

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

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 Number: 1-14267

REPUBLIC SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

18500 North Allied Way
Phoenix, Arizona
(Address of principal executive offices)

65-0716904
(I.R.S. Employer
Identification No.)

85054
(Zip Code)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer Accelerated filer Smaller reporting company
Non-accelerated filer Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 October 20, 2022, the registrant had outstanding 316,000,936 shares of Common Stock, par value \$0.01 per share (excluding treasury shares of 4,241,718).

REPUBLIC SERVICES, INC.

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

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

	September 30, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 81.4	\$ 29.0
Accounts receivable, less allowance for doubtful accounts and other of \$49.4 and \$38.5, respectively	1,698.7	1,271.4
Prepaid expenses and other current assets	419.3	410.4
Total current assets	2,199.4	1,710.8
Restricted cash and marketable securities	121.7	139.0
Property and equipment, net	10,439.6	9,232.1
Goodwill	14,194.3	12,826.0
Other intangible assets, net	399.3	259.5
Other assets	1,046.7	787.6
Total assets	\$ 28,401.0	\$ 24,955.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,024.3	\$ 910.0
Notes payable and current maturities of long-term debt	455.8	8.2
Deferred revenue	463.1	381.3
Accrued landfill and environmental costs, current portion	126.9	124.5
Accrued interest	57.5	62.1
Other accrued liabilities	1,036.2	929.5
Total current liabilities	3,163.8	2,415.6
Long-term debt, net of current maturities	11,180.4	9,546.2
Accrued landfill and environmental costs, net of current portion	2,084.0	1,837.7
Deferred income taxes and other long-term tax liabilities, net	1,481.7	1,229.5
Insurance reserves, net of current portion	316.7	303.9
Other long-term liabilities	683.9	642.4
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; 320.2 and 319.6 issued including shares held in treasury, respectively	3.2	3.2
Additional paid-in capital	2,831.2	2,789.5
Retained earnings	7,166.8	6,475.6
Treasury stock, at cost; 4.2 and 2.4 shares, respectively	(500.7)	(274.8)
Accumulated other comprehensive loss, net of tax	(10.6)	(14.6)
Total Republic Services, Inc. stockholders' equity	9,489.9	8,978.9
Non-controlling interests in consolidated subsidiary	0.6	0.8
Total stockholders' equity	9,490.5	8,979.7
Total liabilities and stockholders' equity	\$ 28,401.0	\$ 24,955.0

The accompanying notes are an integral part of these statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 3,597.8	\$ 2,933.9	\$ 9,981.5	\$ 8,342.2
Expenses:				
Cost of operations	2,192.4	1,744.0	6,020.4	4,928.0
Depreciation, amortization and depletion	353.9	301.3	1,001.8	886.5
Accretion	22.8	20.8	66.9	61.9
Selling, general and administrative	362.8	299.0	1,062.2	880.3
Withdrawal costs - multiemployer pension funds	—	—	2.2	—
Gain on business divestitures and impairments, net	(5.2)	—	(5.3)	(0.2)
Restructuring charges	6.8	4.6	18.8	11.2
Operating income	664.3	564.2	1,814.5	1,574.5
Interest expense	(105.2)	(78.1)	(282.7)	(234.9)
Loss from unconsolidated equity method investments	(51.8)	(15.1)	(69.2)	(44.0)
Interest income	0.8	0.6	2.0	2.0
Other (expense) income, net	(0.3)	(0.9)	(6.5)	0.6
Income before income taxes	507.8	470.7	1,458.1	1,298.2
Provision for income taxes	90.9	119.9	317.5	319.0
Net income	416.9	350.8	1,140.6	979.2
Net (income) loss attributable to non-controlling interests in consolidated subsidiary	—	(0.5)	0.2	(1.9)
Net income attributable to Republic Services, Inc.	\$ 416.9	\$ 350.3	\$ 1,140.8	\$ 977.3
Basic earnings per share attributable to Republic Services, Inc. stockholders:				
Basic earnings per share	\$ 1.32	\$ 1.10	\$ 3.60	\$ 3.06
Weighted average common shares outstanding	316.5	318.6	316.5	319.2
Diluted earnings per share attributable to Republic Services, Inc. stockholders:				
Diluted earnings per share	\$ 1.32	\$ 1.10	\$ 3.60	\$ 3.06
Weighted average common and common equivalent shares outstanding	317.0	319.4	317.1	319.7
Cash dividends per common share	\$ 0.495	\$ 0.460	\$ 1.415	\$ 1.310

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	\$ 416.9	\$ 350.8	\$ 1,140.6	\$ 979.2
Other comprehensive income (loss), net of tax				
Hedging activity:				
Realized loss reclassified into earnings	—	1.2	2.1	3.5
Unrealized gain	9.1	—	8.1	—
Pension activity:				
Change in funded status of pension plan obligations	—	—	—	(0.7)
Foreign currency activity:				
Loss on foreign currency translation	(6.1)	—	(6.2)	—
Other comprehensive income, net of tax	3.0	1.2	4.0	2.8
Comprehensive income	419.9	352.0	1,144.6	982.0
Comprehensive (income) loss attributable to non-controlling interests	—	(0.5)	0.2	(1.9)
Comprehensive income attributable to Republic Services, Inc.	<u>\$ 419.9</u>	<u>\$ 351.5</u>	<u>\$ 1,144.8</u>	<u>\$ 980.1</u>

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions)

Republic Services, Inc. Stockholders' Equity

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss, Net of Tax	Non-controlling Interests In Consolidated Subsidiary	Total
	Shares	Amount			Shares	Amount			
Balance as of December 31, 2021	319.6	\$ 3.2	\$ 2,789.5	\$ 6,475.6	(2.4)	\$ (274.8)	\$ (14.6)	\$ 0.8	\$ 8,979.7
Net income (loss)	—	—	—	352.0	—	—	—	(0.1)	351.9
Other comprehensive income	—	—	—	—	—	—	1.1	—	1.1
Cash dividends declared	—	—	—	(145.3)	—	—	—	—	(145.3)
Issuances of common stock	0.3	—	2.6	—	(0.1)	(14.1)	—	—	(11.5)
Stock-based compensation	—	—	13.2	(0.9)	—	—	—	—	12.3
Purchase of common stock for treasury	—	—	—	—	(1.6)	(203.5)	—	—	(203.5)
Balance as of March 31, 2022	319.9	3.2	2,805.3	6,681.4	(4.1)	(492.4)	(13.5)	0.7	8,984.7
Net income	—	—	—	371.9	—	—	—	(0.1)	371.8
Other comprehensive loss	—	—	—	—	—	—	(0.1)	—	(0.1)
Cash dividends declared	—	—	—	(145.3)	—	—	—	—	(145.3)
Issuances of common stock	0.2	—	4.0	—	—	(8.0)	—	—	(4.0)
Stock-based compensation	—	—	9.6	(0.9)	—	—	—	—	8.7
Purchase of common stock for treasury	—	—	—	—	—	—	—	—	—
Balance as of June 30, 2022	320.1	3.2	2,818.9	6,907.1	(4.1)	(500.4)	(13.6)	0.6	9,215.8
Net income	—	—	—	416.9	—	—	—	—	416.9
Other comprehensive income	—	—	—	—	—	—	3.0	—	3.0
Cash dividends declared	—	—	—	(156.4)	—	—	—	—	(156.4)
Issuances of common stock	0.1	—	2.9	—	(0.1)	(0.3)	—	—	2.6
Stock-based compensation	—	—	10.2	(0.8)	—	—	—	—	9.4
Purchase of common stock for treasury	—	—	—	—	—	—	—	—	—
Distributions paid	—	—	(0.8)	—	—	—	—	—	(0.8)
Balance as of September 30, 2022	320.2	\$ 3.2	\$ 2,831.2	\$ 7,166.8	(4.2)	\$ (500.7)	\$ (10.6)	\$ 0.6	\$ 9,490.5

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY - (CONTINUED)
(in millions)

Republic Services, Inc. Stockholders' Equity										
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss, Net of Tax	Non-controlling Interests In Consolidated Subsidiary	Total	
	Shares	Amount			Shares	Amount				
Balance as of December 31, 2020	318.8	\$ 3.2	\$ 2,741.4	\$ 5,751.8	—	\$ (0.1)	\$ (12.4)	\$ 4.9	\$ 8,488.8	
Net income	—	—	—	295.9	—	—	—	0.5	296.4	
Other comprehensive income	—	—	—	—	—	—	1.1	—	1.1	
Cash dividends declared	—	—	—	(135.6)	—	—	—	—	(135.6)	
Issuances of common stock	0.5	—	2.4	—	(0.2)	(14.7)	—	—	(12.3)	
Stock-based compensation	—	—	13.5	(0.9)	—	—	—	—	12.6	
Purchase of common stock for treasury	—	—	—	—	(0.1)	(12.7)	—	—	(12.7)	
Balance as of March 31, 2021	319.3	3.2	2,757.3	5,911.2	(0.3)	(27.5)	(11.3)	5.4	8,638.3	
Net income	—	—	—	331.1	—	—	—	0.9	332.0	
Other comprehensive income	—	—	—	—	—	—	0.5	—	0.5	
Cash dividends declared	—	—	—	(135.4)	—	—	—	—	(135.4)	
Issuances of common stock	0.1	—	3.1	—	—	(0.2)	—	—	2.9	
Stock-based compensation	—	—	26.7	(0.9)	—	—	—	—	25.8	
Purchase of common stock for treasury	—	—	—	—	(0.3)	(79.5)	—	—	(79.5)	
Distributions paid	—	—	—	—	—	—	—	(1.2)	(1.2)	
Balance as of June 30, 2021	319.4	3.2	2,787.1	6,106.0	(0.6)	(107.2)	(10.8)	5.1	8,783.4	
Net income	—	—	—	350.3	—	—	—	0.5	350.8	
Other comprehensive income	—	—	—	—	—	—	1.2	—	1.2	
Cash dividends declared	—	—	—	(146.1)	—	—	—	—	(146.1)	
Issuances of common stock	—	—	2.5	—	—	(0.2)	—	—	2.3	
Stock-based compensation	—	—	11.4	(0.8)	—	—	—	—	10.6	
Purchase of common stock for treasury	—	—	—	—	(1.2)	(123.3)	—	—	(123.3)	
Balance as of September 30, 2021	319.4	\$ 3.2	\$ 2,801.0	\$ 6,309.4	(1.8)	\$ (230.7)	\$ (9.6)	\$ 5.6	\$ 8,878.9	

The accompanying notes are an integral part of these statements.

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

	Nine Months Ended September 30,	
	2022	2021
Cash provided by operating activities:		
Net income	\$ 1,140.6	\$ 979.2
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, amortization, depletion and accretion	1,068.7	948.4
Non-cash interest expense	60.1	52.4
Stock-based compensation	30.8	49.1
Deferred tax provision (benefit)	100.2	(32.8)
Provision for doubtful accounts, net of adjustments	27.8	18.7
(Gain) loss on disposition of assets and asset impairments, net	(8.0)	0.5
Environmental adjustments	(0.1)	(1.8)
Loss from unconsolidated equity method investments	69.2	44.0
Other non-cash items	8.0	(1.5)
Change in assets and liabilities, net of effects from business acquisitions and divestitures:		
Accounts receivable	(206.1)	(137.7)
Prepaid expenses and other assets	28.0	105.7
Accounts payable	97.7	99.4
Capping, closure and post-closure expenditures	(35.6)	(41.2)
Remediation expenditures	(37.3)	(32.2)
Other liabilities	39.4	87.6
Cash provided by operating activities	2,383.4	2,137.8
Cash (used in) provided by investing activities:		
Purchases of property and equipment	(924.8)	(904.2)
Proceeds from sales of property and equipment	24.0	10.8
Cash used in acquisitions and investments, net of cash and restricted cash acquired	(2,847.6)	(936.3)
Cash received from business divestitures	50.1	46.3
Purchases of restricted marketable securities	(15.7)	(23.8)
Sales of restricted marketable securities	15.4	21.9
Other	(2.3)	(0.3)
Cash used in investing activities	(3,700.9)	(1,785.6)
Cash provided by (used in) financing activities:		
Proceeds from credit facilities and notes payable, net of fees	10,496.5	4,646.5
Payments of credit facilities and notes payable	(8,475.5)	(4,381.8)
Issuances of common stock, net	(12.9)	(7.1)
Purchases of common stock for treasury	(203.5)	(179.0)
Cash dividends paid	(436.5)	(406.5)
Distributions paid to non-controlling interests in consolidated subsidiary	(0.8)	(1.2)
Contingent consideration payments	(4.5)	(14.4)
Cash provided by (used in) financing activities	1,362.8	(343.5)
Effect of foreign exchange rate changes on cash	(3.1)	—
Increase in cash, cash equivalents, restricted cash and restricted cash equivalents	42.2	8.7
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	105.6	114.2
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 147.8	\$ 122.9

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Republic Services, Inc., a Delaware corporation, and its consolidated subsidiaries (also referred to collectively as Republic, the Company, we, us, or our), is one of the largest providers of environmental services in the United States, as measured by revenue. Our senior management evaluates, oversees and manages the financial performance of our operations through three field groups, referred to as Group 1, Group 2 and Group 3. Group 1 is our recycling and solid waste business operating in geographic areas located in the western United States. Group 2 is our recycling and solid waste business operating in geographic areas located in the southeastern and mid-western United States, and the eastern seaboard of the United States. Group 3 is our environmental solutions business in geographic areas located primarily across the United States and Canada. These groups represent our reportable segments, which each provide integrated environmental solutions, including but not limited to collection, transfer, recycling, and disposal. Prior to the third quarter of 2022, our environmental services operating segment, now referred to as our Group 3 reportable segment, was aggregated with Corporate entities and other.

The unaudited consolidated financial statements include the accounts of Republic Services, Inc. and its wholly owned and majority owned subsidiaries in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We account for investments in entities in which we do not have a controlling financial interest under the equity method of accounting or, for investments that do not meet the criteria to be accounted for under the equity method, we reflect these investments at their fair value when it is readily determinable. If fair value is not readily determinable, we use an alternative measurement approach. All material intercompany accounts and transactions have been eliminated in consolidation.

We have prepared these unaudited consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information related to our organization, significant accounting policies and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. In the opinion of management, these financial statements include all adjustments that, unless otherwise disclosed, are of a normal recurring nature and necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. Operating results for interim periods are not necessarily indicative of the results you can expect for a full year. You should read these financial statements in conjunction with our audited consolidated financial statements and notes thereto appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

For comparative purposes, certain prior year amounts have been reclassified to conform to the current year presentation. All dollar amounts in tabular presentations are in millions, except per share amounts and unless otherwise noted.

Management's Estimates and Assumptions

In preparing our financial statements, we make numerous estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. We must make these estimates and assumptions because certain information we use is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methodologies. In preparing our financial statements, the more critical and subjective areas that deal with the greatest amount of uncertainty relate to our accounting for our long-lived assets, including recoverability, landfill development costs, and final capping, closure and post-closure costs; our valuation allowances for accounts receivable and deferred tax assets; our liabilities for potential litigation, claims and assessments; our liabilities for environmental remediation, multiemployer pension funds, employee benefit plans, deferred taxes, uncertain tax positions, and insurance reserves; and our estimates of the fair values of assets acquired and liabilities assumed in any acquisition. Each of these items is discussed in more detail in our description of our significant accounting policies in Note 2, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. Our actual results may differ significantly from our estimates.

New Accounting Pronouncements***Accounting Standards Updates Issued but not yet Adopted******Facilitation of the Effects of Reference Rate Reform on Financial Reporting***

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-04, Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (ASU 2020-04). ASU 2020-04 provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments in ASU 2020-04 provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. During the quarter ended June 30, 2022, we novated a

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

certain hedging relationship related to one of our interest rate swap agreements by changing the reference rate from the London Interbank Offered Rate (LIBOR) to a secured overnight financing rate (SOFR). The amendment did not have a material impact on our consolidated financial statements. For further discussion of the amendment and relevant hedging relationship, refer to Note 7, *Debt*, in Part I, Item 1 of this Quarterly Report on Form 10-Q. We have not modified any other contracts as a result of reference rate reform.

Business Combinations

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* (ASU 2021-08). ASU 2021-08 improves the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to the recognition of an acquired contract liability and the payment terms and their effect on subsequent revenue recognized by the acquirer. ASU 2021-08 is effective for all entities that enter into a business combination within the applicable scope. The amendments in this update are effective for fiscal years beginning after December 15, 2022. We are currently assessing the effect this guidance may have on our consolidated financial statements.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

2. BUSINESS ACQUISITIONS, INVESTMENTS AND RESTRUCTURING CHARGES

Acquisitions

We acquired various environmental services, waste, and recycling businesses during the nine months ended September 30, 2022 and 2021. The aggregate purchase price paid for these business acquisitions and the allocations of the aggregate purchase price follows:

	2022	2021
Purchase price:		
Cash used in acquisitions, net of cash acquired of \$66.6 and \$12.6, respectively	\$ 2,583.2	\$ 913.3
Holdbacks	12.6	9.0
Fair value, future minimum finance lease payments	15.6	40.2
Total	\$ 2,611.4	\$ 962.5
Allocated as follows:		
Restricted cash	\$ —	\$ 7.2
Accounts receivable	249.2	55.4
Prepaid expenses	15.6	—
Landfill development costs	495.7	65.9
Property and equipment	730.6	138.5
Operating right-of-use lease assets	55.4	7.1
Interest rate swap	29.1	—
Assets held for sale	—	43.6
Other assets	42.3	6.4
Inventory	11.6	1.7
Accounts payable	(108.9)	(29.3)
Deferred revenue	(27.7)	(6.4)
Environmental remediation liabilities	(92.9)	(25.6)
Closure and post-closure liabilities	(89.3)	(32.2)
Operating right-of-use lease liabilities	(55.8)	(7.1)
Deferred income tax liabilities	(151.0)	—
Other liabilities	(54.7)	(33.6)
Fair value of tangible assets acquired and liabilities assumed	1,049.2	191.6
Excess purchase price to be allocated	<u>\$ 1,562.2</u>	<u>\$ 770.9</u>
Excess purchase price allocated as follows:		
Other intangible assets	\$ 169.6	\$ 64.7
Goodwill	1,392.6	706.2
Total allocated	\$ 1,562.2	\$ 770.9

The purchase price allocations are preliminary and based on information existing at the acquisition dates. Accordingly, the purchase price allocations are subject to change. Excluding the US Ecology acquisition discussed below, substantially all of the goodwill and intangible assets recorded for these acquisitions are deductible for tax purposes.

These acquisitions are not material to the Company's results of operations, individually or in the aggregate. As a result, no pro forma financial information is provided.

On May 2, 2022, we acquired all outstanding equity of US Ecology in a transaction valued at \$2.2 billion. US Ecology is a leading provider of environmental solutions offering treatment, recycling and disposal of hazardous, non-hazardous and specialty waste. We financed the transaction using the proceeds of a new \$1.0 billion unsecured Term Loan Credit Agreement (Term Loan Facility) and borrowings under our existing \$3.0 billion unsecured revolving credit facility. For further discussion of the borrowings used to fund the US Ecology acquisition, refer to Note 7, *Debt*, in Part I, Item 1 of this Quarterly Report on Form 10-Q. The preliminary purchase price allocation for the US Ecology acquisition is reflected in the table above and remains subject to revisions as additional information is obtained about the facts and circumstances that existed at the valuation date. The preliminary allocation of purchase price, including the value of certain tangible and intangible assets acquired as well

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

as certain leases and environmental liabilities assumed, is based on the best estimates of management and is subject to revision based on the final valuations. We do not expect a step-up in the tax basis of the assets recognized in connection with the US Ecology acquisition, and do not expect the goodwill and intangible assets will be deductible for tax purposes.

During the three and nine months ended September 30, 2022, we incurred \$8.7 million and \$65.4 million, respectively, of acquisition integration and deal costs in connection with the acquisition of US Ecology, which included certain costs to close the acquisition and integrate the business, including stock compensation expense for unvested equity awards at closing as well as severance and change-in-control payments.

