>\$ 19,949.2</u>	<u>\$ 19,616.9</u>

**REPUBLIC SERVICES, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
(in millions, except per share data)

	Three Months Ended December 31,		Years Ended December 31,	
	2013	2012	2013	2012
Revenue	\$ 2,141.5	\$ 2,028.3	\$ 8,417.2	\$ 8,118.3
Expenses:				
Cost of operations	1,284.0	1,283.5	5,234.7	5,005.7
Depreciation, amortization and depletion	226.4	216.4	877.4	848.5
Accretion	19.0	19.3	76.6	78.4
Selling, general and administrative	209.5	207.3	853.8	820.9
Negotiation and withdrawal costs - Central States Pension and Other Funds	—	1.2	157.7	35.8
Loss (gain) on disposition of assets and impairments, net	—	0.7	(1.9)	(2.7)
Restructuring charges	—	11.1	8.6	11.1
Operating income	402.6	288.8	1,210.3	1,320.6
Interest expense	(90.2)	(92.2)	(360.0)	(388.5)
Loss on extinguishment of debt	—	—	(2.1)	(112.6)
Interest income	0.2	0.2	0.7	1.0
Other income, net	0.8	2.3	2.3	3.4
Income before income taxes	313.4	199.1	851.2	823.9
Provision for income taxes	76.7	72.1	262.1	251.8
Net income	236.7	127.0	589.1	572.1
Net income attributable to noncontrolling interests	(0.1)	—	(0.2)	(0.3)
Net income attributable to Republic Services, Inc.	\$ 236.6	\$ 127.0	\$ 588.9	\$ 571.8
Basic earnings per share attributable to Republic Services, Inc. stockholders:				
Basic earnings per share	\$ 0.66	\$ 0.35	\$ 1.63	\$ 1.56
Weighted average common shares outstanding	361.0	363.2	362.1	366.9
Diluted earnings per share attributable to Republic Services, Inc. stockholders:				
Diluted earnings per share	\$ 0.65	\$ 0.35	\$ 1.62	\$ 1.55
Weighted average common and common equivalent shares outstanding	362.3	364.3	363.4	368.0
Cash dividends per common share	\$ 0.260	\$ 0.235	\$ 0.990	\$ 0.910

**REPUBLIC SERVICES, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Years Ended December 31,	
	2013	2012
Cash provided by operating activities:		
Net income	\$ 589.1	\$ 572.1
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, amortization, depletion and accretion	954.0	926.9
Non-cash interest expense	47.5	58.4
Restructuring related charges	8.6	11.1
Stock-based compensation	19.2	21.2
Deferred tax (benefit) provision	(38.5)	83.9
Provision for doubtful accounts, net of adjustments	16.1	29.7
Loss on extinguishment of debt	2.1	112.6
Gain on disposition of assets, net and asset impairments	(11.0)	(14.1)
Withdrawal liability - Central States Pension Fund and Other Funds	140.7	30.7
Environmental adjustments	83.7	62.4
Excess income tax benefit from stock option exercises and other non-cash items	(6.7)	(4.1)
Change in assets and liabilities, net of effects from business acquisitions and divestitures:		
Accounts receivable	(61.6)	(37.2)
Prepaid expenses and other assets	(25.9)	(13.9)
Accounts payable	37.9	(49.6)
Restructuring and synergy related expenditures	(15.8)	(70.3)
Capping, closure and post-closure expenditures	(85.6)	(77.6)
Remediation expenditures	(122.5)	(73.1)
Other liabilities	16.9	(55.3)
Cash provided by operating activities	1,548.2	1,513.8
Cash used in investing activities:		
Purchases of property and equipment	(880.8)	(903.5)
Proceeds from sales of property and equipment	23.9	28.7
Cash used in business acquisitions and development projects, net of cash acquired	(68.7)	(95.3)
Cash proceeds from divestitures, net of cash divested	2.7	9.6
Change in restricted cash and marketable securities	(5.5)	23.2
Other	(5.4)	(0.3)
Cash used in investing activities	(933.8)	(937.6)
Cash used in financing activities:		
Proceeds from notes payable and long-term debt	1,219.2	2,771.4
Proceeds from issuance of senior notes, net of discount	—	847.6
Payments of notes payable and long-term debt	(1,278.1)	(3,568.2)
Premiums paid on extinguishment of debt	—	(25.8)
Fees paid to issue and retire senior notes and certain hedging relationships	(1.6)	(17.5)
Issuances of common stock	150.8	70.4
Excess income tax benefit from stock option exercises	3.8	1.9
Purchases of common stock for treasury	(214.1)	(325.6)
Cash dividends paid	(348.5)	(329.1)
Distributions paid to noncontrolling interests	(0.2)	—
Cash used in financing activities	(468.7)	(574.9)
Increase in cash and cash equivalents	145.7	1.3
Cash and cash equivalents at beginning of year	67.6	66.3
Cash and cash equivalents at end of year	\$ 213.3	\$ 67.6