Investments

In July 2022, we acquired a non-controlling equity interest in a joint venture with a landfill gas-to-energy developer to construct 39 renewable natural gas projects across the United States for approximately \$88 million. We also purchased an approximately \$38 million interest in a landfill gas-to-energy project and subsequently divested of our interest to the joint venture. The joint venture agreement provides for additional contributions as certain project milestones are achieved over the next four to five years. The investment is accounted for under the equity method of accounting.

In 2022 and 2021, we acquired non-controlling equity interests in certain limited liability companies that qualified for investment tax credits under Section 48 of the Internal Revenue Code. In exchange for our non-controlling interests, we made capital contributions of \$121.0 million and \$30.7 million, which were recorded to other assets in our September 30, 2022 and 2021 consolidated balance sheets, respectively. During the three and nine months ended September 30, 2022, we reduced the carrying value of these investments by \$49.5 million and \$61.8 million, respectively, and during the three and nine months ended September 30, 2021, we reduced the carrying value of these investments by \$10.0 million and \$35.7 million, respectively, as a result of cash distributions and our share of income and loss pursuant to the terms of the limited liability company agreements. Additionally, our tax provisions reflect benefits of approximately \$35 million and \$60 million for the three and nine months ended September 30, 2022, respectively, due to the tax credits related to these investments. Our tax provisions reflect a similar benefit of approximately \$20 million for the nine months ended September 30, 2021. There was no tax benefit reflected due to these tax credits for the three months ended September 30, 2021. For further discussion of the income tax benefits, refer to Note 11, *Income Taxes*, in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021.

Restructuring Charges

During the three and nine months ended September 30, 2022, we incurred restructuring charges of \$6.8 million and \$18.8 million, respectively, and during the three and nine months ended September 30, 2021, we incurred restructuring charges of \$4.6 million and \$11.2 million, respectively, related to the redesign of certain back-office software systems. During the nine months ended September 30, 2022 and 2021, we paid \$17.0 million and \$12.1 million, respectively, related to these restructuring efforts.

3. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

A summary of the activity and balances in goodwill accounts by reporting segment follows:

	Balance as of December 31, 2021	Acquisitions	Divestitures	Adjustments to Acquisitions	Balance as of September 30, 2022
Group 1	\$ 6,549.7	\$ 58.6	\$ —	\$ (2.5)	\$ 6,605.8
Group 2	5,994.2	200.7	(3.2)	5.7	6,197.4
Group 3	282.1	1,133.3	—	(24.3)	1,391.1
Total	<u>\$ 12,826.0</u>	<u>\$ 1,392.6</u>	<u>\$ (3.2)</u>	<u>\$ (21.1)</u>	<u>\$ 14,194.3</u>

Goodwill by reportable segment as of December 31, 2021 and September 30, 2022 reflects the presentation of Group 3 as a reportable segment. Prior to the third quarter of 2022, Group 3 was aggregated with Corporate entities and other.

Adjustments to acquisitions during the nine months ended September 30, 2022 primarily related to changes in our valuation of tangible and intangible assets as well as certain landfill leases and environmental liabilities assumed as a result of obtaining new information regarding the acquisitions that closed in 2021.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Other Intangible Assets, Net

Other intangible assets, net, include values assigned to customer relationships, non-compete agreements and trade names, and are amortized over periods ranging from 1 to 15 years. A summary of the activity and balances by intangible asset type follows:

	Gross Intangible Assets			Accumulated Amortization				Other Intangible Assets, Net as of September 30, 2022	
	Balance as of December 31, 2021	Acquisitions	Adjustments and Other	Balance as of September 30, 2022	Balance as of December 31, 2021	Additions Charged to Expense	Adjustments and Other		Balance as of September 30, 2022
Customer relationships	\$ 898.4	\$ 153.5	\$ 5.9	\$ 1,057.8	\$ (666.8)	\$ (30.6)	\$ —	\$ (697.4)	\$ 360.4
Non-compete agreements	60.4	5.9	(0.2)	66.1	(44.6)	(4.6)	—	(49.2)	16.9
Other intangible assets	58.0	10.2	3.1	71.3	(45.9)	(3.4)	—	(49.3)	22.0
Total	\$ 1,016.8	\$ 169.6	\$ 8.8	\$ 1,195.2	\$ (757.3)	\$ (38.6)	\$ —	\$ (795.9)	\$ 399.3

4. OTHER ASSETS
Prepaid Expenses and Other Current Assets

A summary of prepaid expenses and other current assets as of September 30, 2022 and December 31, 2021 follows:

	2022	2021
Prepaid expenses	\$ 143.7	\$ 85.3
Inventories	101.1	72.2
Income taxes receivable	62.1	173.8
Other non-trade receivables	61.2	32.2
Reinsurance receivable	31.0	31.0
Prepaid fees for cloud-based hosting arrangements, current	14.8	12.9
Other current assets	5.4	3.0
Total	\$ 419.3	\$ 410.4

Other Assets

A summary of other assets as of September 30, 2022 and December 31, 2021 follows:

	2022	2021
Operating right-of-use lease assets	\$ 279.2	\$ 255.3
Investments	276.3	127.6
Deferred compensation plan	108.5	133.5
Derivative and hedging assets	114.0	19.7
Reinsurance receivable	82.7	79.5
Deferred contract costs and sales commissions	80.2	80.6
Prepaid fees and capitalized implementation costs for cloud-based hosting arrangements	54.2	43.4
Amounts recoverable for capping, closure and post-closure obligations	20.6	19.4
Deferred financing costs	5.3	4.6
Other	25.7	24.0
Total	\$ 1,046.7	\$ 787.6

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

5. OTHER LIABILITIES

Other Accrued Liabilities

A summary of other accrued liabilities as of September 30, 2022 and December 31, 2021 follows:

	2022	2021
Accrued payroll and benefits	\$ 295.1	\$ 295.0
Insurance reserves, current	193.2	193.5
Accrued fees and taxes	177.2	143.7
Accrued dividends	156.4	145.9
Operating right-of-use lease liabilities, current	57.4	38.2
Ceded insurance reserves, current	31.0	31.0
Accrued professional fees and legal settlement reserves	12.9	8.4
Other	113.0	73.8
Total	\$ 1,036.2	\$ 929.5

Other Long-Term Liabilities

A summary of other long-term liabilities as of September 30, 2022 and December 31, 2021 follows:

	2022	2021
Operating right-of-use lease liabilities	\$ 248.1	\$ 239.0
Derivative and hedging liabilities	107.9	50.7
Deferred compensation plan liability	98.8	119.4
Ceded insurance reserves	82.7	79.5
Contingent purchase price and acquisition holdbacks	62.4	64.4
Withdrawal liability - multiemployer pension funds	23.4	24.5
Legal settlement reserves	2.0	3.1
Other	58.6	61.8
Total	\$ 683.9	\$ 642.4

6. LANDFILL AND ENVIRONMENTAL COSTS

As of September 30, 2022, we owned or operated 207 active landfills with total available disposal capacity estimated to be 5.0 billion in-place cubic yards. Additionally, we had post-closure responsibility for 126 closed landfills.

Accrued Landfill and Environmental Costs

A summary of accrued landfill and environmental liabilities as of September 30, 2022 and December 31, 2021 follows:

	2022	2021
Landfill final capping, closure and post-closure liabilities	\$ 1,677.5	\$ 1,507.3
Environmental remediation	533.4	454.9
Total accrued landfill and environmental costs	2,210.9	1,962.2
Less: current portion	(126.9)	(124.5)
Long-term portion	\$ 2,084.0	\$ 1,837.7

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Final Capping, Closure and Post-Closure Costs

The following table summarizes the activity in our asset retirement obligation liabilities, which includes liabilities for final capping, closure and post-closure, for the nine months ended September 30, 2022 and 2021:

	2022	2021
Asset retirement obligation liabilities, beginning of year	\$ 1,507.3	\$ 1,346.4
Non-cash additions	43.2	35.4
Acquisitions, net of divestitures and other adjustments	88.5	32.4
Asset retirement obligation adjustments	7.2	10.2
Payments	(35.6)	(41.2)
Accretion expense	66.9	61.9
Asset retirement obligation liabilities, end of period	1,677.5	1,445.1
Less: current portion	(71.6)	(62.9)
Long-term portion	<u>\$ 1,605.9</u>	<u>\$ 1,382.2</u>

We review annually, in the fourth quarter, and update as necessary, our estimates of asset retirement obligation liabilities. However, if there are significant changes in the facts and circumstances related to a site during the year, we will update our assumptions prospectively in the period that we know all the relevant facts and circumstances and make adjustments as appropriate.

Landfill Operating Expenses

In the normal course of business, we incur various operating costs associated with environmental compliance. These costs include, among other things, leachate treatment and disposal, methane gas and groundwater monitoring, systems maintenance, interim cap maintenance, costs associated with the application of daily cover materials, and the legal and administrative costs of ongoing environmental compliance. These costs are expensed as cost of operations in the periods in which they are incurred.

Environmental Remediation Liabilities

We accrue for remediation costs when they become probable and can be reasonably estimated. There can sometimes be a range of reasonable estimates of the costs associated with remediation of a site. In these cases, we use the amount within the range that constitutes our best estimate. If no amount within the range appears to be a better estimate than any other, we use the amount that is at the low end of such range. It is reasonably possible that we will need to adjust the liabilities recorded for remediation to reflect the effects of new or additional information, to the extent such information impacts the costs, timing or duration of the required actions. If we used the reasonably possible high ends of our ranges, our aggregate potential remediation liability as of September 30, 2022 would be approximately \$376 million higher than the amount recorded. Future changes in our estimates of the cost, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

The following table summarizes the activity in our environmental remediation liabilities for the nine months ended September 30, 2022 and 2021:

	2022	2021
Environmental remediation liabilities, beginning of year	\$ 454.9	\$ 462.8
Net adjustments charged to expense	(0.1)	(1.8)
Payments	(37.3)	(32.2)
Accretion expense (non-cash interest expense)	13.4	12.7
Acquisitions, net of divestitures and other adjustments	102.5	25.6
Environmental remediation liabilities, end of period	533.4	467.1
Less: current portion	(55.3)	(56.3)
Long-term portion	<u>\$ 478.1</u>	<u>\$ 410.8</u>

Bridgeton Landfill. During the nine months ended September 30, 2022, we paid \$11.6 million related to management and monitoring of the remediation area for our closed Bridgeton Landfill in Missouri. We continue to work with state and federal regulatory agencies on our remediation efforts. From time to time, this may require us to modify our future operating timeline and procedures, which could result in changes to our expected liability. As of September 30, 2022, the remediation liability recorded for this site was \$91.2 million, of which approximately \$4 million is expected to be paid during the remainder of 2022.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

We believe the remaining reasonably possible high end of our range would be approximately \$140 million higher than the amount recorded as of September 30, 2022.

West Lake Landfill Superfund Site. Our subsidiary Bridgeton Landfill, LLC is one of several currently designated Potentially Responsible Parties for the West Lake Landfill Superfund site (West Lake) in Missouri. On September 27, 2018, the U.S. Environmental Protection Agency (EPA) issued a Record of Decision Amendment for West Lake that includes a total undiscounted cost estimate of \$229.0 million over a four to five year design and construction timeline. On March 11, 2019, the EPA issued special notice letters under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) to Bridgeton Landfill, LLC and the other currently designated Potentially Responsible Parties to initiate negotiations to implement the remedy. At this time we are neither able to predict the final design of that remedy, nor estimate how much of the future response costs of the site our subsidiary may agree or be required to pay. During any subsequent administrative proceedings or litigation, our subsidiary will vigorously contest liability for the costs of remediating radiologically-impacted materials generated on behalf of the federal government during the Manhattan Project and delivered to the site by an Atomic Energy Commission licensee and its subcontractor. Currently, we believe we are adequately reserved for our expected remediation liability. However, subsequent events related to remedy design, divisibility, or allocation may require us to modify our expected remediation liability.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

7. DEBT

The carrying value of our credit facilities, finance leases and long-term debt as of September 30, 2022 and December 31, 2021 is listed in the following table, and is adjusted for the fair value of interest rate swaps, unamortized discounts, deferred issuance costs and the unamortized portion of adjustments to fair value recorded in purchase accounting. Original issue discounts, deferred issuance costs, and adjustments to fair value recorded in purchase accounting are amortized to interest expense over the term of the applicable instrument using the effective interest method.

Maturity	Interest Rate	September 30, 2022			December 31, 2021		
		Principal	Adjustments	Carrying Value	Principal	Adjustments	Carrying Value
Credit facilities:							
Uncommitted Credit Facility	Variable	\$ 60.8	\$ —	\$ 60.8	\$ —	\$ —	\$ —
\$3.0 billion - August 2026	Variable	17.1	—	17.1	24.3	—	24.3
Term Loan	Variable	1,000.0	—	1,000.0	—	—	—
Commercial Paper	Variable	1,000.0	(1.0)	999.0	—	—	—
Senior notes:							
May 2023	4.750	300.0	(3.9)	296.1	300.0	(0.1)	299.9
August 2024	2.500	900.0	(3.5)	896.5	900.0	(4.8)	895.2
March 2025	3.200	500.0	(1.8)	498.2	500.0	(2.2)	497.8
November 2025	0.875	350.0	(2.1)	347.9	350.0	(2.6)	347.4
July 2026	2.900	500.0	(2.3)	497.7	500.0	(2.8)	497.2
November 2027	3.375	650.0	(3.3)	646.7	650.0	(3.8)	646.2
May 2028	3.950	800.0	(11.2)	788.8	800.0	(12.4)	787.6
March 2030	2.300	600.0	(5.4)	594.6	600.0	(5.9)	594.1
February 2031	1.450	650.0	(7.3)	642.7	650.0	(7.9)	642.1
February 2032	1.750	750.0	(6.2)	743.8	750.0	(6.6)	743.4
March 2033	2.375	700.0	(7.3)	692.7	700.0	(7.6)	692.4
March 2035	6.086	181.9	(12.3)	169.6	181.9	(12.8)	169.1
March 2040	6.200	399.9	(3.4)	396.5	399.9	(3.6)	396.3
May 2041	5.700	385.7	(4.9)	380.8	385.7	(5.0)	380.7
March 2050	3.050	400.0	(7.0)	393.0	400.0	(7.1)	392.9
Debentures:							
September 2035	7.400	148.1	(30.2)	117.9	148.0	(31.1)	116.9
Tax-exempt:							
2023 - 2051	1.875 - 2.950	1,189.1	(7.2)	1,181.9	1,189.1	(7.6)	1,181.5
Finance leases:							
2023 - 2063	0.806 - 9.750	273.9	—	273.9	249.4	—	249.4
Total Debt		<u>\$ 11,756.5</u>	<u>\$ (120.3)</u>	<u>11,636.2</u>	<u>\$ 9,678.3</u>	<u>\$ (123.9)</u>	<u>9,554.4</u>
Less: current portion				(455.8)			(8.2)
Long-term portion				<u>\$ 11,180.4</u>			<u>\$ 9,546.2</u>

Credit Facilities
The Credit Facility

In August 2021, we entered into a \$3.0 billion unsecured revolving credit facility (the Credit Facility). Borrowings under the Credit Facility mature in August 2026. As permitted by the Credit Facility, we have the right to request two one-year extensions of the maturity date, but none of the lenders are committed to participate in such extensions. The Credit Facility also includes a feature that allows us to increase availability, at our option, by an aggregate amount of up to \$1.0 billion through increased commitments from existing lenders or the addition of new lenders.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

At our option, borrowings under the Credit Facility bear interest at a Base Rate, a daily floating LIBOR, or a Eurodollar Rate, plus a current applicable margin of 0.910% based on our Debt Ratings (all as defined in the Credit Facility agreement). On the earliest of (i) the date that all available tenors of U.S. dollar LIBOR have permanently or indefinitely ceased to be provided or have been announced to be no longer representative, (ii) June 30, 2023 or (iii) the effective date of an election to opt into a SOFR rate, the LIBOR rate will be replaced by a forward-looking term rate based on SOFR or a daily rate based on SOFR published on such date.

The Credit Facility is subject to facility fees based on applicable rates defined in the Credit Facility agreement and the aggregate commitment, regardless of usage. The Credit Facility can be used for working capital, capital expenditures, acquisitions, letters of credit and other general corporate purposes. The Credit Facility agreement requires us to comply with financial and other covenants. We may pay dividends and repurchase common stock if we are in compliance with these covenants.

We had \$17.1 million and \$24.3 million outstanding under our Credit Facility as of September 30, 2022 and December 31, 2021, respectively. We had \$349.8 million and \$341.9 million of letters of credit outstanding under our Credit Facility as of September 30, 2022 and December 31, 2021, respectively. We also had \$999.0 million of outstanding borrowings (net of related discount on issuance) under our commercial paper program as of September 30, 2022. In the event of a failed re-borrowing, we currently have availability under our Credit Facility to fund the commercial paper program until it is re-borrowed successfully. As a result, availability under our Credit Facility was \$1,633.1 million and \$2,633.8 million as of September 30, 2022 and December 31, 2021, respectively.

Uncommitted Credit Facility

In January 2022, we entered into a \$200.0 million unsecured uncommitted revolving credit facility (the Uncommitted Credit Facility), which replaced the prior \$135.0 million uncommitted credit facility. The Uncommitted Credit Facility bears interest at an annual percentage rate to be agreed upon by both parties. Borrowings under the Uncommitted Credit Facility can be used for working capital, letters of credit, and other general corporate purposes. The agreement governing our Uncommitted Credit Facility requires us to comply with certain covenants. The Uncommitted Credit Facility may be terminated by either party at any time. As of September 30, 2022, we had \$60.8 million outstanding under our Uncommitted Credit Facility. We had no borrowings outstanding as of December 31, 2021.

Term Loan Credit Agreement

On April 29, 2022, we entered into the \$1.0 billion Term Loan Facility. The Term Loan Facility will mature on April 29, 2025 and bears interest at a base rate or a forward-looking SOFR, plus an applicable margin based on our debt ratings. The current weighted average interest rate is 3.040%. We may prepay, without penalty, all or any part of the borrowings under the Term Loan Facility at any time.

On May 2, 2022, we completed the acquisition of US Ecology using proceeds from the Term Loan Facility and borrowings under the Credit Facility.

Commercial Paper Program

In May 2022, we entered into a commercial paper program for the issuance and sale of unsecured commercial paper in an aggregate principal amount not to exceed \$500.0 million outstanding at any one time (the "Commercial Paper Cap"). In August 2022, the Commercial Paper Cap was increased to \$1.0 billion. As of September 30, 2022, we had \$1.0 billion principal value of commercial paper issued and outstanding under the program, with a weighted average interest rate of 3.134% and weighted average maturity of 28 days. In the event of a failed re-borrowing, we currently have availability under our Credit Facility to fund the commercial paper program until it is re-borrowed successfully. Accordingly, we have classified these borrowings as long-term in our consolidated balance sheet as of September 30, 2022.

Interest Rate Swap and Lock Agreements

Our ability to obtain financing through the capital markets is a key component of our financial strategy. Historically, we have managed risk associated with executing this strategy, particularly as it relates to fluctuations in interest rates, by using a combination of fixed and floating rate debt. From time to time, we also have entered into interest rate swap and lock agreements to manage risk associated with interest rates, either to effectively convert specific fixed rate debt to a floating rate (fair value hedges), or to lock interest rates in anticipation of future debt issuances (cash flow hedges).

Fair Value Hedges

During the second half of 2013, we entered into various interest rate swap agreements (the 2013 Interest Rate Swaps) relative to our 4.750% fixed rate senior notes due in May 2023 (4.750% Notes). The goal was to reduce overall borrowing costs and rebalance our debt portfolio's ratio of fixed-to-floating interest rates. As of September 30, 2022, these swap agreements had a

REPUBLIC SERVICES, INC.
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total notional value of \$300.0 million and mature in May 2023. We pay interest at floating rates based on changes in LIBOR and receive interest at a fixed rate of 4.750%. In 2013, these transactions were designated as fair value hedges because the swaps hedge against the changes in fair value of the 4.750% notes resulting from changes in interest rates.

Contemporaneously with the \$250.0 million partial redemption of the 4.750% Notes in November 2020, we dedesignated the proportional share of these swap agreements as fair value hedges. There was no ineffectiveness recognized in the dedesignation of these fair value hedges. Following the dedesignation, the fair value of these free-standing derivatives was determined using standard valuation models with assumptions about interest rates being based on those observed in underlying markets (Level 2 in the fair value hierarchy). As of September 30, 2022 and December 31, 2021, these free-standing derivatives were reflected at their fair value of a \$1.2 million liability and a \$3.9 million asset, respectively, and are included in other long-term liabilities and other assets, respectively, in our consolidated balance sheets. For the three and nine months ended September 30, 2022, we recognized losses of \$0.8 million and \$5.2 million, respectively, and for the three and nine months ended September 30, 2021, we recognized losses of \$0.8 million and \$2.8 million, respectively, directly in earnings as an adjustment to non-cash interest expense attributable to the change in fair value of the free-standing derivatives.

As of September 30, 2022 and December 31, 2021, the 2013 Interest Rate Swaps that were designated as fair value hedges are reflected at their fair value of a \$1.5 million liability and a \$4.7 million asset, respectively, and are included in other long-term liabilities and other assets, respectively, in our consolidated balance sheets. To the extent they are effective, the remaining hedged portion of these interest rate swap agreements is included as an adjustment to long-term debt in our consolidated balance sheets.

We recognized net interest income of \$0.4 million and \$2.0 million during the three months ended September 30, 2022 and 2021, respectively, and net interest income of \$3.7 million and \$5.9 million during the nine months ended September 30, 2022 and 2021, respectively, related to net swap settlements for these interest rate swap agreements, which is included as an offset to interest expense in our consolidated statements of income.

For the three months ended September 30, 2022 and 2021, we recognized gains of \$0.1 million and \$0.9 million, respectively, related to the impact of changes in the benchmark interest rate on the fair value of the hedged senior notes and offsetting losses of \$1.0 million and \$1.0 million, respectively, on the related interest rate swaps attributable to changes in the benchmark interest rate. For the nine months ended September 30, 2022 and 2021, we recognized gains of \$4.1 million and \$3.5 million, respectively, related to the impact of changes in the benchmark interest rate on the fair value of the hedged senior notes and offsetting losses of \$6.2 million and \$3.3 million, respectively, on the related interest rate swaps attributable to changes in the benchmark interest rate. The difference of these fair value changes for the three and nine months ended September 30, 2022 and 2021 was recorded directly in earnings as an adjustment to interest expense in our consolidated statements of income.

For further detail regarding the effect of our fair value hedging on interest expense, refer to Note 11, *Financial Instruments*, of the notes to our unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Cash Flow Hedges

We have historically entered into multiple swap agreements designated as cash flow hedges to manage exposure to fluctuations in interest rates in anticipation of planned future issuances of senior notes. Upon the expected issuance of senior notes, we terminate the interest rate locks and settle with our counterparties. These transactions were accounted for as cash flow hedges. All of our cash flow hedges settled on or before December 31, 2020.

The fair value of our interest rate locks is determined using standard valuation models with assumptions about interest rates being based on those observed in underlying markets (Level 2 in the fair value hierarchy).

As of September 30, 2022 and December 31, 2021, our previously terminated interest rate locks were recorded as components of accumulated other comprehensive loss of \$22.6 million and \$25.8 million, respectively, net of tax. The effective portion of the interest rate locks is amortized as an adjustment to interest expense over the life of the issued debt using the effective interest method. For the three and nine months ended September 30, 2022, we recognized losses, net of tax, of \$1.1 million and \$3.2 million, respectively, as a result of this amortization. For the three and nine months ended September 30, 2021, we recognized losses of \$1.2 million and \$3.5 million, respectively. Over the next 12 months, we expect to amortize approximately \$4.0 million, net of tax, from accumulated other comprehensive loss to interest expense as a yield adjustment of our senior notes.

In connection with our acquisition of US Ecology, in the second quarter of 2022, we acquired and novated a floating-to-fixed interest rate swap agreement (the 2022 Interest Rate Swap) with an initial effective date of March 6, 2020 and an initial notional amount of \$500 million relative to our Term Loan Facility. The interest rate swap matures in November 2026. The goal was to reduce overall borrowing costs. Under the terms of the acquired agreement, we pay interest at a fixed interest rate of 0.832% and received interest at floating rates based on changes in LIBOR. The interest rate swap is designated as a cash flow hedge. In May 2022, following the closing of the acquisition, we amended the reference rate from a floating rate based on LIBOR to a

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SOFR rate. In accordance with ASU 2020-04, the amendment of the reference rate did not result in dedesignation of the cash flow hedge. Changes in the fair value of the interest rate swap are recorded as a component of accumulated other comprehensive loss and are recognized in interest expense in the period in which the payment is settled.

The fair value of our floating-to-fixed interest rate swap is determined using standard valuation models with assumptions about interest rates being based on those observed in underlying markets (Level 2 in the fair value hierarchy). As of September 30, 2022, the 2022 Interest Rate Swap was recorded at its fair value of \$38.5 million and is included in other assets in our consolidated balance sheets. For the three and nine months ended September 30, 2022, we recognized unrealized gains of \$9.1 million and \$8.1 million, respectively, in accumulated other comprehensive income for the 2022 Interest Rate Swap. For both the three and nine months ended September 30, 2022, we recognized gains, net of tax, of \$1.1 million on the change in fair value of the 2022 Interest Rate Swap. The gains were recorded directly in earnings as an adjustment to interest expense in our consolidated statements of income.

As of September 30, 2022, the 2022 Interest Rate Swap was recorded as a component of accumulated other income of \$7.0 million, net of tax. Over the next 12 months, we expect to amortize approximately \$2 million, net of tax, from accumulated other comprehensive income as an offset to interest expense in the period in which payments are settled.

For further detail regarding the effect of our cash flow hedging on interest expense, refer to Note 11, *Financial Instruments*, of the notes to our unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Derivative Contracts

Contemporaneously with the issuance of our 2.300% Notes in February 2020, we amended interest rate lock agreements with an aggregate notional value of \$550.0 million, extending the mandatory maturity date from 2020 to 2030, and dedesignated them as cash flow hedges (2020 Extended Interest Rate Locks). Contemporaneously with the issuance of our 2.500% Notes in August 2019, we amended interest rate lock agreements with an aggregate notional value of \$375.0 million, extending the mandatory maturity date from 2019 to 2024, and dedesignated them as cash flow hedges (2019 Extended Interest Rate Locks and collectively with the 2020 Extended Interest Rate Locks referred to as the Extended Interest Rate Locks). There was no ineffectiveness recognized in the termination of these cash flow hedges. In addition, we entered into offsetting interest rate swaps to offset future exposures to fair value fluctuations of the Extended Interest Rate Locks (2019 Offsetting Interest Rate Swap and the 2020 Offsetting Interest Rate Swap, or collectively the Offsetting Interest Rate Swaps). The fair value of these free-standing derivatives was determined using standard valuation models with assumptions about interest rates being based on those observed in underlying markets (Level 2 in the fair value hierarchy).

As of September 30, 2022 and December 31, 2021, the fair values of the 2019 Extended Interest Rate Locks was an asset of \$11.4 million and a liability of \$20.9 million, respectively, which were included in other assets and other long-term liabilities, respectively, in our consolidated balance sheets. As of September 30, 2022, the fair value of the 2020 Extended Interest Rate Locks were an asset of \$64.2 million and a liability of \$29.0 million, which were included in other assets and other long-term liabilities, respectively, in our consolidated balance sheet.

As of September 30, 2022 and December 31, 2021 the fair value of the 2019 Offsetting Interest Rate Swap was a liability of \$19.1 million and an asset of \$11.1 million, which were included in other long-term liabilities and other assets, respectively, in our consolidated balance sheet. As of September 30, 2022 and December 31, 2021, the fair value of the 2020 Offsetting Interest Rate Swap was a liability of \$86.1 million and \$0.8 million, respectively, which were included in other long-term liabilities in our consolidated balance sheets.

For the three and nine months ended September 30, 2022, we recognized gains of \$40.2 million and \$115.0 million, respectively, on the change in fair value of the Extended Interest Rate Locks with offsetting losses of \$39.7 million and \$112.8 million, respectively, on the change in fair value of the Offsetting Interest Rate Swaps. For the three and nine months ended September 30, 2021, we recognized gains of \$9.7 million and \$38.7 million, respectively, on the change in fair value of the Extended Interest Rate Locks with offsetting losses of \$10.1 million and \$39.2 million, respectively, on the change in fair value of the Offsetting Interest Rate Swaps. The changes in fair value were recorded directly in earnings as an adjustment to interest expense in our consolidated statements of income.

Tax-Exempt Financings

As of September 30, 2022 and December 31, 2021 we had \$1,181.9 million and \$1,181.5 million of certain variable rate tax-exempt financings outstanding respectively, with maturities ranging from 2023 to 2051. During 2021, we issued \$205.0 million of tax exempt financings.

In the fourth quarter of 2021, the Pennsylvania Economic Development Financing Authority issued, for our benefit, \$30.0 million of Solid Waste Disposal Revenue Bonds. The proceeds from the issuance, after deferred issuance costs, will be used to fund qualifying landfill-related expenditures in the Commonwealth of Pennsylvania, of which \$30.0 million and \$17.2 million

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

was incurred and reimbursed to us as of September 30, 2022 and December 31, 2021, respectively. As of September 30, 2022 and December 31, 2021, we had \$121.7 million and \$139.0 million, respectively, of restricted cash and marketable securities. As of December 31, 2021, \$12.4 million of the restricted cash and marketable securities balance represented proceeds from the issuance of the tax-exempt bonds.

All of our tax-exempt financings are remarketed either quarterly or semiannually by remarketing agents to effectively maintain a variable yield. The holders of the bonds can put them back to the remarketing agents at the end of each interest period. If the remarketing agent is unable to remarket our bonds, the remarketing agent can put the bonds to us. In the event of a failed remarketing, we currently have availability under our Credit Facility to fund these bonds until they are remarketed successfully. Accordingly, we classified these borrowings as long-term in our consolidated balance sheets as of September 30, 2022 and December 31, 2021.

Finance Leases

We had finance lease liabilities of \$273.9 million and \$249.4 million as of September 30, 2022 and December 31, 2021, respectively, with maturities ranging from 2023 to 2063.

8. INCOME TAXES

Our effective tax rate, exclusive of non-controlling interests, for the three and nine months ended September 30, 2022 was 17.9% and 21.8%, respectively. Our effective tax rate, exclusive of non-controlling interests, for the three and nine months ended September 30, 2021 was 25.5% and 24.6%, respectively.

Net cash paid for income taxes was \$90.5 million and \$182.1 million for the nine months ended September 30, 2022 and 2021, respectively.

On August 16, 2022, the Inflation Reduction Act ("IRA") was signed into law. The IRA, among other things, implements a 15% minimum tax on financial statement income of certain large corporations, a 1% excise tax on stock repurchases and extends, enhances, and creates several tax incentives to promote clean energy. While we continue to evaluate the IRA, at present, we do not believe it will have a material effect on our consolidated financial statements.

We have deferred tax assets related to state net operating loss carryforwards. We provide a partial valuation allowance due to uncertainty surrounding the future utilization of these carryforwards in the taxing jurisdictions where the loss carryforwards exist. When determining the need for a valuation allowance, we consider all positive and negative evidence, including recent financial results, scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategies. The realization of our deferred tax asset for state loss carryforwards ultimately depends upon the existence of sufficient taxable income in the appropriate state taxing jurisdictions in future periods. The weight given to the positive and negative evidence is commensurate with the extent such evidence can be objectively verified. We continue to regularly monitor both positive and negative evidence in determining the ongoing need for a valuation allowance. As of September 30, 2022, the valuation allowance associated with our state loss carryforwards was approximately \$38 million. As a result of the acquisition of US Ecology as of September 30, 2022, the valuation allowance associated with our foreign jurisdiction tax credits was approximately \$4 million.

We are subject to income tax in the United States, as well as income tax in multiple state and foreign jurisdictions. Our compliance with income tax rules and regulations is periodically audited by taxing authorities. These authorities may challenge the positions taken in our tax filings. Thus, to provide for certain potential tax exposures, we maintain liabilities for uncertain tax positions for our estimate of the final outcome of these examinations. The federal statute of limitations applicable to our federal tax returns has passed for all years prior to 2015. We are currently under examination by the Internal Revenue Service (IRS) for tax years 2015 through 2018. In addition, we are currently under state examination or administrative review in various state jurisdictions for tax years 2012 through 2020.

We believe the recorded liabilities for uncertain tax positions are adequate. However, a significant assessment against us in excess of the liabilities recorded could have a material adverse effect on our consolidated financial position, results of operations and cash flows. As of September 30, 2022, we are unable to estimate the resolution of our gross unrecognized benefits over the next 12 months.

We recognize interest and penalties as incurred within the provision for income taxes in the consolidated statement of income. As of September 30, 2022, we accrued a liability for penalties of \$0.3 million and a liability for interest (including interest on penalties) of \$14.6 million related to our uncertain tax positions.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

9. STOCK REPURCHASES, DIVIDENDS AND EARNINGS PER SHARE

Available Shares

We currently have approximately 12.0 million shares of common stock reserved for future grants under the Republic Services, Inc. 2021 Stock Incentive Plan.

Stock Repurchases

In October 2020, our Board of Directors approved a \$2.0 billion share repurchase authorization effective starting January 1, 2021 and extending through December 31, 2023. Share repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. While the Board of Directors has approved the program, the timing of any purchases, the prices and the number of shares of common stock to be purchased will be determined by our management, at its discretion, and will depend upon market conditions and other factors. On a quarterly basis, our Board of Directors reviews the intrinsic value of our stock and the parameters around which we repurchase our shares. The share repurchase program may be extended, suspended or discontinued at any time.

Stock repurchase activity during the three and nine months ended September 30, 2022 and 2021 follows (in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Number of shares repurchased	—	1.2	1.6	1.6
Amount paid	\$ —	\$ 138.9	\$ 203.5	\$ 179.0
Weighted average cost per share	\$ —	\$ 117.78	\$ 124.02	\$ 113.79

As of September 30, 2022, no repurchased shares were pending settlement. As of September 30, 2021, 0.3 million repurchased shares were pending settlement. As of September 30, 2021, \$36.5 million of share repurchases were unpaid and included within other accrued liabilities. As of September 30, 2022, the remaining authorized purchase capacity under our October 2020 repurchase program was \$1.5 billion.

Dividends

In July 2022, our Board of Directors approved a quarterly dividend of \$0.495 per share. Cash dividends declared were \$447.0 million for the nine months ended September 30, 2022. As of September 30, 2022, we recorded a quarterly dividend payable of \$156.4 million to shareholders of record at the close of business on October 3, 2022.

Earnings per Share

Basic earnings per share is computed by dividing net income attributable to Republic Services, Inc. by the weighted average number of common shares (including vested but unissued restricted stock units and performance stock units) outstanding during the period. Diluted earnings per share is based on the combined weighted average number of common shares and common share equivalents outstanding, which include, where appropriate, the unvested restricted stock units (RSUs) and the unvested performance stock units (PSUs) at the expected attainment levels. We use the treasury stock method in computing diluted earnings per share.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Earnings per share for the three and nine months ended September 30, 2022 and 2021 are calculated as follows (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Basic earnings per share:				
Net income attributable to Republic Services, Inc.	\$ 416,924	\$ 350,336	\$ 1,140,836	\$ 977,344
Weighted average common shares outstanding	316,506	318,639	316,527	319,204
Basic earnings per share	\$ 1.32	\$ 1.10	\$ 3.60	\$ 3.06
Diluted earnings per share:				
Net income attributable to Republic Services, Inc.	\$ 416,924	\$ 350,336	\$ 1,140,836	\$ 977,344
Weighted average common shares outstanding	316,506	318,639	316,527	319,204
Effect of dilutive securities:				
Unvested RSU awards	144	340	161	238
Unvested PSU awards	396	393	380	306
Weighted average common and common equivalent shares outstanding	317,046	319,372	317,068	319,748
Diluted earnings per share	\$ 1.32	\$ 1.10	\$ 3.60	\$ 3.06

During each of the three and nine months ended September 30, 2022 and 2021, there were less than 0.1 million antidilutive securities outstanding.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

10. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS BY COMPONENT

A summary of changes in accumulated other comprehensive income (loss), net of tax, by component, for the nine months ended September 30, 2022 follows:

	Cash Flow Hedges	Defined Benefit Pension Items	Foreign Currency Translation	Total
Balance as of December 31, 2021	\$ (25.8)	\$ 11.2	\$ —	\$ (14.6)
Other comprehensive income (loss) before reclassifications	8.1	—	(6.2)	1.9
Amounts reclassified from accumulated other comprehensive loss	2.1	—	—	2.1
Net current period other comprehensive income (loss)	10.2	—	(6.2)	4.0
Balance as of September 30, 2022	<u>\$ (15.6)</u>	<u>\$ 11.2</u>	<u>\$ (6.2)</u>	<u>\$ (10.6)</u>

A summary of reclassifications out of accumulated other comprehensive loss for the three and nine months ended September 30, 2022 and 2021 follows:

Details about Accumulated Other Comprehensive Loss Components	Three Months Ended September 30,		Nine Months Ended September 30,		Affected Line Item in the Statement where Net Income is Presented
	2022	2021	2022	2021	
	Amount Reclassified from Accumulated Other Comprehensive (Loss) Income		Amount Reclassified from Accumulated Other Comprehensive (Loss) Income		
(Loss) gain on cash flow hedges:					
Terminated interest rate locks	\$ (1.5)	\$ (1.6)	\$ (4.4)	\$ (4.7)	Interest expense
2022 Interest Rate Swap	1.5	—	1.5	—	Interest expense
Total before tax	—	(1.6)	(2.9)	(4.7)	
Tax benefit	—	0.4	0.8	1.2	
Net of tax	<u>\$ —</u>	<u>\$ (1.2)</u>	<u>\$ (2.1)</u>	<u>\$ (3.5)</u>	
Pension gains:					
Pension settlement	\$ —	\$ —	\$ —	\$ 0.9	Other income
Tax expense	—	—	—	(0.2)	
Net of tax	—	—	—	0.7	
Total loss reclassified into earnings, net of tax	<u>\$ —</u>	<u>\$ (1.2)</u>	<u>\$ (2.1)</u>	<u>\$ (2.8)</u>	

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

11. FINANCIAL INSTRUMENTS

The effect of our hedging relationships and derivative instruments on the consolidated statements of income for the three and nine months ended September 30, 2022 and 2021 follows (in millions):

	Classification and amount of gain (loss) recognized in income on hedging relationships and derivative instruments			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	Interest Expense	Interest Expense	Interest Expense	Interest Expense
Total amount of expense line items presented in the consolidated statements of income in which the effects of hedging relationships and derivative instruments are recorded	\$ (105.2)	\$ (78.1)	\$ (282.7)	\$ (234.9)
The effects of fair value and cash flow hedging relationships in Subtopic 815-20:				
Gain on fair value hedging relationships:				
Interest rate swaps:				
Net swap settlements	\$ 0.4	\$ 2.0	\$ 3.7	\$ 5.9
Net periodic (loss) earnings	\$ (0.9)	\$ (0.1)	\$ (2.1)	\$ 0.2
(Loss) gain on cash flow hedging relationships:				
Amount of (loss) gain reclassified from accumulated other comprehensive loss into earnings, net of tax				
Interest rate swap locks	\$ (1.1)	\$ (1.2)	\$ (3.2)	\$ (3.5)
2022 Interest Rate Swap	\$ 1.1	\$ —	\$ 1.1	\$ —
The effects of derivative instruments not in Subtopic 815-20:				
Gain (loss) on free-standing derivative instruments:				
Interest rate swaps:				
Loss on change in fair value of free-standing derivative instruments	\$ (0.8)	\$ (0.8)	\$ (5.2)	\$ (2.8)
Interest rate contract:				
Net gain (loss) on change in fair value of free-standing derivative instruments	\$ 0.5	\$ (0.4)	\$ 2.2	\$ (0.5)

Fair Value Measurements

In measuring fair values of assets and liabilities, we use valuation techniques that maximize the use of observable inputs (Level 1) and minimize the use of unobservable inputs (Level 3). We also use market data or assumptions that we believe market participants would use in pricing an asset or liability, including assumptions about risk when appropriate.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

million payable to the County of Sonoma based on the achievement of future annual tonnage targets through the expected remaining capacity of the landfill. The potential undiscounted amount of all future contingent payments that we could be required to make under the waste management contract is estimated to be between approximately \$77 million and \$95 million. During the nine months ended September 30, 2022, the activity in the contingent consideration liability included accretion, which was offset by concession payments made in the ordinary course of business. There were no changes to the estimate of fair value.