You should read the following information in conjunction with our audited consolidated financial statements and notes thereto appearing in our Annual Report on Form 10-K as of and for the year ended December 31, 2013 (when filed). All amounts below are in millions and as a percentage of our revenue, except per share data.

## REVENUE

The following table reflects our total revenue by line of business for the three months and years ended December 31 (in millions of dollars and as a percentage of our revenue):

	Three Months Ended December 31,				Years Ended December 31,			
	2013		2012		2013		2012	
Collection:								
Residential	\$ 543.2	25.4%	\$ 541.7	26.7%	\$ 2,175.5	25.8%	\$ 2,155.7	26.6%
Commercial	663.6	31.0	638.8	31.5	2,616.9	31.1	2,523.2	31.1
Industrial	416.4	19.4	389.5	19.2	1,639.4	19.5	1,544.2	19.0
Other	8.8	0.4	8.5	0.4	34.7	0.4	33.4	0.4
Total collection	1,632.0	76.2	1,578.5	77.8	6,466.5	76.8	6,256.5	77.1
Transfer	254.5		241.5		1,021.8		964.5	
Less: Intercompany	(153.8)		(146.2)		(615.2)		(575.3)	
Transfer, net	100.7	4.7	95.3	4.7	406.6	4.8	389.2	4.8
Landfill	489.6		454.6		1,927.2		1,863.3	
Less: Intercompany	(224.3)		(212.5)		(902.2)		(862.5)	
Landfill, net	265.3	12.4	242.1	11.9	1,025.0	12.2	1,000.8	12.3
Sale of recycled commodities	103.0	4.8	82.5	4.1	374.6	4.5	349.0	4.3
Other non-core	40.5	1.9	29.9	1.5	144.5	1.7	122.8	1.5
Other	143.5	6.7	112.4	5.6	519.1	6.2	471.8	5.8
Total revenue	\$ 2,141.5	100.0%	\$ 2,028.3	100.0%	\$ 8,417.2	100.0%	\$ 8,118.3	100.0%

The following table reflects changes in our revenue for the three months and years ended December 31, as compared to the previous year:

	Three Months Ended December 31,		Years Ended December 31,	
	2013	2012	2013	2012
Average yield	1.3%	1.1 %	1.3%	0.8 %
Fuel recovery fees	0.2	0.2	0.3	0.1
Total price	1.5	1.3	1.6	0.9
Volume	2.5	(0.8)	1.3	(1.0)
Recycled commodities	1.0	(0.8)	0.3	(1.2)
Total internal growth	5.0	(0.3)	3.2	(1.3)
Acquisitions / divestitures, net	0.6	0.5	0.5	0.4
Total	5.6%	0.2 %	3.7%	(0.9)%
Core price	3.4%	3.2 %	3.3%	2.8 %

In 2013, we conformed the terms we use to describe components of price in an effort to better align with industry participants. We have not changed our calculation methodology, but we believe use of these terms allows for consistent comparison across the industry. Average yield, which we formerly referred to as "core price," is defined as revenue growth from the change in average price per unit of service, expressed as a percentage. We now use "core price" to mean price increases to customers and fees, excluding fuel recovery, net of price decreases to retain customers.