12. SEGMENT REPORTING

Our senior management evaluates, oversees and manages the financial performance of our operations through three field groups, referred to as Group 1, Group 2 and Group 3. Group 1 is our recycling and solid waste business operating in geographic areas located in the western United States. Group 2 is our recycling and solid waste business operating in geographic areas located in the southeastern and mid-western United States, and the eastern seaboard of the United States. Group 3 is our environmental solutions business in geographic areas located across the United States and Canada. These groups are presented below as our reportable segments, which each provide integrated environmental services, including but not limited to collection, transfer, recycling, and disposal. Prior to the third quarter of 2022, our environmental services operating segment, now referred to as our Group 3 reportable segment, was aggregated with Corporate entities and other.

Summarized financial information concerning our reportable segments for the three months ended September 30, 2022 and 2021 follows:

	Group 1	Group 2	Recycling & Solid Waste Subtotal	Group 3 (Environmental Solutions)	Corporate entities and other	Total
Three Months Ended September 30, 2022						
Gross Revenue	\$ 1,876.2	\$ 1,803.6	\$ 3,679.8	\$ 411.0	\$ 62.4	\$ 4,153.2
Intercompany Revenue	(285.2)	(242.8)	(528.0)	(11.3)	(16.1)	(555.4)
Net Revenue	\$ 1,591.0	\$ 1,560.8	\$ 3,151.8	\$ 399.7	\$ 46.3	\$ 3,597.8
Gross Adjusted EBITDA	\$ 506.6	\$ 441.1	\$ 947.7	\$ 89.2	\$ 14.4	\$ 1,051.3
Adjusted EBITDA allocations	15.0	14.0	29.0	(14.6)	(14.4)	—
Net Adjusted EBITDA	\$ 521.6	\$ 455.1	\$ 976.7	\$ 74.6	\$ —	\$ 1,051.3
Adjusted EBITDA margin	32.3 %	28.7 %	30.5 %	18.7 %	— %	29.2 %
Capital Expenditures	\$ 199.1	\$ 140.2	\$ 339.3	\$ 35.2	\$ (0.5)	\$ 374.0
Total Assets	\$ 12,199.9	\$ 10,233.8	\$ 22,433.7	\$ 3,991.7	\$ 1,975.6	\$ 28,401.0
Three Months Ended September 30, 2021						
Gross Revenue	\$ 1,719.5	\$ 1,626.5	\$ 3,346.0	\$ 60.2	\$ 55.1	\$ 3,461.3
Intercompany Revenue	(277.9)	(238.5)	(516.4)	(3.2)	(7.8)	(527.4)
Net Revenue	\$ 1,441.6	\$ 1,388.0	\$ 2,829.6	\$ 57.0	\$ 47.3	\$ 2,933.9
Gross Adjusted EBITDA	\$ 481.8	\$ 389.7	\$ 871.5	\$ 12.8	\$ 10.7	\$ 895.0
Adjusted EBITDA allocations	5.6	5.1	10.7	—	(10.7)	—
Net Adjusted EBITDA	\$ 487.4	\$ 394.8	\$ 882.2	\$ 12.8	\$ —	\$ 895.0
Adjusted EBITDA margin	33.2 %	28.0 %	30.7 %	22.5 %	— %	30.5 %
Capital Expenditures	\$ 144.3	\$ 141.1	\$ 285.4	\$ 9.3	\$ 0.9	\$ 295.6
Total Assets	\$ 12,018.7	\$ 9,723.4	\$ 21,742.1	\$ 852.2	\$ 1,834.6	\$ 24,428.9

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Summarized financial information concerning our reportable segments for the nine months ended September 30, 2022 and 2021 follows:

	Group 1	Group 2	Recycling & Solid Waste Subtotal	Group 3	Corporate entities and other	Total
Nine Months Ended September 30, 2022						
Gross Revenue	\$ 5,406.0	\$ 5,170.9	\$ 10,576.9	\$ 827.8	\$ 171.9	\$ 11,576.6
Intercompany Revenue	(826.1)	(702.0)	(1,528.1)	(32.8)	(34.2)	(1,595.1)
Net Revenue	\$ 4,579.9	\$ 4,468.9	\$ 9,048.8	\$ 795.0	\$ 137.7	\$ 9,981.5
Gross Adjusted EBITDA	\$ 1,488.7	\$ 1,274.1	\$ 2,762.8	\$ 163.0	\$ 38.5	\$ 2,964.3
Adjusted EBITDA allocations	32.4	30.0	62.4	(23.9)	(38.5)	—
Net Adjusted EBITDA	\$ 1,521.1	\$ 1,304.1	\$ 2,825.2	\$ 139.1	\$ —	\$ 2,964.3
Adjusted EBITDA margin	32.7 %	28.8 %	30.8 %	17.5 %	— %	29.7 %
Capital Expenditures	\$ 380.7	\$ 325.2	\$ 705.9	\$ 80.4	\$ 138.5	\$ 924.8
Total Assets	\$ 12,199.9	\$ 10,233.8	\$ 22,433.7	\$ 3,991.7	\$ 1,975.6	\$ 28,401.0
Nine Months Ended September 30, 2021						
Gross Revenue	\$ 4,935.4	\$ 4,626.1	\$ 9,561.5	\$ 136.8	\$ 153.6	\$ 9,851.9
Intercompany Revenue	(801.9)	(674.7)	(1,476.6)	(10.8)	(22.3)	(1,509.7)
Net Revenue	\$ 4,133.5	\$ 3,951.4	\$ 8,084.9	\$ 126.0	\$ 131.3	\$ 8,342.2
Gross Adjusted EBITDA	\$ 1,383.8	\$ 1,111.3	\$ 2,495.1	\$ 30.3	\$ 28.0	\$ 2,553.4
Adjusted EBITDA allocations	14.7	13.3	28.0	—	(28.0)	—
Net Adjusted EBITDA	\$ 1,398.5	\$ 1,124.6	\$ 2,523.1	\$ 30.3	\$ —	\$ 2,553.4
Adjusted EBITDA margin	33.3 %	28.0 %	30.7 %	24.1 %	— %	30.6 %
Capital Expenditures	\$ 420.6	\$ 341.9	\$ 762.5	\$ 14.9	\$ 126.8	\$ 904.2
Total Assets	\$ 12,018.7	\$ 9,723.4	\$ 21,742.1	\$ 852.2	\$ 1,834.6	\$ 24,428.9

Intercompany revenue reflects transactions within and between segments that generally are made on a basis intended to reflect the market value of such services. Capital expenditures for Corporate entities and other primarily include vehicle inventory acquired but not yet assigned to operating locations and facilities.

National Accounts revenue included in Corporate entities and other represents the portion of revenue generated from nationwide and regional contracts in markets outside our operating areas where the associated material handling is subcontracted to local operators. Corporate functions include legal, tax, treasury, information technology, risk management, human resources, closed landfills, and other administrative functions. Revenue and overhead costs of Corporate entities and other are primarily allocated to our Group 1 and Group 2 reportable segments as we continue to integrate the acquisitions included in our Group 3 reportable segment. Net Adjusted EBITDA reflects the allocation of Gross Adjusted EBITDA from Corporate entities and other to our reportable segments. As presented in the tables below, Adjusted EBITDA reflects certain adjustments for US Ecology deal and integration costs, losses on equity method investments, gains on business divestitures, restructuring expenses, withdrawal costs from multi-employer pension funds, and accelerated vesting of compensation expense related to the 2021 CEO transition.

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

The following table calculates EBITDA and EBITDA margin for the three and nine months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Net income attributable to Republic Services, Inc.	\$ 416.9	11.6 %	\$ 350.3	11.9 %	\$ 1,140.8	11.4 %	\$ 977.3	11.7 %
Net income (loss) attributable to noncontrolling interests	—		0.5		(0.2)		1.9	
Provision for income taxes	90.9		119.9		317.5		319.0	
Other expense (income), net	0.3		0.9		6.5		(0.6)	
Interest income	(0.8)		(0.6)		(2.0)		(2.0)	
Interest expense	105.2		78.1		282.7		234.9	
Depreciation, amortization and depletion	353.9		301.3		1,001.8		886.5	
Accretion	22.8		20.8		66.9		61.9	
EBITDA and EBITDA margin	<u>\$ 989.2</u>	27.5 %	<u>\$ 871.2</u>	29.7 %	<u>\$ 2,814.0</u>	28.2 %	<u>\$ 2,478.9</u>	29.7 %

The following table calculates adjusted EBITDA and adjusted EBITDA margin for the three and nine months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
EBITDA	\$ 989.2	27.5 %	\$ 871.2	29.7 %	\$ 2,814.0	28.2 %	\$ 2,478.9	29.7 %
Loss from unconsolidated equity method investment	51.8		15.1		69.2		44.0	
Withdrawal costs - multiemployer pension funds	—		—		2.2		—	
Restructuring charges	6.8		4.6		18.8		11.2	
Gain on business divestitures and impairments, net	(5.2)		—		(5.3)		(0.2)	
US Ecology, Inc. acquisition integration and deal costs	8.7		—		65.4		—	
Accelerated vesting of compensation expense for CEO transition	—		4.1		—		19.5	
Total adjustments	<u>62.1</u>		<u>23.8</u>		<u>150.3</u>		<u>74.5</u>	
Adjusted EBITDA and adjusted EBITDA margin	<u>\$ 1,051.3</u>	29.2 %	<u>\$ 895.0</u>	30.5 %	<u>\$ 2,964.3</u>	29.7 %	<u>\$ 2,553.4</u>	30.6 %

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

13. REVENUE AND CREDIT LOSSES

Our operations primarily consist of providing environmental services. The following table disaggregates our revenue by service line for the three and nine months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Collection:								
Residential	\$ 680.9	18.9 %	\$ 626.7	21.4 %	\$ 1,963.0	19.7 %	\$ 1,831.3	22.0 %
Small-container	1,021.7	28.4	871.9	29.7	2,912.9	29.2	2,525.3	30.3
Large-container	709.5	19.7	615.8	21.0	2,018.0	20.2	1,744.7	20.9
Other	14.7	0.4	13.4	0.4	40.3	0.4	39.0	0.5
Total collection	2,426.8	67.4	2,127.8	72.5	6,934.2	69.5	6,140.3	73.7
Transfer	412.7		395.3		1,183.1		1,110.4	
Less: intercompany	(223.4)		(212.6)		(637.1)		(605.9)	
Transfer, net	189.3	5.3	182.7	6.2	546.0	5.5	504.5	6.0
Landfill	703.6		659.8		2,019.7		1,879.1	
Less: intercompany	(291.4)		(285.6)		(851.9)		(818.1)	
Landfill, net	412.2	11.5	374.2	12.8	1,167.8	11.7	1,061.0	12.7
Environmental solutions	411.0		60.2		827.8		136.9	
Less: intercompany	(13.8)		(3.2)		(37.1)		(10.9)	
Environmental solutions, net	397.2	11.0	57.0	1.9	790.7	7.9	126.0	1.5
Other:								
Recycling processing and commodity sales	87.1	2.4	119.9	4.1	300.6	3.0	310.6	3.7
Other non-core	85.2	2.4	72.3	2.5	242.2	2.4	199.8	2.4
Total other	172.3	4.8	192.2	6.6	542.8	5.4	510.4	6.1
Total revenue	\$ 3,597.8	100.0 %	\$ 2,933.9	100.0 %	\$ 9,981.5	100.0 %	\$ 8,342.2	100.0 %

Other non-core revenue consists primarily of revenue from National Accounts, which represents the portion of revenue generated from nationwide or regional contracts in markets outside our operating areas where the associated material handling is subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

Environmental solutions revenue includes revenue generated by US Ecology following our acquisition of the business on May 2, 2022.

The factors that impact the timing and amount of revenue recognized for each service line may vary based on the nature of the service performed. Generally, we recognize revenue at the time we perform a service. In the event that we bill for services in advance of performance, we recognize deferred revenue for the amount billed and subsequently recognize revenue at the time the service is provided. Depending on the nature of the contract, we may also generate revenue through the collection of fuel recovery fees and environmental fees which are designed to recover our internal costs of providing services to our customers. Substantially all of the deferred revenue recognized as of December 31, 2021 was recognized as revenue during the nine months ended September 30, 2022 when the service was performed.

See Note 12, *Segment Reporting*, for additional information regarding revenue by reportable segment.

Revenue Recognition

Our service obligations of a long-term nature, e.g., certain collection service contracts and waste treatment and disposal contracts are satisfied over time, and we recognize revenue based on the value provided to the customer during the period. The amount billed to the customer is based on variable elements such as the number of residential homes or businesses for which collection services are provided, the volume of material collected, transported and disposed, and the nature of the material accepted. We do not disclose the value of unsatisfied performance obligations for these contracts as our right to consideration corresponds directly to the value provided to the customer for services completed to date and all future variable consideration is allocated to wholly unsatisfied performance obligations.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Certain elements of our long-term customer contracts are unknown upon entering into the contract, including the amount that will be billed in accordance with annual price escalation clauses, our fuel recovery fee program and commodity prices. The amount to be billed is often tied to changes in an underlying base index such as a consumer price index or a fuel or commodity index, and revenue can be recognized once the index is established for the period.

Deferred Contract Costs

We incur certain upfront payments to acquire customer contracts which are recognized as other assets in our consolidated balance sheet, and we amortize the asset over the respective contract life. In addition, we recognize sales commissions that represent an incremental cost of the contract as other assets in our consolidated balance sheets, and we amortize the asset over the average life of the customer relationship. As of September 30, 2022 and December 31, 2021, we recognized \$80.2 million and \$80.6 million, respectively, of deferred contract costs and capitalized sales commissions. During the three and nine months ended September 30, 2022, we amortized \$3.2 million and \$10.0 million, respectively, of capitalized sales commissions to selling, general and administrative expenses and we amortized \$1.4 million and \$4.4 million, respectively, of other deferred contract costs as a reduction of revenue. During the three and nine months ended September 30, 2021, we amortized \$3.0 million and \$9.4 million, respectively, of capitalized sales commissions to selling, general and administrative expenses and we amortized \$1.5 million and \$4.6 million, respectively, of other deferred contract costs as a reduction of revenue.

Credit Losses

Accounts receivable represent receivables from customers for environmental services, including collection and processing of recyclable materials, collection, transfer, and disposal of solid waste, and other environmental solutions. Our receivables are recorded when billed or when the related revenue is earned and represent claims against third parties that will be settled in cash. The carrying value of our receivables, net of the allowance for doubtful accounts and customer credits, represents their estimated net realizable value.

We establish an allowance for doubtful accounts based on various factors including the age of receivables outstanding, historical trends, economic conditions and other information. We also review outstanding balances on an account-specific basis based on the credit risk of the customer. We determined that all of our accounts receivable share similar risk characteristics. We monitor our credit exposure on an ongoing basis and assess whether assets in the pool continue to display similar risk characteristics. We perform ongoing credit evaluations of our customers, but generally do not require collateral to support customer receivables.

The following table reflects the activity in our allowance for doubtful accounts for the nine months ended September 30, 2022 and 2021:

	2022	2021
Balance at beginning of year	\$ 38.5	\$ 34.7
Additions charged to expense	27.8	18.7
Accounts written-off	(16.9)	(11.1)
Balance at end of period	<u>\$ 49.4</u>	<u>\$ 42.3</u>

14. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

We are subject to extensive and evolving laws and regulations and have implemented safeguards to respond to regulatory requirements. In the normal course of our business, we become involved in legal proceedings. Some may result in fines, penalties or judgments against us, or settlements, which may impact earnings and cash flows for a particular period. Although we cannot predict the ultimate outcome of any legal matter with certainty, we do not believe the outcome of any of our pending legal proceedings will have a material adverse impact on our consolidated financial position, results of operations or cash flows.

As used herein, the term *legal proceedings* refers to litigation and similar claims against us and our subsidiaries, excluding: (1) ordinary course accidents, general commercial liability and workers' compensation claims, which are covered by insurance programs, subject to customary deductibles, and which, together with insured employee health care costs, are discussed in Note 5, *Other Liabilities*; and (2) environmental remediation liabilities, which are discussed in Note 6, *Landfill and Environmental Costs*.

We accrue for legal proceedings when losses become probable and reasonably estimable. We have recorded an aggregate accrual of approximately \$14 million relating to our outstanding legal proceedings as of September 30, 2022. As of the end of each applicable reporting period, we review each of our legal proceedings and, where it is probable that a liability has been

REPUBLIC SERVICES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

incurred, we accrue for all probable and reasonably estimable losses. Where we can reasonably estimate a range of losses we may incur regarding such a matter, we record an accrual for the amount within the range that constitutes our best estimate. If we can reasonably estimate a range but no amount within the range appears to be a better estimate than any other, we use the amount that is the low end of such range. If we had used the high ends of such ranges, our aggregate potential liability would be approximately \$7 million higher than the amount recorded as of September 30, 2022.

Multiemployer Pension Plans

We participate in multiemployer pension plans that generally provide retirement benefits to participants of contributing employers. We do not administer these plans.

Under current law regarding multiemployer pension plans, our withdrawal (which we consider from time to time) or the mass withdrawal from any underfunded multiemployer pension plan (each, a Withdrawal Event) could require us to make payments to the plan for our proportionate share of the plan's unfunded vested liabilities. During the course of operating our business, we incur Withdrawal Events regarding certain of the multiemployer pension plans in which we participate. We accrue for such events when losses become probable and reasonably estimable.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

Restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Beginning-of-period and end-of-period cash, cash equivalents, restricted cash and restricted cash equivalents as presented in the statement of cash flows is reconciled as follows:

	September 30, 2022	December 31, 2021	September 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 81.4	\$ 29.0	\$ 40.1	\$ 38.2
Restricted cash and marketable securities	121.7	139.0	155.6	149.1
Less: restricted marketable securities	(55.3)	(62.4)	(72.8)	(73.1)
Cash, cash equivalents, restricted cash and restricted cash equivalents	<u>\$ 147.8</u>	<u>\$ 105.6</u>	<u>\$ 122.9</u>	<u>\$ 114.2</u>

Our restricted cash and marketable securities include, among other things, restricted cash related to proceeds from the issuance of tax-exempt bonds that will be used to fund qualifying landfill-related expenditures in the Commonwealth of Pennsylvania, restricted cash and marketable securities pledged to regulatory agencies and governmental entities as financial guarantees of our performance under certain collection, landfill and transfer station contracts and permits, and relating to our final capping, closure and post-closure obligations at our landfills as well as restricted cash and marketable securities related to our insurance obligations.

The following table summarizes our restricted cash and marketable securities:

	September 30, 2022	December 31, 2021
Financing proceeds	\$ —	\$ 12.4
Capping, closure and post-closure obligations	38.8	42.4
Insurance	82.9	84.2
Total restricted cash and marketable securities	<u>\$ 121.7</u>	<u>\$ 139.0</u>

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than short-term operating leases and financial assurances, which are not classified as debt. We have no transactions or obligations with related parties that are not disclosed, consolidated into or reflected in our reported financial position or results of operations. We have not guaranteed any third-party debt.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion in conjunction with the unaudited consolidated financial statements and notes thereto included under Part I, Item 1 of this Quarterly Report on Form 10-Q. In addition, you should refer to our audited consolidated financial statements and notes thereto and related *Management's Discussion and Analysis of Financial Condition and Results of Operations* appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Disclosure Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q 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. In particular, information appearing in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" includes forward-looking statements. These statements include information about our plans, strategies, and expectations of future financial performance 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 significant risk 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 our ability to integrate the operations of US Ecology, Inc. (US Ecology) into our operations and to realize the intended benefits of such acquisition, as well as acts of war, riots or terrorism, and the impact of these acts on economic, financial and social conditions in the United States, the effects of the COVID-19 pandemic and actions taken in response thereto, as well as our dependence on large, long-term collection, transfer and disposal contracts. More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2021. 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. We undertake no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

Recent Developments

In July 2022, we acquired a non-controlling equity interest in a joint venture with a landfill gas-to-energy developer to construct 39 renewable natural gas projects across the United States for approximately \$88 million. We also purchased an approximately \$38 million interest in a landfill gas-to-energy project and subsequently divested of our interest to the joint venture. The joint venture agreement provides for additional contributions as certain project milestones are achieved over the next four to five years.

On May 2, 2022, we acquired all outstanding equity of US Ecology in a transaction valued at \$2.2 billion. US Ecology is a leading provider of environmental solutions offering treatment, recycling and disposal of hazardous, non-hazardous and specialty waste. This acquisition expands our existing environmental solutions footprint and adds a national platform to provide customers with environmental solutions from collection to disposal, including recycling, solid waste, special waste, hazardous waste, container rental and field services. We financed the transaction using the proceeds of a new \$1.0 billion unsecured Term Loan Credit Agreement (Term Loan Facility) and borrowings under our existing \$3.0 billion unsecured revolving credit facility. As of and for the three and nine months ended September 30, 2022, the financial results of US Ecology are included within our Group 3 reportable segment.

Impact of the COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of a new strain of coronavirus (COVID-19) a pandemic. In 2020, certain customers in our small- and large-container businesses began adjusting their service levels, which included a decrease in the frequency of pickups or a temporary pause in service. In addition, we experienced a decline in volumes disposed at certain of our landfills and transfer stations. As service levels decreased, we also experienced a decrease in certain costs of our operations which are variable in nature. This decline in service activity peaked in 2020 and has improved sequentially thereafter, returning to pre-pandemic levels in 2022.

In 2020 and 2021, we recognized our frontline employees for their commitment and contributions to their communities during the pandemic through our Committed to Serve program with two awards that were paid in January 2021 and November 2021.

The effects of the COVID-19 pandemic on our business are described in more detail in the *Results of Operations* discussion in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Overview

Republic is one of the largest providers of environmental services in the United States, as measured by revenue. As of September 30, 2022, we operated facilities in 41 states and the District of Columbia through 349 collection operations, 231 transfer stations, 207 active landfills, 72 recycling processing centers, 3 treatment, recovery and disposal facilities, 20 treatment, storage and disposal facilities (TSDF), 6 salt water disposal wells and 7 deep injection wells. We are engaged in 74 landfill gas-to-energy and renewable energy projects and had post-closure responsibility for 126 closed landfills as of September 30, 2022.

Revenue for the nine months ended September 30, 2022 increased by 19.7% to \$9,981.5 million compared to \$8,342.2 million for the same period in 2021. This change in revenue is due to increased volume of 2.7%, average yield of 5.0%, acquisitions, net of divestitures of 9.0%, fuel recovery fees of 2.7%, and increased environmental solutions revenue of 0.5% offset by a decrease in recycling processing and commodity sales of 0.2%.

The following table summarizes our revenue, expenses and operating income for the three and nine months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Revenue	\$ 3,597.8	100.0 %	\$ 2,933.9	100.0 %	\$ 9,981.5	100.0 %	\$ 8,342.2	100.0 %
Expenses:								
Cost of operations	2,192.4	60.9	1,744.0	59.4	6,020.4	60.3	4,928.0	59.1
Depreciation, amortization and depletion of property and equipment	326.1	9.1	282.7	9.6	927.2	9.3	832.8	10.0
Amortization of other intangible assets	14.7	0.4	8.5	0.3	38.6	0.4	23.5	0.3
Amortization of other assets	13.1	0.4	10.1	0.4	36.0	0.4	30.2	0.4
Accretion	22.8	0.6	20.8	0.7	66.9	0.7	61.9	0.7
Selling, general and administrative	362.8	10.1	299.0	10.2	1062.2	10.6	880.3	10.6
Withdrawal costs - multiemployer pension funds	—	—	—	—	2.2	—	—	—
Loss (gain) on business divestitures and impairments, net	(5.2)	(0.1)	—	—	(5.3)	(0.1)	(0.2)	—
Restructuring charges	6.8	0.2	4.6	0.2	18.8	0.2	11.2	0.1
Operating income	\$ 664.3	18.4 %	\$ 564.2	19.2 %	\$ 1,814.5	18.2 %	\$ 1,574.5	18.8 %

Our pre-tax income was \$507.8 million and \$1,458.1 million for the three and nine months ended September 30, 2022, respectively, compared to \$470.7 million and \$1,298.2 million for the same respective periods in 2021. Our net income attributable to Republic Services, Inc. was \$416.9 million and \$1,140.8 million for the three and nine months ended September 30, 2022, or \$1.32 and \$3.60 per diluted share, respectively, compared to \$350.3 million and \$977.3 million, or \$1.10 and \$3.06 per diluted share, respectively, for the same periods in 2021.

During each of the three and nine months ended September 30, 2022 and 2021, we recorded a number of charges, other expenses and benefits that impacted our pre-tax income, tax expense, net income attributable to Republic Services, Inc. (net income – Republic) and diluted earnings per share as noted in the following table (in millions, except per share data). Additionally, see our *Results of Operations* discussion in this *Management's Discussion and Analysis of Financial Condition and Results of Operations* for a discussion of other items that impacted our earnings during the three and nine months ended September 30, 2022 and 2021.

	Three Months Ended September 30, 2022				Three Months Ended September 30, 2021			
	Pre-tax Income	Tax Impact ⁽¹⁾	Net Income - Republic	Diluted Earnings per Share	Pre-tax Income	Tax Impact ⁽¹⁾	Net Income - Republic	Diluted Earnings per Share
As reported	\$ 507.8	\$ 90.9	\$ 416.9	\$ 1.32	\$ 470.7	\$ 119.9	\$ 350.3	\$ 1.10
Restructuring charges	6.8	1.8	5.0	0.01	4.6	1.3	3.3	0.01
Loss on business divestitures and impairments, net	(5.2)	(2.2)	(3.0)	(0.01)	—	—	—	—
Accelerated vesting of compensation expense for CEO transition	—	—	—	—	4.1	—	4.1	0.01
US Ecology, Inc. acquisition integration and deal costs	8.7	2.2	6.5	0.02	—	—	—	—
Total adjustments	10.3	1.8	8.5	0.02	8.7	1.3	7.4	0.02
As adjusted	<u>\$ 518.1</u>	<u>\$ 92.7</u>	<u>\$ 425.4</u>	<u>\$ 1.34</u>	<u>\$ 479.4</u>	<u>\$ 121.2</u>	<u>\$ 357.7</u>	<u>\$ 1.12</u>

(1) The income tax effect related to our adjustments includes both current and deferred income tax impact and is individually calculated based on the statutory rates applicable to each adjustment.

	Nine Months Ended September 30, 2022				Nine Months Ended September 30, 2021			
	Pre-tax Income	Tax Impact ⁽²⁾	Net Income - Republic	Diluted Earnings per Share	Pre-tax Income	Tax Impact ⁽²⁾	Net Income - Republic	Diluted Earnings per Share
As reported	\$ 1,458.1	\$ 317.5	\$ 1,140.8	\$ 3.60	\$ 1,298.2	\$ 319.0	\$ 977.3	\$ 3.06
Restructuring charges	18.8	4.9	13.9	0.04	11.2	3.0	8.2	0.03
Gain on business divestitures and impairments, net ⁽¹⁾	(5.3)	(2.2)	(3.1)	(0.01)	(0.2)	(0.1)	(0.1)	—
Withdrawal costs - multiemployer pension funds	2.2	0.6	1.6	0.01	—	—	—	—
Accelerated vesting of compensation expense for CEO transition	—	—	—	—	19.5	—	19.5	0.05
US Ecology, Inc. acquisition integration and deal costs	65.4	14.1	51.3	0.16	—	—	—	—
Total adjustments	81.1	17.4	63.7	0.20	30.5	2.9	27.6	0.08
As adjusted	<u>\$ 1,539.2</u>	<u>\$ 334.9</u>	<u>\$ 1,204.5</u>	<u>\$ 3.80</u>	<u>\$ 1,328.7</u>	<u>\$ 321.9</u>	<u>\$ 1,004.9</u>	<u>\$ 3.14</u>

(1) The aggregate impact to adjusted diluted earnings per share totals to less than \$0.01 for the nine months ended September 30, 2021.

(2) The income tax effect related to our adjustments includes both current and deferred income tax impact and is individually calculated based on the statutory rates applicable to each adjustment.

We believe that presenting adjusted pre-tax income, adjusted tax impact, adjusted net income – Republic, 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, costs and recoveries in prior periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. Our definitions of adjusted pre-tax income, adjusted tax impact, adjusted net income – Republic, and adjusted diluted earnings per share may not be comparable to similarly titled measures presented by other companies. Further information on each of these adjustments is included below.

Restructuring charges. During the three and nine months ended September 30, 2022, we incurred restructuring charges of \$6.8 million and \$18.8 million, respectively, and during the three and nine months ended September 30, 2021, we incurred restructuring charges of \$4.6 million and \$11.2 million, respectively, related to the redesign of certain back-office software

systems. During the nine months ended September 30, 2022 and 2021, we paid \$17.0 million and \$12.1 million, respectively, related to these restructuring efforts.

During the remainder of 2022, we expect to incur additional restructuring charges of approximately \$8.0 million, primarily related to the continued redesign of certain of our back-office software systems. Substantially all of these restructuring charges will be recorded in Corporate entities and other.

Gain on business divestitures and impairments, net. During the three and nine months ended September 30, 2022, we recorded a net gain on business divestitures and impairments of \$5.2 million and \$5.3 million, respectively. During the three months ended September 30, 2021, we recorded a net gain on business divestitures and impairments of \$0.2 million.

Withdrawal costs - multiemployer pension funds. During the nine months ended September 30, 2022, we recorded \$2.2 million of withdrawal costs from a multiemployer pension plan.

Accelerated vesting of compensation expense for CEO transition. In June 2021, Donald W. Slager retired as Chief Executive Officer (CEO) of Republic Services, Inc. During the three and nine months ended September 30, 2021, we recognized charges of \$4.1 million and \$19.5 million, respectively, related to the accelerated vesting of his compensation awards that were previously scheduled to vest in 2022 and beyond.

US Ecology, Inc. acquisition integration and deal costs. During the three and nine months ended September 30, 2022, we incurred \$8.7 million and \$65.4 million, respectively, of acquisition integration and deal costs in connection with the acquisition of US Ecology, which included certain costs to close the acquisition and integrate the business, including stock compensation expense for unvested awards at closing as well as severance and change-in-control payments. The acquisition closed on May 2, 2022.

Results of Operations

Revenue

We generate revenue by providing environmental services to our customers, including the collection and processing of recyclable materials, the collection, transfer and disposal of solid waste, and other environmental solutions. Our residential, small-container and large-container collection operations in some markets are based on long-term contracts with municipalities. Certain of our municipal contracts have annual price escalation clauses that are tied to changes in an underlying base index such as a consumer price index. We generally provide small-container and large-container collection services to customers under contracts with terms up to three years. Our transfer stations and landfills generate revenue from disposal or tipping fees charged to third parties. Our recycling processing centers generate revenue from tipping fees charged to third parties and the sale of recycled commodities. Our revenue from environmental solutions consists mainly of fees we charge for disposal of hazardous and non-hazardous solid and liquid material and in-plant services, such as transportation and logistics, including at our TSDFs, and onsite services such as high-pressure cleaning, tank cleaning, decontamination, remediation, transportation, spill cleanup, and emergency response at refineries, chemical, steel, and automotive plants, and other governmental, commercial, and industrial facilities. Other non-core revenue consists primarily of revenue from National Accounts, which represents the portion of revenue generated from nationwide or regional contracts in markets outside our operating areas where the associated material handling is subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

The following table reflects our revenue by service line for the three and nine months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Collection:								
Residential	\$ 680.9	18.9 %	\$ 626.7	21.4 %	\$ 1,963.0	19.7 %	\$ 1,831.3	22.0 %
Small-container	1,021.7	28.4	871.9	29.7	2,912.9	29.2	2,525.3	30.3
Large-container	709.5	19.7	615.8	21.0	2,018.0	20.2	1,744.7	20.9
Other	14.7	0.4	13.5	0.4	40.4	0.4	38.9	0.5
Total collection	2,426.8	67.4	2,127.8	72.5	6,934.2	69.5	6,140.3	73.7
Transfer	412.7		395.4		1,183.1		1,110.4	
Less: intercompany	(223.4)		(212.6)		(637.1)		(605.9)	
Transfer, net	189.3	5.3	182.7	6.2	546.0	5.5	504.5	6.0
Landfill	703.6		659.8		2,019.7		1,879.1	
Less: intercompany	(291.4)		(285.6)		(851.9)		(818.1)	
Landfill, net	412.2	11.5	374.2	12.8	1,167.8	11.7	1,061.0	12.7
Environmental solutions	411.0		60.2		827.8		136.9	
Less: intercompany	(13.8)		(3.2)		(37.1)		(10.9)	
Environmental solutions, net	397.2	11.0	57.0	1.9	790.7	7.9	126.0	1.5
Other:								
Recycling processing and commodity sales	87.2	2.4	119.9	4.1	300.6	3.0	310.6	3.7
Other non-core	85.2	2.4	72.3	2.5	242.2	2.4	199.8	2.4
Total other	172.3	4.8	192.2	6.6	542.8	5.4	510.4	6.1
Total revenue	\$ 3,597.8	100.0 %	\$ 2,933.9	100.0 %	\$ 9,981.5	100.0 %	\$ 8,342.2	100.0 %

The following table reflects changes in components of our revenue, as a percentage of total revenue, for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Average yield	5.6 %	3.2 %	5.0 %	2.7 %
Fuel recovery fees	3.1	1.3	2.7	0.6
Total price	8.7	4.5	7.7	3.3
Volume	2.2	4.3	2.7	3.8
Change in workdays	—	—	—	(0.2)
Recycling processing and commodity sales	(1.3)	1.6	(0.2)	1.2
Environmental solutions	0.6	0.2	0.5	(0.2)
Total internal growth	10.2	10.6	10.7	7.9
Acquisitions / divestitures, net	12.4	3.5	9.0	2.1
Total	22.6 %	14.1 %	19.7 %	10.0 %
Core price	6.9 %	5.2 %	6.4 %	4.9 %

Average yield is defined as revenue growth from the change in average price per unit of service, expressed as a percentage. Core price is defined as price increases to our customers and fees, excluding fuel recovery fees, net of price decreases to retain customers. We also measure changes in average yield and core price as a percentage of related-business revenue, defined as total revenue excluding recycled commodities, fuel recovery fees and environmental solutions revenue, to determine the effectiveness of our pricing strategies. Average yield as a percentage of related-business revenue was 6.3% and 5.4% for the three and nine months ended September 30, 2022, respectively, and 3.4% and 2.9% for the same respective periods in 2021. Core price as a percentage of related-business revenue was 7.7% and 7.0% for the three and nine months ended September 30, 2022, respectively, and 5.5% and 5.2% for the same respective periods in 2021.

During the three and nine months ended September 30, 2022, we experienced the following changes in our revenue as compared to the same respective periods in 2021:

- Average yield increased revenue by 5.6% and 5.0% during the three and nine months ended September 30, 2022, respectively, due to price increases in all our collection and disposal lines of business.
- The fuel recovery fee program, which mitigates our exposure to increases in fuel prices, increased revenue by 3.1% and 2.7% during the three and nine months ended September 30, 2022, respectively, primarily due to an increase in fuel prices compared to the same periods in 2021.
- Volume increased revenue by 2.2% and 2.7% during the three and nine months ended September 30, 2022, respectively, primarily due to volume growth in our landfill, small- and large-container collection, and transfer lines of business, partially offset by a decrease in volume in our residential line of business. The volume increase in our landfill line of business is primarily attributable to increased special waste, solid waste, and construction and demolition volumes.
- Recycling processing and commodity sales decreased revenue by 1.3% and 0.2% during the three and nine months ended September 30, 2022, respectively, primarily due to a decrease in overall commodity prices as compared to the same periods in 2021. The average price for recycled commodities, excluding glass and organics, for the three and nine months ended September 30, 2022 was \$162 and \$195 per ton, respectively, compared to \$230 and \$178 per ton for the same respective periods in 2021.

Changing market demand for recycled commodities causes volatility in commodity prices. At current volumes and mix of materials, we believe a \$10 per ton change in the price of recycled commodities would change both annual revenue and operating income by approximately \$10 million.

- Environmental solutions revenue increased by 0.6% and 0.5% during the three and nine months ended September 30, 2022, respectively, primarily due to an increase in volumes, including those driven by an increase in rig counts and drilling activity. This revenue increase excludes the impact from our acquisition of US Ecology.
- Acquisitions, net of divestitures, increased revenue by 12.4% and 9.0% during the three and nine months ended September 30, 2022, respectively, reflecting the results of our continued growth strategy of acquiring solid waste, recycling, and environmental services companies, including US Ecology, that complement and expand our existing business platform.

Cost of Operations

Cost of operations includes labor and related benefits, which consists of salaries and wages, health and welfare benefits, incentive compensation and payroll taxes. It also includes transfer and disposal costs representing tipping fees paid to third party disposal facilities and transfer stations; maintenance and repairs relating to our vehicles, equipment and containers, including related labor and benefit costs; transportation and subcontractor costs, which include costs for independent haulers that transport our waste to disposal facilities and costs for local operators that provide waste handling services associated with our National Accounts in markets outside our standard operating areas; fuel, which includes the direct cost of fuel used by our vehicles, net of fuel tax credits; disposal fees and taxes, consisting of landfill taxes, host community fees and royalties; landfill operating costs, which includes financial assurance, leachate disposal, remediation charges and other landfill maintenance costs; risk management costs, which include insurance premiums and claims; cost of goods sold, which includes material costs paid to suppliers; and other, which includes expenses such as facility operating costs, equipment rent and gains or losses on sale of assets used in our operations.