## COST OF OPERATIONS

The following table summarizes the major components of our cost of operations for the three months and years ended December 31 (in millions of dollars and as a percentage of our revenue):

	Three Months Ended December 31,				Years Ended December 31,			
	2013		2012		2013		2012	
Labor and related benefits	\$ 418.3	19.5%	\$ 401.5	19.8%	\$ 1,651.6	19.6%	\$ 1,573.9	19.4%
Transfer and disposal costs	160.1	7.5	156.0	7.7	637.0	7.6	616.4	7.6
Maintenance and repairs	186.6	8.7	170.9	8.4	736.0	8.7	682.7	8.4
Transportation and subcontract costs	123.2	5.8	107.5	5.3	469.1	5.6	431.9	5.3
Fuel	128.0	6.0	134.6	6.7	516.7	6.1	530.1	6.5
Franchise fees and taxes	104.3	4.8	99.7	4.9	412.5	4.9	401.9	5.0
Landfill operating costs	16.4	0.8	31.5	1.6	116.4	1.4	124.0	1.5
Risk management	29.4	1.4	45.3	2.2	158.7	1.9	177.3	2.2
Cost of goods sold	41.4	1.9	24.8	1.2	132.8	1.6	114.6	1.4
Other	76.3	3.5	74.7	3.7	295.2	3.5	278.8	3.4
Subtotal	1,284.0	59.9	1,246.5	61.5	5,126.0	60.9	4,931.6	60.7
Bridgeton remediation	—	—	37.0	1.8	108.7	1.3	74.1	1.0
Total cost of operations	\$ 1,284.0	59.9%	\$ 1,283.5	63.3%	\$ 5,234.7	62.2%	\$ 5,005.7	61.7%

These cost categories may change from time to time and may not be comparable to similarly titled categories used by other companies. As such, you should take care when comparing our cost of operations by cost component to that of other companies.

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The following table provides the components of our selling, general and administrative costs for the three months and years ended December 31 (in millions of dollars and as a percentage of revenue):

	Three Months Ended December 31,				Years Ended December 31,			
	2013		2012		2013		2012	
Salaries	\$ 137.2	6.4%	\$ 131.1	6.5%	\$ 545.4	6.5%	\$ 539.4	6.6%
Provision for doubtful accounts	8.0	0.4	9.0	0.4	16.1	0.2	29.7	0.4
Other	64.3	3.0	67.2	3.3	292.3	3.4	251.8	3.1
Total selling, general and administrative expenses	\$ 209.5	9.8%	\$ 207.3	10.2%	\$ 853.8	10.1%	\$ 820.9	10.1%

These cost categories may change from time to time and may not be comparable to similarly titled categories used by other companies. As such, you should take care when comparing our selling, general and administrative expenses by cost component to those of other companies.

## RECONCILIATION OF CERTAIN NON-GAAP MEASURES

### Earnings Before Interest, Taxes, Depreciation, Depletion, Amortization and Accretion

The following table calculates earnings before interest, taxes, depreciation, depletion, amortization and accretion (EBITDA), which is not a measure determined in accordance with U.S. generally accepted accounting principles (U.S. GAAP), for the three months and years ended December 31 (in millions of dollars):

	Three Months Ended December 31,		Years Ended December 31,	
	2013	2012	2013	2012
Net income attributable to Republic Services, Inc.	\$ 236.6	\$ 127.0	\$ 588.9	\$ 571.8
Net income attributable to noncontrolling interests	0.1	—	0.2	0.3
Provision for income taxes	76.7	72.1	262.1	251.8
Other income, net	(0.8)	(2.3)	(2.3)	(3.4)
Interest income	(0.2)	(0.2)	(0.7)	(1.0)
Loss on extinguishment of debt	—	—	2.1	112.6
Interest expense	90.2	92.2	360.0	388.5
Depreciation, amortization and depletion	226.4	216.4	877.4	848.5
Accretion	19.0	19.3	76.6	78.4
EBITDA	\$ 648.0	\$ 524.5	\$ 2,164.3	\$ 2,247.5

We believe that presenting EBITDA is useful to investors because it provides important information concerning our operating performance exclusive of certain non-cash and other costs. EBITDA demonstrates our ability to execute our financial strategy, which includes reinvesting in existing capital assets to ensure a high level of customer service, investing in capital assets to facilitate growth in our customer base and services provided, maintaining our investment grade credit rating and minimizing debt, paying cash dividends, repurchasing our common stock, and maintaining and improving our market position through business optimization. This measure has limitations. Although depreciation, depletion, amortization and accretion are considered operating costs in accordance with U.S. GAAP, they represent the allocation of non-cash costs generally associated with long-lived assets acquired or constructed in prior years. Our definition of EBITDA may not be comparable to similarly titled measures presented by other companies.