The following table summarizes the major components of our cost of operations for the three and nine months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Labor and related benefits	\$ 724.3	20.1 %	\$ 588.2	20.0 %	\$ 2,003.5	20.1 %	\$ 1,715.4	20.6 %
Transfer and disposal costs	267.4	7.4	228.9	7.8	733.7	7.4	641.3	7.7
Maintenance and repairs	330.7	9.2	273.9	9.3	902.5	9.0	770.9	9.2
Transportation and subcontract costs	298.8	8.3	206.2	7.0	785.0	7.9	565.5	6.8
Fuel	161.3	4.5	100.4	3.4	474.1	4.7	271.7	3.3
Disposal fees and taxes	89.2	2.5	87.0	3.0	257.8	2.6	252.4	3.0
Landfill operating costs	75.3	2.1	61.9	2.1	201.9	2.0	188.2	2.3
Risk management	84.5	2.3	74.8	2.6	231.5	2.3	186.8	2.2
Other	161.5	4.5	122.7	4.2	430.1	4.3	335.8	4.0
Subtotal	2,193.0	60.9	1,744.0	59.4	6,020.1	60.3	4,928.0	59.1
US Ecology, Inc. acquisition integration and deal costs	(0.6)	—	—	—	0.3	—	—	—
Total cost of operations	\$ 2,192.4	60.9 %	\$ 1,744.0	59.4 %	\$ 6,020.4	60.3 %	\$ 4,928.0	59.1 %

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

The most significant items impacting our cost of operations during the three and nine months ended September 30, 2022 and 2021 are summarized below:

- Labor and related benefits increased in aggregate dollars due to higher hourly and salaried wages as a result of annual merit increases and an increase in service levels attributable to economic recovery from the COVID-19 pandemic. Acquisition-related growth, including US Ecology, also contributed to the increase in labor and related benefits in aggregate dollars.
- Transfer and disposal costs increased in aggregate dollars primarily due to acquisition-related growth, including US Ecology. Transfer and disposal costs also increased in aggregate dollars as a result of higher collection volumes and an increase in third party disposal rates.

During both the three and nine months ended September 30, 2022 and 2021, approximately 68% of the total solid waste volume we collected was disposed at landfill sites that we owned or operated (internalization).

- Maintenance and repairs expense increased in aggregate dollars due to an increase in the price of replacement parts as well as an increase in service levels attributable to the economic recovery from the COVID-19 pandemic.
- Transportation and subcontract costs increased during the three and nine months ended September 30, 2022 due to increases in volume and an increase in subcontract work attributable to a corresponding increase in non-core revenues as compared to the same period in 2021. Acquisition-related growth, including US Ecology, also contributed to the increase in transportation and subcontract costs in aggregate dollars.
- Our fuel costs increased due to an increase in the average diesel fuel cost per gallon. The national average diesel fuel cost per gallon for the three and nine months ended September 30, 2022 was \$5.15 and \$4.96, respectively, as compared to \$3.36 and \$3.16, respectively, for the same respective periods in 2021.

At current consumption levels, we believe a twenty-cent per gallon change in the price of diesel fuel would change our fuel costs by approximately \$26 million per year. Offsetting these changes in fuel expense would be changes in our fuel recovery fee charged to our customers. At current participation rates, a twenty-cent per gallon change in the price of diesel fuel would change our fuel recovery fee by approximately \$26 million per year.

- Landfill operating costs increased in aggregate dollars during the three and nine months ended September 30, 2022 primarily due to increased leachate treatment, transportation, and disposal costs due in part to increased rainfall in select geographic regions, as well as landfill gas and other maintenance costs.
- Risk management expenses increased during the three and nine months ended September 30, 2022 primarily due to unfavorable actuarial developments in our auto liability program as well as higher premium costs.

- During the three and nine months ended September 30, 2022, respectively, we reclassified a net \$0.6 million of costs to Selling, General and Administrative expenses, and incurred \$0.3 million of acquisition integration and deal costs in connection with the acquisition of US Ecology. The acquisition closed on May 2, 2022.
- Other costs of operations increased during the three and nine months ended September 30, 2022 due to increased occupancy and facility related expenses, acquisition-related activity, and higher third-party truck and equipment rentals to support higher volumes.

Depreciation, Amortization and Depletion of Property and Equipment

The following table summarizes depreciation, amortization and depletion of property and equipment for the three and nine months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,		Nine Months Ended September 30,					
	2022	2021	2022	2021				
Depreciation and amortization of property and equipment	\$ 209.5	5.8 %	\$ 185.1	6.3 %	\$ 599.1	6.0 %	\$ 544.1	6.5 %
Landfill depletion and amortization	116.6	3.2	97.6	3.3	328.1	3.3	288.7	3.6
Depreciation, amortization and depletion expense	\$ 326.1	9.1 %	\$ 282.7	9.6 %	\$ 927.2	9.3 %	\$ 832.8	10.0 %

Depreciation and amortization of property and equipment increased for the three and nine months ended September 30, 2022 primarily due to assets added through acquisitions.

Landfill depletion and amortization expense increased due to higher landfill disposal volumes primarily driven by special waste, solid waste, and construction and demolition volumes coupled with an increase in our overall average depletion rate. These increases were partially offset by an unfavorable amortization adjustment related to the asset retirement obligation at one of our closed landfills during the three and nine months ended September 30, 2021, which did not recur in 2022.

Amortization of Other Intangible Assets

Amortization of other intangible assets primarily relates to customer relationships and, to a lesser extent, non-compete agreements. Expenses for amortization of other intangible assets were \$14.7 million and \$38.6 million, or 0.4% of revenue, for the three and nine months ended September 30, 2022, respectively, compared to \$8.5 million and \$23.5 million or 0.3% of revenue, for the same respective periods in 2021. Amortization expense increased due to assets added through acquisitions.

Amortization of Other Assets

Our other assets primarily relate to the prepayment of fees and capitalized implementation costs associated with cloud-based hosting arrangements. Expenses for amortization of other assets were \$13.1 million and \$36.0 million, or 0.4% of revenue, for the three and nine months ended September 30, 2022, respectively, compared to \$10.1 million and \$30.2 million, or 0.4% of revenue, for the same respective periods in 2021.

Accretion Expense

Accretion expense was \$22.8 million and \$66.9 million, or 0.6% and 0.7% of revenue, for the three and nine months ended September 30, 2022, respectively, compared to \$20.8 million and \$61.9 million, or 0.7% of revenue, for the same respective periods in 2021. Accretion expense has increased due to acquired asset retirement obligations.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include salaries, health and welfare benefits, and incentive compensation for corporate and field general management, field support functions, sales force, accounting and finance, legal, management information systems, and clerical and administrative departments. Other expenses include rent and office costs, fees for professional services provided by third parties, legal settlements, marketing, investor and community relations services, directors' and officers' insurance, general employee relocation, travel, entertainment and bank charges. Restructuring charges are excluded from selling, general and administrative expenses and are discussed separately.

The following table summarizes our selling, general and administrative expenses for the three and nine months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Salaries and related benefits	\$ 241.3	6.7 %	\$ 206.0	7.1 %	\$ 686.2	6.8 %	\$ 622.8	7.5 %
Provision for doubtful accounts	10.6	0.3	7.2	0.2	27.8	0.3	18.7	0.2
Other	101.6	2.8	81.7	2.8	283.1	2.8	219.3	2.7
Subtotal	353.5	9.8	294.9	10.1	997.1	9.9	860.8	10.4
Accelerated vesting of compensation expense for CEO transition	—	—	4.1	0.1	—	—	19.5	0.2
US Ecology, Inc. acquisition integration and deal costs	9.3	0.3	—	—	65.1	0.7	—	—
Total selling, general and administrative expenses	\$ 362.8	10.1 %	\$ 299.0	10.2 %	\$ 1,062.2	10.6 %	\$ 880.3	10.6 %

These cost categories may change from time to time and may not be comparable to similarly titled categories presented 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 and of ours for prior periods.

The most significant items affecting our selling, general and administrative expenses during the three and nine months ended September 30, 2022 and 2021 are summarized below:

- Salaries and related benefits increased in aggregate dollars primarily due to higher wages, benefits, and other payroll related items resulting from annual merit increases. Acquisition-related growth, including US Ecology, also contributed to the growth in salaries and related benefits in aggregate dollars.
- Provision for doubtful accounts increased in aggregate dollars primarily due to an increase in days sales outstanding and acquisition-related activity. As of September 30, 2022, our days sales outstanding were 42.9, or 31.2 days net of deferred revenue, compared to 39.2, or 27.4 days net of deferred revenue, as of September 30, 2021. Excluding our acquisition of US Ecology, our days sales outstanding were 40.1, or 28.0 days net of deferred revenue, as of September 30, 2022.
- Other selling, general and administrative expenses increased for the three and nine months ended September 30, 2022, due to both an increase in advertising and travel costs and acquisition-related growth, including US Ecology.
- In June 2021, Donald W. Slager retired as CEO of Republic Services, Inc. During the three and nine months ended September 30, 2021, we recognized charges of \$4.1 million and \$19.5 million, respectively, related to the accelerated vesting of his compensation awards that were previously scheduled to vest in 2022 and beyond.
- During the three and nine months ended September 30, 2022, we incurred \$9.3 million and \$65.1 million, respectively, of acquisition integration and deal costs in connection with the acquisition of US Ecology, which included certain costs to close the acquisition and integrate the business, including stock compensation expense for unvested awards at closing as well as severance and change-in-control payments. The acquisition closed on May 2, 2022.

Gain on Business Divestitures and Impairments, Net

We strive to have a number one or number two market position in each of the markets we serve, or have a clear path on how we will achieve a leading market position over time. Where we cannot establish a leading market position, or where operations are not generating acceptable returns, we may decide to divest certain assets and reallocate resources to other markets. Business divestitures could result in gains, losses or impairment charges that may be material to our results of operations in a given period.

During the three and nine months ended September 30, 2022, we recorded a net gain on business divestitures and impairments of \$5.2 million and \$5.3 million, respectively. During the nine months ended September 30, 2021, we recorded a net gain on business divestitures and impairments of \$0.2 million.

Restructuring Charges

During the three and nine months ended September 30, 2022, we incurred restructuring charges of \$6.8 million and \$18.8 million, respectively, and during the three and nine months ended September 30, 2021, we incurred restructuring charges of \$4.6 million and \$11.2 million, respectively, related to the redesign of certain back-office software systems and certain facility lease exit and impairment charges. During the nine months ended September 30, 2022 and 2021, we paid \$17.0 million and \$12.1 million, respectively, related to the restructuring efforts. During the remainder of 2022, we expect to incur additional

restructuring charges of approximately \$8 million primarily related to the continuing redesign of certain of our back-office software systems.

Interest Expense

The following table provides the components of interest expense, including accretion of debt discounts and accretion of discounts primarily associated with environmental and risk insurance liabilities assumed in acquisitions, for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Interest expense on debt	\$ 84.7	\$ 61.3	\$ 225.3	\$ 185.3
Non-cash interest	22.0	18.1	60.1	52.4
Less: capitalized interest	(1.5)	(1.3)	(2.7)	(2.8)
Total interest expense	<u>\$ 105.2</u>	<u>\$ 78.1</u>	<u>\$ 282.7</u>	<u>\$ 234.9</u>

Total interest expense for the three and nine months ended September 30, 2022 increased primarily due to additional outstanding debt to fund the purchase of US Ecology and higher interest rates on our floating rate debt.

Cash paid for interest, excluding net swap settlements for our fixed-to-floating and floating-to-fixed interest rate swaps, was \$232.4 million and \$193.8 million for the nine months ended September 30, 2022 and 2021, respectively.

As of September 30, 2022, we had \$3,258.8 million of floating rate debt and \$300.0 million of floating interest rate swap contracts. If interest rates increased or decreased by 100 basis points on our variable rate debt, annualized interest expense and net cash payments for interest would increase or decrease by approximately \$36 million.

Income Taxes

Our effective tax rate, exclusive of non-controlling interests, for the three and nine months ended September 30, 2022 was 17.9% and 21.8%, respectively. Our effective tax rate, exclusive of non-controlling interests, for the three and nine months ended September 30, 2021 was 25.5% and 24.6%, respectively. Our effective tax rate for the three months ended September 30, 2021 reflects benefits from investments in solar energy assets qualifying for tax credits under Section 48 of the Internal Revenue Code.

Net cash paid for income taxes was \$90.5 million and \$182.1 million for the nine months ended September 30, 2022 and 2021, respectively.

On August 16, 2022, the Inflation Reduction Act ("IRA") was signed into law. The IRA, among other things, implements a 15% minimum tax on financial statement income of certain large corporations, a 1% excise tax on stock repurchases and extends, enhances, and creates several tax incentives to promote clean energy. While we continue to evaluate the IRA, at present, we do not believe it will have a material effect on our consolidated financial statements.

For additional discussion and detail regarding our income taxes, see Note 8, Income Taxes, to our unaudited consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Reportable Segments

Our senior management evaluates, oversees and manages the financial performance of our operations through three field groups, referred to as Group 1, Group 2 and Group 3. Group 1 is our recycling and solid waste business operating in geographic areas located in the western United States. Group 2 is our recycling and solid waste business operating in geographic areas located in the southeastern and mid-western United States, and the eastern seaboard of the United States. Group 3 is our environmental solutions business in geographic areas located across the United States and Canada. These groups are presented below as our reportable segments, which each provide integrated environmental services, including but not limited to collection, transfer, recycling, and disposal. Prior to the third quarter of 2022, our environmental solutions operating segment, now referred to as our Group 3 reportable segment, was aggregated with Corporate entities and other.

Corporate entities and other include legal, tax, treasury, information technology, risk management, human resources, closed landfills, and other administrative functions. National Accounts revenue included in Corporate entities and other represents the portion of revenue generated from nationwide and regional contracts in markets outside our operating areas where the associated material handling is subcontracted to local operators. Consequently, substantially all of this revenue is offset with related subcontract costs, which are recorded in cost of operations.

Summarized financial information regarding our reportable segments for the three months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue in the case of adjusted EBITDA margin) follows. For further detail regarding our reportable segments and the adjustments used to calculate Adjusted EBITDA for each segment, see Note 12, *Segment Reporting*, to our unaudited consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

	Group 1	Group 2	Recycling & Solid Waste Subtotal	Group 3 (Environmental Solutions)	Corporate entities and other	Total
Three Months Ended September 30, 2022						
Gross Revenue	\$ 1,876.2	\$ 1,803.6	\$ 3,679.8	\$ 411.0	\$ 62.4	\$ 4,153.2
Intercompany Revenue	(285.2)	(242.8)	(528.0)	(11.3)	(16.1)	(555.4)
Net Revenue	\$ 1,591.0	\$ 1,560.8	\$ 3,151.8	\$ 399.7	\$ 46.3	\$ 3,597.8
Gross Adjusted EBITDA	\$ 506.6	\$ 441.1	\$ 947.7	\$ 89.2	\$ 14.4	\$ 1,051.3
Adjusted EBITDA allocations	\$ 15.0	\$ 14.0	\$ 29.0	(14.6)	(14.4)	—
Net Adjusted EBITDA	\$ 521.6	\$ 455.1	\$ 976.7	\$ 74.6	\$ —	\$ 1,051.3
Adjusted EBITDA margin	32.3 %	28.7 %	30.5 %	18.7 %	— %	29.2 %
Capital Expenditures	\$ 199.1	\$ 140.2	\$ 339.3	\$ 35.2	\$ (0.5)	\$ 374.0
Total Assets	\$ 12,199.9	\$ 10,233.8	\$ 22,433.7	\$ 3,991.7	\$ 1,975.6	\$ 28,401.0
Three Months Ended September 30, 2021						
Gross Revenue	\$ 1,719.5	\$ 1,626.5	\$ 3,346.0	\$ 60.2	\$ 55.1	\$ 3,461.3
Intercompany Revenue	(277.9)	(238.5)	(516.4)	(3.2)	(7.8)	(527.4)
Net Revenue	\$ 1,441.6	\$ 1,388.0	\$ 2,829.6	\$ 57.0	\$ 47.3	\$ 2,933.9
Gross Adjusted EBITDA	\$ 481.8	\$ 389.7	\$ 871.5	\$ 12.8	\$ 10.7	\$ 895.0
Adjusted EBITDA allocations	\$ 5.6	\$ 5.1	\$ 10.7	—	(10.7)	—
Net Adjusted EBITDA	\$ 487.4	\$ 394.8	\$ 882.2	\$ 12.8	\$ —	\$ 895.0
Adjusted EBITDA margin	33.2 %	28.0 %	30.7 %	22.5 %	— %	30.5 %
Capital Expenditures	\$ 144.3	\$ 141.1	\$ 285.4	\$ 9.3	\$ 0.9	\$ 295.6
Total Assets	\$ 12,018.7	\$ 9,723.4	\$ 21,742.1	\$ 852.2	\$ 1,834.6	\$ 24,428.9

Summarized financial information regarding our reportable segments for the nine months ended September 30, 2022 and 2021 (in millions of dollars and as a percentage of revenue in the case of adjusted EBITDA margin) follows:

	Group 1	Group 2	Recycling & Solid Waste Subtotal	Group 3 (Environmental Solutions)	Corporate entities and other	Total
Nine Months Ended September 30, 2022						
Gross Revenue	\$ 5,406.0	\$ 5,170.9	\$ 10,576.9	\$ 827.8	\$ 171.9	\$ 11,576.6
Intercompany Revenue	(826.1)	(702.0)	(1,528.1)	(32.8)	(34.2)	(1,595.1)
Net Revenue	\$ 4,579.9	\$ 4,468.9	\$ 9,048.8	\$ 795.0	\$ 137.7	\$ 9,981.5
Gross Adjusted EBITDA	\$ 1,488.7	\$ 1,274.1	\$ 2,762.8	\$ 163.0	\$ 38.5	\$ 2,964.3
Adjusted EBITDA allocations	\$ 32.4	\$ 30.0	62.4	\$ (23.9)	\$ (38.5)	—
Net Adjusted EBITDA	\$ 1,521.1	\$ 1,304.1	\$ 2,825.2	\$ 139.1	\$ —	\$ 2,964.3
Adjusted EBITDA margin	32.7 %	28.8 %	30.8 %	17.5 %	— %	29.7 %
Capital Expenditures	\$ 380.7	\$ 325.2	\$ 705.9	\$ 80.4	\$ 138.5	\$ 924.8
Total Assets	\$ 12,199.9	\$ 10,233.8	\$ 22,433.7	\$ 3,991.7	\$ 1,975.6	\$ 28,401.0
Nine Months Ended September 30, 2021						
Gross Revenue	\$ 4,935.4	\$ 4,626.1	\$ 9,561.5	\$ 136.8	\$ 153.6	\$ 9,851.9
Intercompany Revenue	(801.9)	(674.7)	(1,476.6)	(10.8)	(22.3)	(1,509.7)
Net Revenue	\$ 4,133.5	\$ 3,951.4	\$ 8,084.9	\$ 126.0	\$ 131.3	\$ 8,342.2
Gross Adjusted EBITDA	\$ 1,383.8	\$ 1,111.3	\$ 2,495.1	\$ 30.3	\$ 28.0	\$ 2,553.4
Adjusted EBITDA allocations	\$ 16.0	\$ 14.5	\$ 28.0	\$ —	\$ (28.0)	\$ —
Net Adjusted EBITDA	\$ 1,399.8	\$ 1,125.8	\$ 2,523.1	\$ 30.3	\$ —	\$ 2,553.4
Adjusted EBITDA margin	33.3 %	28.0 %	30.7 %	24.1 %	— %	30.6 %
Capital Expenditures	\$ 420.6	\$ 341.9	\$ 762.5	\$ 14.9	\$ 126.8	\$ 904.2
Total Assets	\$ 12,018.7	\$ 9,723.4	\$ 21,742.1	\$ 852.2	\$ 1,834.6	\$ 24,428.9

Significant changes in the revenue and adjusted EBITDA margins of our reportable segments comparing the three and nine months ended September 30, 2022 and 2021 are discussed below.

Group 1

Revenue for the three months ended September 30, 2022 increased 10.4% due to an increase in average yield in all lines of business and volume in our landfill, residential, and small- and large- container collection lines of business, partially offset by volume declines in our transfer station line of business. The increase in landfill volume was attributable to an increase in special waste and construction and demolition volumes. Revenue for the nine months ended September 30, 2022 increased 10.8% due to an increase in both average yield and volume in all lines of business. Revenue also increased due to acquisition-related growth.

Adjusted EBITDA in Group 1 increased from \$487.4 million for the three months ended September 30, 2021, or a 33.2% adjusted EBITDA margin, to \$521.6 million for the three months ended September 30, 2022, or a 32.3% adjusted EBITDA margin. Adjusted EBITDA in Group 1 increased from \$1,399.8 million for the nine months ended September 30, 2021, or a 33.3% adjusted EBITDA margin, to \$1,521.1 million for the nine months ended September 30, 2022, or a 32.7% adjusted EBITDA margin.

Adjusted EBITDA margin for the three and nine months ended September 30, 2022 was primarily impacted by an increase in vehicle and equipment rental fees, transportation and subcontract costs driven by increases in volume, as well as higher disposal costs due to an increase in third party disposal rates and higher transportation and subcontract costs driven by the increase in volume. The unfavorable impact was partially offset by the increase in revenue attributable to both acquisition activity and the economic recovery from the COVID-19 pandemic.

Group 2

Revenue for the three and nine months ended September 30, 2022 increased 12.5% and 13.1%, respectively, due to an increase in average yield in all lines of business. Additionally, volume increased in our landfill, small- and large-container collection lines of business. These increases were partially offset by volume declines in our residential and transfer station lines of

business. The increase in landfill volume was attributable to an increase in special waste and construction and demolition volumes. Revenue also increased due to acquisition-related growth.

Adjusted EBITDA in Group 2 increased from \$394.8 million for the three months ended September 30, 2021, or a 28.0% adjusted EBITDA margin, to \$455.1 million for the three months ended September 30, 2022, or a 28.7% adjusted EBITDA margin. Adjusted EBITDA in Group 2 increased from \$1,125.8 million for the nine months ended September 30, 2021, or a 28.0% adjusted EBITDA margin, to \$1,304.1 million for the nine months ended September 30, 2022, or a 28.8% adjusted EBITDA margin.

Adjusted EBITDA margin for the three and nine months ended September 30, 2022 was favorably impacted by the increase in revenue attributable to the economic recovery from the COVID-19 pandemic coupled with the effective management of certain operating costs, primarily labor and related benefits, disposal costs, and maintenance and repairs. The favorable impact was partially offset by an increase in vehicle and equipment rental fees and transportation and subcontract costs driven by increases in volume.

Group 3

Revenue for the three and nine months ended September 30, 2022 increased due to the acquisition of US Ecology.

Adjusted EBITDA in Group 3 increased from \$12.8 million for the three months ended September 30, 2021, or a 22.5% adjusted EBITDA margin, to \$74.6 million for the three months ended September 30, 2022, or an 18.7% adjusted EBITDA margin. Adjusted EBITDA in Group 3 increased from \$30.3 million for the nine months ended September 30, 2021, or a 24.1% adjusted EBITDA margin, to \$139.1 million for the nine months ended September 30, 2022, or a 17.5% adjusted EBITDA margin.

Adjusted EBITDA margin for the three and nine months ended September 30, 2022 decreased due to the acquisition of US Ecology.

Landfill and Environmental Matters

Available Airspace

As of September 30, 2022, we owned or operated 207 active landfills with total available disposal capacity estimated to be 5.0 billion in-place cubic yards. For these landfills, the following table reflects changes in capacity and remaining capacity, as measured in cubic yards of airspace:

	Balance as of December 31, 2021	New Expansions Undertaken	Landfills Acquired, Net of Divestitures	Permits Granted / New Sites, Net of Closures	Airspace Consumed	Changes in Engineering Estimates	Balance as of September 30, 2022
Cubic yards (in millions):							
Permitted airspace	4,826.7	—	76.4	3.6	(62.9)	—	4,843.8
Probable expansion airspace	186	7.2	—	(3.1)	—	—	190.1
Total cubic yards (in millions)	5,012.7	7.2	76.4	0.5	(62.9)	—	5,033.9
Number of sites:							
Permitted airspace	198	—	10	(1)			207
Probable expansion airspace	11	1	—	(1)			11

Total available disposal capacity represents the sum of estimated permitted airspace plus an estimate of probable expansion airspace. Engineers develop these estimates at least annually using information provided by annual aerial surveys. Before airspace included in an expansion area is determined to be probable expansion airspace and, therefore, included in our calculation of total available disposal capacity, it must meet all of our expansion criteria.

As of September 30, 2022, 11 of our landfills met all of our criteria for including their probable expansion airspace in their total available disposal capacity. At projected annual volumes, these landfills have an estimated remaining average site life of 32 years, including probable expansion airspace. The average estimated remaining life of all of our landfills is 58 years. We have other expansion opportunities that are not included in our total available airspace because they do not meet all of our criteria for treatment as probable expansion airspace.

Remediation and Other Charges for Landfill Matters

It is reasonably possible that we will need to adjust our accrued landfill and environmental liabilities to reflect the effects of new or additional information, to the extent that such information impacts the costs, timing or duration of the required actions. Future changes in our estimates of the costs, timing or duration of the required actions could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

For a description of our significant remediation matters, see Note 6, *Landfill and Environmental Costs*, of the notes to our unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Property and Equipment

The following tables reflect the activity in our property and equipment accounts for the nine months ended September 30, 2022:

Gross Property and Equipment								
	Balance as of December 31, 2021	Capital Additions	Retirements	Acquisitions, Net of Divestitures	Non-cash Additions for Asset Retirement Obligations	Adjustments for Asset Retirement Obligations	Impairments, Transfers, Foreign Currency Translation and Other Adjustments	Balance as of September 30, 2022
Land	\$ 694.9	\$ 0.1	\$ (1.5)	\$ 58.0	\$ —	\$ —	\$ (1.0)	\$ 750.5
Landfill development costs	8,539.6	6.3	—	518.9	43.2	7.3	123.2	9,238.5
Vehicles and equipment	8,576.9	416.6	(208.8)	426.3	—	—	55.0	9,266.0
Buildings and improvements	1,508.4	28.4	(3.0)	195.8	—	—	9.5	1,739.1
Construction-in-progress - landfill	279.3	253.0	—	65.7	—	—	(126.3)	471.7
Construction-in-progress - other	182.9	138.1	—	(1.1)	—	—	(102.3)	217.6
Total	\$ 19,782.0	\$ 842.5	\$ (213.3)	\$ 1,263.6	\$ 43.2	\$ 7.3	\$ (41.9)	\$ 21,683.4

Accumulated Depreciation, Amortization and Depletion								
	Balance as of December 31, 2021	Additions Charged to Expense	Retirements	Acquisitions, Net of Divestitures	Adjustments for Asset Retirement Obligations	Impairments, Transfers, Foreign Currency Translation and Other Adjustments	Balance as of September 30, 2022	
Landfill development costs	\$ (4,625.6)	\$ (330.2)	\$ —	\$ (1.6)	\$ 1.6	\$ 3.0	\$ (4,952.8)	
Vehicles and equipment	(5,231.6)	(544.1)	203.8	5.0	—	16.6	(5,550.3)	
Buildings and improvements	(692.7)	(57.9)	2.6	0.6	—	6.7	(740.7)	
Total	\$ (10,549.9)	\$ (932.2)	\$ 206.4	\$ 4.0	\$ 1.6	\$ 26.3	\$ (11,243.8)	

Liquidity and Capital Resources

Cash and Cash Equivalents

The following is a summary of our cash and cash equivalents and restricted cash and marketable securities balances as of:

	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 81.4	\$ 29.0
Restricted cash and marketable securities	121.7	139.0
Less: restricted marketable securities	(55.3)	(62.4)
Cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 147.8	\$ 105.6

Our restricted cash and marketable securities include, among other things, restricted cash related to proceeds from the issuance of tax-exempt bonds that will be used to fund qualifying landfill-related expenditures in the Commonwealth of Pennsylvania, restricted cash and marketable securities pledged to regulatory agencies and governmental entities as financial guarantees of our performance under certain collection, landfill and transfer station contracts and permits, and relating to our final capping, closure and post-closure obligations at our landfills as well as restricted cash and marketable securities related to our insurance obligations.

The following table summarizes our restricted cash and marketable securities:

	September 30, 2022	December 31, 2021
Financing proceeds	\$ —	\$ 12.4
Capping, closure and post-closure obligations	38.8	42.4
Insurance	82.9	84.2
Total restricted cash and marketable securities	<u>\$ 121.7</u>	<u>\$ 139.0</u>

Material Cash Requirements and Intended Uses of Cash

We expect existing cash, cash equivalents, restricted cash and marketable securities, cash flows from operations and financing activities to continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities for at least the next 12 months and thereafter for the foreseeable future. Our known current- and long-term uses of cash include, among other possible demands: (1) capital expenditures and leases; (2) acquisitions; (3) dividend payments; (4) share repurchases; (5) repayments to service debt and other long-term obligations; and (6) payments for asset retirement obligations and environmental liabilities.

We may choose to voluntarily retire certain portions of our outstanding debt before their maturity dates using cash from operations or additional borrowings. We may also explore opportunities in the capital markets to fund redemptions should market conditions be favorable. Early extinguishment of debt will result in an impairment charge in the period in which the debt is repaid. The loss on early extinguishment of debt relates to premiums paid to effectuate the repurchase and the relative portion of unamortized note discounts and debt issue costs.

Acquisitions

Our acquisition growth strategy focuses primarily on acquiring privately held recycling and solid waste companies and environmental solutions businesses that complement our existing business platform. We continue to invest in value-enhancing acquisitions in existing markets.

On May 2, 2022, we acquired all outstanding equity of US Ecology in a transaction valued at \$2.2 billion. US Ecology is a leading provider of environmental solutions offering treatment, recycling and disposal of hazardous, non-hazardous and specialty waste. We financed the transaction using the proceeds of a \$1.0 billion unsecured Term Loan Facility and borrowings under our existing \$3.0 billion unsecured revolving credit facility.

We expect to invest at least \$500 million in additional acquisitions in 2022.

Commercial Paper Program

In May 2022, we entered into a commercial paper program for the issuance and sale of unsecured commercial paper in an aggregate principal amount not to exceed \$500.0 million outstanding at any one time (the "Commercial Paper Cap"). In August 2022, the Commercial Paper Cap was increased to \$1.0 billion. As of September 30, 2022, we had \$1.0 billion principal value of commercial paper issued and outstanding under the program, with a weighted average interest rate of 3.134% and weighted average maturity of 28 days. In the event of a failed re-borrowing, we currently have availability under our Credit Facility to fund the commercial paper program until it is re-borrowed successfully. Accordingly, we have classified these borrowings as long-term in our consolidated balance sheet as of September 30, 2022.

Summary of Cash Flow Activity

The major components of changes in cash flows are discussed in the following paragraphs. The following table summarizes our cash flow from operating activities, investing activities and financing activities for the nine months ended September 30, 2022 and 2021:

	Nine Months Ended September 30,	
	2022	2021
Cash Provided by Operating Activities	\$ 2,383.4	\$ 2,137.8
Cash Used in Investing Activities	\$ (3,700.9)	\$ (1,785.6)
Cash Provided by (Used in) Financing Activities	\$ 1,362.8	\$ (343.5)

Cash Flows Provided by Operating Activities

We use cash flows from operations to fund capital expenditures and leases, acquisitions, dividend payments, share repurchases, repayments to service debt and other long-term obligations, and payments for asset retirement obligations and environmental liabilities.

The most significant items affecting the comparison of our operating cash flows for the nine months ended September 30, 2022 and 2021 are summarized below.

Changes in assets and liabilities, net of effects from business acquisitions and divestitures, decreased our cash flow from operations by \$113.9 million during the nine months ended September 30, 2022, compared to an increase of \$81.6 million during the same period in 2021, primarily as a result of the following:

- Our accounts receivable, exclusive of the change in allowance for doubtful accounts and customer credits, increased \$206.1 million during the nine months ended September 30, 2022 due to the timing of billings net of collections, compared to a \$137.7 million increase in the same period in 2021. As of September 30, 2022, our days sales outstanding were 42.9, or 31.2 days net of deferred revenue, compared to 39.2, or 27.4 days net of deferred revenue, as of September 30, 2021. Excluding our acquisition of US Ecology, our days sales outstanding were 40.1, or 28 days net of deferred revenue, as of September 30, 2022.
- Our prepaid expenses and other assets decreased \$28.0 million during the nine months ended September 30, 2022, compared to a \$105.7 million decrease in the same period in 2021, primarily due to a decrease of prepaid taxes due to the timing of our estimated tax payments. Cash paid for incomes taxes was \$90.5 million and \$182.1 million for the nine months ended September 30, 2022 and 2021, respectively.
- Our accounts payable increased \$97.7 million during the nine months ended September 30, 2022, compared to a \$99.4 million increase in the same period in 2021, due to the timing of payments.
- Cash paid for capping, closure and post-closure obligations was \$35.6 million during the nine months ended September 30, 2022, compared to \$41.2 million in the same period in 2021. The increase in cash paid for capping, closure, and post-closure obligations is primarily due to the timing of capping and post-closure payments at certain of our landfill sites.
- Cash paid for remediation obligations was \$5.1 million higher during the nine months ended September 30, 2022, compared to the same period in 2021.
- Our other liabilities increased \$39.4 million during the nine months ended September 30, 2022, compared to an \$87.6 million increase in the same period in 2021, primarily due to the payment of incentive compensation accruals.

In addition, cash paid for interest, excluding net swap settlements for our fixed-to-floating and floating-to-fixed interest rate swaps, was \$232.4 million and \$193.8 million for the nine months ended September 30, 2022 and 2021, respectively.

Cash Flows Used in Investing Activities

The most significant items affecting the comparison of our cash flows used in investing activities for the nine months ended September 30, 2022 and 2021 are summarized below:

- Capital expenditures during the nine months ended September 30, 2022 were \$924.8 million, compared with \$904.2 million for the same period in 2021.
- During the nine months ended September 30, 2022 and 2021, we paid \$2,847.6 million and \$936.3 million, respectively, for acquisitions and investments. During the nine months ended September 30, 2022 and 2021, we received \$50.1 million and \$46.3 million, respectively, for business divestitures.

We intend to finance future capital expenditures and acquisitions through cash on hand, restricted cash held for capital expenditures, cash flows from operations, our revolving credit facilities, and tax-exempt bonds and other financings. We expect to primarily use cash, and borrowings under our revolving credit facilities to pay for future business acquisitions.

Cash Flows Provided By (Used in) Financing Activities

The most significant items affecting the comparison of our cash flows used in financing activities for the nine months ended September 30, 2022 and 2021 are summarized below:

- Net proceeds from notes payable and long-term debt and senior notes were \$2,021.0 million during the nine months ended September 30, 2022, compared to net proceeds of \$264.7 million in the same period in 2021.
- During the nine months ended September 30, 2022, we repurchased 1.6 million shares of our stock for \$203.5 million compared to repurchases of 1.6 million shares for \$179.0 million during the same period in 2021.
- Dividends paid were \$436.5 million and \$406.5 million during the nine months ended September 30, 2022 and 2021, respectively.

- During the nine months ended September 30, 2022 and 2021, cash paid for purchase price holdback releases and contingent purchase price related to acquisitions was \$4.5 million and \$14.4 million, respectively.

Financial Condition

Debt Obligations

As of September 30, 2022, we had \$455.8 million of principal debt maturing within the next 12 months, which includes certain finance lease obligations. All of our tax-exempt financings are remarketed either quarterly or semiannually by remarketing agents to effectively maintain a variable yield. The holders of the bonds can put them back to the remarketing agents at the end of each interest period. If the remarketing agent is unable to remarket our bonds, the remarketing agent can put the bonds to us. In the event of a failed remarketing, as of September 30, 2022, we had availability under our \$3.0 billion unsecured revolving credit facility to fund these bonds until they are remarketed successfully. In the event of a failed re-borrowing, we currently have availability under our Credit Facility to fund the commercial paper program until it is re-borrowed successfully. Accordingly, we have classified these tax-exempt financings and commercial paper program borrowings as long-term in our consolidated balance sheet as of September 30, 2022.

For further discussion of the components of our overall debt, see Note 7, *Debt*, of the notes to our unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Credit Facilities

The Credit Facility

In August 2021, we entered into a \$3.0 billion unsecured revolving credit facility (the Credit Facility). Borrowings under the Credit Facility mature in August 2026. As permitted by the Credit Facility, we have the right to request two one-year extensions of the maturity date, but none of the lenders are committed to participate in such extension. The Credit Facility also includes a feature that allows us to increase availability, at our option, by an aggregate amount of up to \$1.0 billion through increased commitments from existing lenders or the addition of new lenders.

At our option, borrowings under the Credit Facility bear interest at a Base Rate, a daily floating London Interbank Offered Rate (LIBOR), or a Eurodollar Rate, plus a current applicable margin of 0.910% based on our Debt Ratings (all as defined in the Credit Facility agreement). On the earliest of (i) the date that all available tenors of U.S. dollar LIBOR have permanently or indefinitely ceased to be provided or have been announced to be no longer representative, (ii) June 30, 2023 or (iii) the effective date of an election to opt into a secured overnight financing rate (SOFR), the LIBOR rate will be replaced by a forward-looking term rate based on SOFR or a daily rate based on SOFR published on such date.

The Credit Facility is subject to facility fees based on applicable rates defined in the Credit Facility agreement and the aggregate commitment, regardless of usage. Availability under our Credit Facility totaled \$1,633.1 million and \$2,633.8 million as of September 30, 2022 and December 31, 2021, respectively. The Credit Facility can be used for working capital, capital expenditures, acquisitions, letters of credit and other general corporate purposes. The Credit Facility agreement requires us to comply with financial and other covenants. We may pay dividends and repurchase common stock if we are in compliance with these covenants.

We had \$17.1 million and \$24.3 million in borrowings outstanding under our Credit Facility as of September 30, 2022 and December 31, 2021, respectively. We had \$349.8 million and \$341.9 million of letters of credit outstanding under our Credit Facility as of September 30, 2022 and December 31, 2021, respectively.

Uncommitted Credit Facility

In January 2022, we entered into a \$200.0 million unsecured uncommitted revolving credit facility (the Uncommitted Credit Facility), which replaced the prior \$135.0 million uncommitted credit facility (the Replaced Uncommitted Credit Facility). The Uncommitted Credit Facility bears interest at an annual percentage rate to be agreed upon by both parties. Borrowings under the Uncommitted Credit Facility can be used for working capital, letters of credit, and other general corporate purposes. The agreement governing our Uncommitted Credit Facility requires us to comply with certain covenants. The Uncommitted Credit Facility may be terminated by either party at any time. As of September 30, 2022, we had \$60.8 million outstanding under our Uncommitted Credit Facility. We had no borrowings outstanding as of December 31, 2021.

Financial and Other Covenants

The Credit Facility requires us to comply with financial and other covenants. To the extent we are not in compliance with these covenants, we cannot pay dividends or repurchase common stock. Compliance with covenants also is a condition for any incremental borrowings under the Credit Facility, and failure to meet these covenants would enable the lenders to require repayment of any outstanding loans (which would adversely affect our liquidity). The Credit Facility provides that our total debt to EBITDA ratio may not exceed 3.75 to 1.00 as of the last day of any fiscal quarter. In the case of an "elevated ratio period", which may be elected by us if one or more acquisitions during a fiscal quarter involve aggregate consideration in

excess of \$200.0 million (the Trigger Quarter), the total debt to EBITDA ratio may not exceed 4.25 to 1.00 during the Trigger Quarter and for the three fiscal quarters thereafter. The Credit Facility also provides that there may not be more than two elevated ratio periods during the term of the Credit Facility agreement. As of September 30, 2022, our total debt to EBITDA ratio was 3.17 compared to the 3.75 maximum allowed by the covenants. As of September 30, 2022, we were in compliance with the covenants under our Credit Facility, and we expect to be in compliance throughout the remainder of 2022.

EBITDA, which is a non-U.S. GAAP measure, is calculated as defined in our Credit Facility agreement. In this context, EBITDA is used solely to provide information regarding the extent to which we are in compliance with debt covenants and is not comparable to EBITDA used by other companies or used by us for other purposes.