### Adjusted Earnings

Reported diluted earnings per share were \$0.65 and \$1.62 for the three months and year ended December 31, 2013 versus \$0.35 and \$1.55 for the comparable 2012 periods. During the three months and years ended December 31, 2013 and 2012, we recorded a number of charges, other expenses and net gain on disposition of assets that impacted our EBITDA, pre-tax income, net income attributable to Republic Services, Inc. (Net Income – Republic) and diluted earnings per share. These items primarily consist of the following:

	Three Months Ended December 31, 2013				Three Months Ended December 31, 2012			
	EBITDA	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share	EBITDA	Pre-tax Income	Net Income - Republic	Diluted Earnings per Share
As reported	\$ 648.0	\$ 313.4	\$ 236.6	\$ 0.65	\$ 524.5	\$ 199.1	\$ 127.0	\$ 0.35
Negotiation and withdrawal costs - Central States Pension and Other Funds	—	—	—	—	1.2	1.2	1.0	—
Loss on extinguishment of debt	—	—	—	—	—	—	(0.1)	—
Restructuring charges	0.1	0.1	—	—	11.1	11.1	6.6	0.02
Gain on disposition of assets and impairments, net	—	—	—	—	(1.7)	(1.7)	(1.1)	—
Tax valuation allowance adjustment	—	—	(43.5)	(0.12)	—	—	—	—
Bridgeton remediation	—	—	—	—	37.0	37.0	22.3	0.06
Adjusted	\$ 648.1	\$ 313.5	\$ 193.1	\$ 0.53	\$ 572.1	\$ 246.7	\$ 155.7	\$ 0.43

	Year Ended December 31, 2013				Year Ended December 31, 2012			
	EBITDA	Pre-tax Income	Net	Diluted	EBITDA	Pre-tax Income	Net	Diluted
			Income - Republic	Earnings per Share			Income - Republic	Earnings per Share
As reported	\$ 2,164.3	\$ 851.2	\$ 588.9	\$ 1.62	\$ 2,247.5	\$ 823.9	\$ 571.8	\$ 1.55
Negotiation and withdrawal costs - Central States Pension and Other Funds	157.7	157.7	98.3	0.27	35.8	35.8	21.6	0.06
Loss on extinguishment of debt	—	2.1	1.3	—	—	112.6	68.6	0.18
Restructuring charges	8.6	8.6	5.6	0.02	11.1	11.1	6.6	0.02
Gain on disposition of assets and impairments, net	(1.9)	(1.9)	(0.9)	—	(5.3)	(5.3)	(5.2)	(0.01)
Tax valuation allowance adjustment	—	—	(43.5)	(0.12)	—	—	—	—
Bridgeton remediation	108.7	108.7	65.6	0.18	74.1	74.1	44.7	0.12
Adjusted	\$ 2,437.4	\$ 1,126.4	\$ 715.3	\$ 1.97	\$ 2,363.2	\$ 1,052.2	\$ 708.1	\$ 1.92

We believe that presenting adjusted EBITDA, adjusted pre-tax income, adjusted net income attributable to Republic Services, Inc., and adjusted diluted earnings per share, which are not measures determined in accordance with U.S. GAAP, provides an understanding of operational activities before the financial impact of certain items. We use these measures, and believe investors will find them helpful, in understanding the ongoing performance of our operations separate from items that have a disproportionate impact on our results for a particular period. We have incurred comparable charges and costs in prior periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. In the case of the Bridgeton remediation charges, we are adjusting such amounts due to their significant effect on our operating results. However, in the ordinary course of business, we often incur remediation adjustments that we do not adjust from our operating results. Our definition of adjusted EBITDA, adjusted pre-tax income, adjusted net income attributable to Republic Services Inc., and adjusted diluted earnings per share may not be comparable to similarly titled measures presented by other companies.

### Adjusted Free Cash Flow

The following table calculates our adjusted free cash flow, which is not a measure determined in accordance with U.S. GAAP, for the years ended December 31:

	Years Ended December 31,	
	2013	2012
Cash provided by operating activities	\$ 1,548.2	\$ 1,513.8
Property and equipment received	(879.8)	(866.7)
Proceeds from sales of property and equipment	23.9	28.7
Cash paid related to negotiation and withdrawal costs - Central States Pension and Other Funds, net of tax	10.8	3.1
Restructuring payments, net of tax	9.9	1.4
Merger-related payments, net of tax	1.1	41.0
BFI risk management and Allied exchange of partnership interest tax payments	—	54.9
Cash tax benefit for debt extinguishment	(1.0)	(9.5)
Divestiture related tax payments	1.0	1.5
Adjusted free cash flow	\$ 714.1	\$ 768.2

We believe that presenting adjusted free cash flow provides useful information regarding our recurring cash provided by operating activities after certain payments. It also demonstrates our ability to execute our financial strategy and is a key metric we use to determine compensation. The presentation of adjusted free cash flow has material limitations. Adjusted free cash flow does not represent our cash flow available for discretionary payments because it excludes certain payments that are required or to which we have committed such as debt service requirements and dividend payments. Our definition of adjusted free cash flow may not be comparable to similarly titled measures presented by other companies.

Purchases of property and equipment as reflected on our consolidated statements of cash flows and the free cash flow presented above represent amounts paid during the period for such expenditures. A reconciliation of property and equipment reflected on our consolidated statements of cash flows to property and equipment received during the period is as follows for the three months and years ended December 31:

	Three Months Ended December 31,		Years Ended December 31,	
	2013	2012	2013	2012
Purchases of property and equipment per the unaudited consolidated statements of cash flows	\$ 192.1	\$ 196.1	\$ 880.8	\$ 903.5
Adjustments for property and equipment received during the prior period but paid for in the following period, net	(13.6)	(3.1)	(1.0)	(36.8)
Property and equipment received during the period	\$ 178.5	\$ 193.0	\$ 879.8	\$ 866.7

The adjustments noted above do not affect our net change in cash and cash equivalents as reflected in our consolidated statements of cash flows.

#### ACCOUNTS RECEIVABLE

As of December 31, 2013 and 2012, accounts receivable were \$890.7 million and \$836.6 million, net of allowance for doubtful accounts of \$38.3 million and \$45.3 million, resulting in days sales outstanding of 38 (or 25 net of deferred revenue) and 38 (or 24 net of deferred revenue), respectively.

#### CASH DIVIDENDS

In October 2013, we paid a cash dividend of \$93.6 million to stockholders of record as of October 1, 2013. As of December 31, 2013, we recorded a dividend payable of \$93.7 million to stockholders of record as of January 2, 2014, which was paid on January 15, 2014. In February 2014, our board of directors declared a regular quarterly dividend of \$0.26 per share to be paid on April 15, 2014 to stockholders of record as of April 1, 2014.

#### STOCK REPURCHASE PROGRAM

We have had a share repurchase program since November 2010. From November 2010 to December 31, 2013, we repurchased 35.5 million shares of our stock for \$1,039.2 million at a weighted average cost per share of \$29.30. During 2013, we repurchased 6.5 million shares of our stock for \$213.6 million at a weighted average cost per share of \$32.92.

As of December 31, 2013, we had 360.4 million shares of common stock issued and outstanding.



## RECONCILIATION OF 2014 FINANCIAL GUIDANCE

### Adjusted Free Cash Flow

Our anticipated adjusted free cash flow for the year ending December 31, 2014, and our actual adjusted free cash flow for the year ended December 31, 2013, which are not measures determined in accordance with U.S. GAAP, are calculated as follows:

	(Anticipated) Year Ending December 31, 2014	(Actual) Year Ended December 31, 2013
Cash provided by operating activities	\$ 1,485 - 1,535	\$ 1,548.2
Property and equipment received	(835)	(879.8)
Proceeds from sales of property and equipment	15	23.9
Cash paid related to negotiation and withdrawal costs - Central States Pension and Other Funds, net of tax	10	10.8
Restructuring payments, net of tax	—	9.9
Merger related payments, net of tax	—	1.1
Cash tax benefit for debt extinguishment	—	(1.0)
Divestiture related tax payments	—	1.0
<b>Adjusted free cash flow</b>	<b>\$ 675 - 725</b>	<b>\$ 714.1</b>

Purchases of property and equipment as reflected on our consolidated statements of cash flows represent amounts paid during the period for such expenditures. A reconciliation of property and equipment reflected on our consolidated statements of cash flows to property and equipment received during the period is as follows:

	(Anticipated) Year Ending December 31, 2014	(Actual) Year Ended December 31, 2013
Purchases of property and equipment per the unaudited consolidated statements of cash flows	\$ 835	\$ 880.8
Adjustments for property and equipment received during the prior period but paid for in the following period, net	—	(1.0)
<b>Property and equipment received during the period</b>	<b>\$ 835</b>	<b>\$ 879.8</b>

We believe that presenting adjusted free cash flow provides useful information regarding our recurring cash provided by operating activities after certain expenditures. It also demonstrates our ability to execute our financial strategy and is a key metric we use to determine compensation. The presentation of adjusted free cash flow has material limitations. Adjusted free cash flow does not represent our cash flow available for discretionary expenditures because it excludes certain expenditures that are required or to which we have committed such as debt service requirements and dividend payments. Our definition of adjusted free cash flow may not be comparable to similarly titled measures presented by other companies.

## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking information about us that is intended to be covered by the safe harbor for “forward-looking statements” provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as “guidance,” “expect,” “will,” “may,” “anticipate,” “plan,” “estimate,” “project,” “intend,” “should,” “can,” “likely,” “could,” “outlook” and similar expressions are intended to identify forward-looking statements. These statements include statements about our plans, strategies and prospects. Forward-looking statements are not guarantees of performance. These statements are based upon the current beliefs and expectations of our management and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that the expectations will prove to be correct. Among the factors that could cause actual results to differ materially from the expectations expressed in the forward-looking statements are:

- the impact on us of our substantial indebtedness, including on our ability to obtain financing on acceptable terms to finance our operations and growth strategy and to operate within the limitations imposed by financing arrangements;
- general economic and market conditions, including the current global economic and financial market crisis, inflation and changes in commodity pricing, fuel, labor, risk and health insurance and other variable costs that are generally not within our control, and our exposure to credit and counterparty risk;
- whether our estimates and assumptions concerning our selected balance sheet accounts, income tax accounts, final capping, closure, post-closure and remediation costs, available airspace, and projected costs and expenses related to our landfills and property and equipment (including our estimates of the fair values of the assets and liabilities acquired in our acquisition of Allied), and labor, fuel rates and economic and inflationary trends, turn out to be correct or appropriate;
- competition and demand for services in the solid waste industry;
- price increases to our customers may not be adequate to offset the impact of increased costs, including labor, third-party disposal and fuel, and may cause us to lose volume;
- our ability to manage growth and execute our growth strategy;
- our compliance with, and future changes in, environmental and flow control regulations and our ability to obtain approvals from regulatory agencies in connection with operating and expanding our landfills;
- our ability to retain our investment grade ratings for our debt;
- our dependence on key personnel;
- our dependence on large, long-term collection, transfer and disposal contracts;
- our business is capital intensive and may consume cash in excess of cash flow from operations;
- any exposure to environmental liabilities, to the extent not adequately covered by insurance, could result in substantial expenses;
- risks associated with undisclosed liabilities of acquired businesses;
- risks associated with pending and future legal proceedings, including litigation, audits or investigations brought by or before any governmental body;
- severe weather conditions, including those brought about by climate change, which could impair our financial results by causing increased costs, loss of revenue, reduced operational efficiency or disruptions to our operations;
- compliance with existing and future legal and regulatory requirements, including limitations or bans on disposal of certain types of wastes or on the transportation of waste, which could limit our ability to conduct or grow our business, increase our costs to operate or require additional capital expenditures;
- potential increases in our costs if we are required to provide additional funding to any multi-employer pension plan to which we contribute or if a withdrawal event occurs with respect to any multi-employer pension plan to which we contribute;

- the negative impact on our operations of union organizing campaigns, work stoppages or labor shortages;
- the negative effect that trends toward requiring recycling, waste reduction at the source and prohibiting the disposal of certain types of wastes could have on volumes of waste going to landfills;
- changes by the Financial Accounting Standards Board or other accounting regulatory bodies to generally accepted accounting principles or policies; and
- acts of war, riots or terrorism, including the events taking place in the Middle East and the continuing war on terrorism, as well as actions taken or to be taken by the United States or other governments as a result of further acts or threats of terrorism, and the impact of these acts on economic, financial and social conditions in the United States.

The risks included here are not exhaustive. Refer to “Part I, Item 1A — Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2012 for further discussion regarding our exposure to risks. Additionally, new risk factors emerge from time to time and it is not possible for us to predict all such risk factors, or to assess the impact such risk factors might have on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except to the extent required by applicable law or regulation, we undertake no obligation to update or publish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.