Failure to comply with the financial and other covenants under the Credit Facility, as well as the occurrence of certain material adverse events, would constitute defaults and would allow the lenders under the Credit Facility to accelerate the maturity of all indebtedness under the Credit Facility. This could have an adverse effect on the availability of financial assurances. In addition, maturity acceleration on the Credit Facility constitutes an event of default under our other debt and derivative instruments, including our senior notes, and, therefore, our senior notes would also be subject to acceleration of maturity. If such acceleration were to occur, we would not have sufficient liquidity available to repay the indebtedness. We would likely have to seek an amendment under the Credit Facility for relief from the financial covenant or repay the debt with proceeds from the issuance of new debt or equity, or asset sales, if necessary. We may be unable to amend the Credit Facility or raise sufficient capital to repay such obligations in the event the maturity is accelerated.

Term Loan Facility

On April 29, 2022, we entered into a \$1.0 billion unsecured Term Loan Facility, which will mature on April 29, 2025, and bears interest at a base rate or a forward-looking SOFR, plus an applicable margin based on our debt ratings. The current weighted average interest rate is 3.040%.

On May 2, 2022, we completed the acquisition of US Ecology using proceeds from the Term Loan Facility and borrowings under the Credit Facility. We had \$1.0 billion in borrowings outstanding under the Term Loan Facility as of September 30, 2022.

Commercial Paper Program

In May 2022, we entered into a commercial paper program for the issuance and sale of unsecured commercial paper in an aggregate principal amount not to exceed the Commercial Paper Cap. As of September 30, 2022, we had \$1.0 billion principal value of commercial paper issued and outstanding under the program, with a weighted average interest rate of 3.134% and weighted average maturity of 28 days. In the event of a failed re-borrowing, we currently have availability under our Credit Facility to fund the commercial paper program until it is re-borrowed successfully. Accordingly, we have classified these borrowings as long-term in our consolidated balance sheet as of September 30, 2022.

Senior Notes and Debentures

In November 2021, we issued \$700.0 million of 2.375% senior notes due 2033 (the 2.375% Notes). We used the net proceeds for general corporate purposes, including repayment of amounts outstanding under our unsecured and uncommitted credit facilities. Prior to such use, Republic may have temporarily invested the net proceeds in marketable securities and short-term investments.

During the second quarter of 2021, we paid the entire \$35.3 million principal balance of our 9.250% debentures which matured in May 2021.

Our senior notes and debentures are general unsecured obligations. Interest is payable semi-annually.

Derivative Instruments and Hedging Relationships

Our ability to obtain financing through the capital markets is a key component of our financial strategy. Historically, we have managed risk associated with executing this strategy, particularly as it relates to fluctuations in interest rates, by using a combination of fixed and floating rate debt. From time to time, we also have entered into interest rate swap and lock agreements to manage risk associated with interest rates, either to effectively convert specific fixed rate debt to a floating rate (fair value hedges), or to lock interest rates in anticipation of future debt issuances (cash flow hedges).

Additionally, we amended certain interest rate lock agreements, extending the mandatory maturity date and redesignated them as cash flow hedges (the Extended Interest Rate Locks). In addition, we entered into offsetting interest rate swaps to offset future exposures to fair value fluctuations of the Extended Interest Rate Locks.

For a description of our derivative contracts and hedge accounting, see Note 7, *Debt*, to our unaudited consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Tax-Exempt Financings

As of September 30, 2022 and December 31, 2021 we had \$1,181.9 million and \$1,181.5 million of certain variable rate tax-exempt financings outstanding respectively, with maturities ranging from 2023 to 2051. During 2021, we issued \$205.0 million of tax-exempt financings.

In the fourth quarter of 2021, the Pennsylvania Economic Development Financing Authority issued, for our benefit, \$30.0 million of Solid Waste Disposal Revenue Bonds. The proceeds from the issuance, after deferred issuance costs, will be used to fund qualifying landfill-related expenditures in the Commonwealth of Pennsylvania, of which \$30.0 million and \$17.2 million was incurred and reimbursed to us as of September 30, 2022 and December 31, 2021, respectively. As of September 30, 2022 and December 31, 2021, we had \$121.7 million and \$139.0 million, respectively, of restricted cash and marketable securities. As of December 31, 2021, \$12.4 million of the restricted cash and marketable securities balance represented proceeds from the issuance of the tax-exempt bonds.

Finance Leases

We had finance lease liabilities of \$273.9 million and \$249.4 million as of September 30, 2022 and December 31, 2021, respectively, with maturities ranging from 2023 to 2063.

Credit Ratings

Our continued access to the debt capital markets and to new financing facilities, as well as our borrowing costs, depend on multiple factors, including market conditions, our operating performance and maintaining strong credit ratings. As of September 30, 2022, our credit ratings were BBB+, Baa2 and BBB by Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings, Inc., respectively. If our credit ratings were downgraded, especially any downgrade to below investment grade, our ability to access the debt markets with the same flexibility that we have experienced historically, our cost of funds and other terms for new debt issuances, could be adversely impacted.

Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations, other than short-term operating leases and financial assurances, which are not classified as debt. We have no transactions or obligations with related parties that are not disclosed, consolidated into or reflected in our reported financial position or results of operations. We have not guaranteed any third-party debt.

Seasonality and Severe Weather

Our operations can be adversely affected by periods of inclement or severe weather, which could increase the volume of waste collected under our existing contracts (without corresponding compensation), delay the collection and disposal of waste, reduce the volume of waste delivered to our disposal sites, or delay the construction or expansion of our landfills and other facilities. Our operations also can be favorably affected by severe weather, which could increase the volume of waste in situations where we are able to charge for our additional services.

Contingencies

For a description of our commitments and contingencies, see Note 6, *Landfill and Environmental Costs*, Note 8, *Income Taxes*, and Note 14, *Commitments and Contingencies*, to our unaudited consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Critical Accounting Judgments and Estimates

We identified and discussed our critical accounting judgments and estimates in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. Although we believe our estimates and judgments are reasonable, they are based upon information available at the time the judgment or estimate is made. Actual results may differ significantly from estimates under different assumptions or conditions.

New Accounting Pronouncements

For a description of new accounting standards that may affect us, see Note 1, *Basis of Presentation*, to our unaudited consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Fuel Price Risk

Fuel costs represent a significant operating expense. When economically practical, we may enter into new fuel hedges, renew contracts, or engage in other strategies to mitigate market risk. As of September 30, 2022, we had no fuel hedges in place. While we charge fuel recovery fees to a majority of our customers, we are unable to charge such fees to all customers.

At current consumption levels, we believe a twenty-cent per gallon change in the price of diesel fuel would change our fuel costs by approximately \$26 million per year. Offsetting these changes in fuel expense would result in changes in our fuel recovery fee charged to our customers. At current participation rates, we believe a twenty-cent per gallon change in the price of diesel fuel would change our fuel recovery fee by approximately \$26 million per year.

Our operations also require the use of certain petrochemical-based products (such as liners at our landfills) the cost of which may vary with the price of petrochemicals. An increase in the price of petrochemicals could increase the cost of those products, which would increase our operating and capital costs. We also are susceptible to increases in fuel recovery fees from our vendors.

Our fuel costs were \$474.1 million during the nine months ended September 30, 2022, or 4.7% of revenue, compared to \$271.7 million, or 3.3% of revenue, during the comparable period in 2021.

Commodities Price Risk

We market recovered materials such as old corrugated containers and old newsprint from our recycling processing centers. Changes in market supply and demand for recycled commodities causes volatility in commodity prices. In prior periods, we have entered into derivative instruments such as swaps and costless collars designated as cash flow hedges to manage our exposure to changes in prices of these commodities. As of September 30, 2022, we had no recycling commodity hedges in place.

At current volumes and mix of materials, we believe a \$10 change in the price of recycled commodities would change both annual revenue and operating income by approximately \$10 million.

Revenue from recycling processing and commodity sales during the nine months ended September 30, 2022 and 2021 was \$300.6 million and \$310.6 million, respectively.

Interest Rate Risk

We are subject to interest rate risk on our variable rate long-term debt. Additionally, we enter into various interest rate swap agreements with the goal of reducing overall borrowing costs and increasing our floating interest rate exposure, as well as interest rate locks to manage exposure to fluctuations in anticipation of future debt issuances. Our interest rate swap and lock contracts have been authorized pursuant to our policies and procedures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives.

As of September 30, 2022, we had \$3,258.8 million of floating rate debt and \$300.0 million of floating interest rate swap contracts. If interest rates increased or decreased by 100 basis points on our variable rate debt, annualized interest expense and net cash payments for interest would increase or decrease by approximately \$36 million. This analysis does not reflect the effect that interest rates would have on other items, such as new borrowings and the impact on the economy. See Note 7, *Debt*, of the notes to our unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information regarding how we manage interest rate risk.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e), and 15d-15(e)) as of the end of the period covered by this Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Form 10-Q.

Changes in Internal Control Over Financial Reporting

Based on an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, there has been no change in our internal control over financial reporting during the period covered by this Form 10-Q identified in connection with that evaluation, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

In May 2022, we acquired all of the issued and outstanding equity of US Ecology. As permitted by the SEC Staff interpretive guidance for newly acquired businesses, management's assessment of our internal control over financial reporting as of September 30, 2022 did not include an assessment of internal control over financial reporting as it relates to this acquisition. We will continue the process of implementing internal controls over financial reporting for this acquired business. As of September 30, 2022, this business contributed approximately 8% and 5% of revenue to our unaudited consolidated financial statements for the three and nine months ended September 30, 2022, respectively.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

General Legal Proceedings

We are subject to extensive and evolving laws and regulations and have implemented safeguards to respond to regulatory requirements. In the normal course of our business, we become involved in legal proceedings. Some may result in fines, penalties or judgments against us, or settlements, which may impact earnings and cash flows for a particular period. Although we cannot predict the ultimate outcome of any legal matter with certainty, we do not believe the outcome of any of our pending legal proceedings will have a material adverse impact on our consolidated financial position, results of operations or cash flows.

As used in the immediately following paragraph, the term *legal proceedings* refers to litigation and similar claims against us and our subsidiaries, excluding: (1) ordinary course accidents, general commercial liability and workers' compensation claims, which are covered by insurance programs, subject to customary deductibles, and which, together with self-insured employee health care costs, are discussed in Note 5, *Other Liabilities*, to our unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q; and (2) environmental remediation liabilities, which are discussed in Note 6, *Landfill and Environmental Costs*, to our unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We accrue for legal proceedings when losses become probable and reasonably estimable. We recorded an aggregate accrual of approximately \$14 million relating to our outstanding legal proceedings as of September 30, 2022. As of the end of each applicable reporting period, we review each of our legal proceedings and, where it is probable that a liability has been incurred, we accrue for all probable and reasonably estimable losses. Where we are able to reasonably estimate a range of losses we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate. If we are able to reasonably estimate a range but no amount within the range appears to be a better estimate than any other, we use the amount that is the low end of such range. If we had used the high ends of such ranges, our aggregate potential liability would be approximately \$7 million higher than the amount recorded as of September 30, 2022.

Legal Proceedings over Certain Environmental Matters Involving Governmental Authorities with Possible Sanctions of \$1,000,000 or More

Item 103 of the SEC's Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and the proceedings involve potential monetary sanctions unless we reasonably believe the monetary sanctions will not equal or exceed a threshold which we determine is reasonably designed to result in disclosure of any such proceeding that is material to our business or financial condition. We have determined such disclosure threshold to be \$1,000,000. We have no matters to disclose in accordance with that requirement.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021, and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the period ended March 31, 2022.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**Issuer Purchases of Equity Securities**

The following table provides information relating to our purchases of shares of our common stock during the three months ended September 30, 2022:

	Total Number of Shares Purchased (a)	Average Price Paid per Share (a)	Total Number of Shares Purchased as Part of Publicly Announced Program (b)	Dollar Value of Shares that May Yet Be Purchased Under the Program (c)
July 1 - 31	—	\$ —	—	\$ 1,544,347,714
August 1 - 31	—	\$ —	—	\$ 1,544,347,714
September 1 - 30	—	\$ —	—	\$ 1,544,347,714
	—	—	—	—

- a. In October 2020, our Board of Directors approved a \$2.0 billion share repurchase authorization effective starting January 1, 2021 and extending through December 31, 2023. Share repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. While the Board of Directors has approved the program, the timing of any purchases, the prices and the number of shares of common stock to be purchased will be determined by our management, at its discretion, and will depend upon market conditions and other factors. The share repurchase program may be extended, suspended or discontinued at any time. As of September 30, 2022, no repurchased shares were pending settlement.
- b. The total number of shares purchased as part of the publicly announced program were all purchased pursuant to the October 2020 authorization.
- c. Shares that may be purchased under the program exclude shares of common stock that may be surrendered to satisfy statutory minimum tax withholding obligations in connection with the vesting of restricted stock units and performance stock units issued to employees.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

On October 26, 2022, our board of directors approved amended and restated bylaws, which became effective the same day. Among other things, the amended and restated bylaws

- a. Enhance disclosure and procedural requirements in connection with stockholder nominations of directors, including by (i) requiring any stockholder submitting a nomination notice to make a representation as to whether such stockholder intends to solicit proxies in support of director nominees other than the Company's nominees in accordance with Rule 14a-19 under the Securities Exchange Act of 1934, as amended, (ii) requiring nominating stockholders to provide reasonable evidence, on request of the Company, that certain requirements of such rule have been satisfied, (iii) permitting the Company to disregard proxies or votes solicited for such stockholders' nominees if such stockholder fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) and (iv) incorporating other technical changes in light of the universal proxy rules adopted by the Securities and Exchange Commission; and
- b. Update various provisions of the amended and restated bylaws to reflect amendments to Delaware law, including by clarifying the adjournment procedures for virtual meetings of stockholders and eliminating the requirement that the list of stockholders be open to examination at meetings of stockholders.

The preceding summary of the amended and restated bylaws is qualified in its entirety by reference to, and should be read in connection with, the complete copy of the amended and restated bylaws attached hereto as Exhibit 3.1 to this Quarterly Report on Form 10-Q and is incorporated by reference herein.

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1*	Amended and Restated Bylaws of Republic Services, Inc., Amended as of October 26, 2022.
4.1	Form of Dealer Agreement between Republic Services, Inc., as issuer, and the applicable Dealer party thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated August 29, 2022 and filed September 1, 2022).
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32.1**	Section 1350 Certification of Chief Executive Officer.
32.2**	Section 1350 Certification of Chief Financial Officer.
101.INS*	XBRL Instance Document. - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** This exhibit is being furnished rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

AMENDED AND RESTATED BYLAWS OF REPUBLIC SERVICES, INC.

(Amended as of October 26, 2022)

ARTICLE 1
OFFICES

Section 1.1 Registered Office. The registered office of Republic Services, Inc., a Delaware corporation (the “Corporation”), shall be located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

Section 1.2 Offices. The Corporation may establish or discontinue, from time to time, such other offices and places of business within or without the State of Delaware as the Board of Directors deems proper for the conduct of the Corporation’s business.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.1 Annual Meeting. An annual meeting of stockholders for the purpose of electing directors and transacting such other business as may come before it shall be held at such place, if any, within or without the State of Delaware, on such date and at such time as shall be designated by the Board of Directors or the Chief Executive Officer.

To be properly brought before the annual meeting, nominations of persons for election to the Board must be made in accordance with the procedures set forth in Section 2.12 or 2.14 of these Amended and Restated Bylaws (the “Bylaws”), as applicable.

Section 2.2 Special Meetings. Special meetings of stockholders, unless otherwise prescribed by statute, may be called by the Board of Directors or by the President. Business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice.

To be properly brought before a special meeting pursuant to Section 2.12 of these Bylaws, nominations of persons for election to the Board must be made in accordance with the procedures set forth in Section 2.12(b) of these Bylaws. Nominations pursuant to Section 2.14 of these Bylaws may not be made in connection with a special meeting of stockholders.

Section 2.3 Notice of Meetings. Notice of each meeting of stockholders shall be given to each stockholder of record entitled to vote at the meeting at the stockholder’s address as it appears on the stock books of the Corporation. The notice shall state the time and the place, if any (or the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person), of the meeting and shall be given not less than ten (10) nor more than sixty (60) days before the day of the meeting, unless a different time is specified by law. Notice may be given personally, by mail or by electronic transmission in accordance with Section 232 of the General Corporation Law of the State of Delaware (the “General Corporation Law”). If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his or her address as it appears on the records of the Corporation. In the case of a special meeting, the notice shall state the purpose or purposes for which the meeting is being called. Whenever notice is required to be given hereunder, a waiver of notice by the stockholder entitled to notice, in writing or by electronic transmission, whether before or after the time stated in the notice, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when a person attends for the express purpose of objecting, at the beginning of the meeting, to the transaction or any business because the meeting is not lawfully called or convened. Notice shall be deemed to have been given to all stockholders of record who share an address if notice is given in accordance with the “householding” rules set forth in Rule 14a-3(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 233 of the General Corporation Law. When a meeting is adjourned to another time or place, if any (including an adjournment taken to address a technical failure to convene or continue a meeting using remote communication), notice need not be given of the adjourned meeting if the time and place, if any, (and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person at such adjourned meeting) thereof are (i) announced at the meeting at which the adjournment is taken, (ii) displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxy holders to participate in the meeting by means of remote communication or (iii) set forth in the notice of meeting given in accordance with Section 2.3, unless the adjournment is for more than thirty (30) days or a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.4 Quorum and Adjournment. The presence, in person or by proxy, of the holders of a majority of the voting power of the outstanding shares of stock entitled to vote on every matter that is to be voted on, without regard to class or series, shall constitute a quorum at all meetings of the stockholders. In the absence of a quorum, the holders of a majority of the voting power of such shares of stock present in person or by proxy may adjourn such meeting, from time to time, without notice other than announcement at the meeting (unless otherwise required by law), until a quorum shall attend. At any meeting reconvened after such adjournment at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called, but only those stockholders entitled to vote at the meeting as originally called shall be entitled to vote at any reconvened meeting, unless a new record date for such meeting is fixed.

Section 2.5 Officers at Stockholders' Meetings. At any meeting of stockholders, the Chair of the Board, or in his or her absence, the Chief Executive Officer, or if neither such person is available, then a person designated by the Board of Directors or in the absence of such designation then a person designated by the Chief Executive Officer, shall preside at and act as chair of the meeting. The Secretary, or in his or her absence a person designated by the chair of the meeting, shall act as secretary of the meeting and keep a record of the proceedings thereof.

Section 2.6 List of Stockholders Entitled to Vote. No later than the tenth day before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be prepared by or for the Secretary. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of ten (10) days ending on the day before the meeting date (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting, or (ii) during ordinary business hours at the principal place of business of the Corporation. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.6 or to vote in person or by proxy at any meeting of stockholders.

Section 2.7 Fixing Date for Stockholders of Record. In order that the Corporation may identify the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be less than ten (10) days nor more than sixty (60) days before the date of such meeting; and (2) in the case of any other action (other than a record date for determining stockholders entitled to express consent to corporate action without a meeting), shall not be more than sixty (60) days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice of the meeting is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting shall be determined pursuant to Section 2.11 of these Bylaws. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 2.8 Voting and Proxies. Subject to the provisions for fixing the date for stockholders of record:

a. Except as otherwise specified in the Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), each stockholder shall at every meeting of the stockholders be entitled to one vote for each share of stock held by that stockholder having voting rights as to the matter being voted upon.

b. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for that stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy expressly provides for a longer period.

c. All matters other than the election of directors properly presented to any meeting of stockholders shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares of stock present in person or by proxy and entitled to vote on the matter.

d. Except as otherwise provided by these Bylaws, each director shall be elected by the vote of the majority of the votes cast with respect to that director's election at any meeting for the election of directors at which a quorum is present. Notwithstanding the foregoing, in the event of a contested election of directors, directors shall be elected by the vote of a plurality of the votes present in person or represented by proxy at any meeting for the election of directors at which a quorum is present. For purposes of this 2.8(d) of these Bylaws, a contested election ("Contested Election") shall mean any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected, with the

determination that an election is “contested” to be made by the Secretary within 30 days following the close of the later of the notice of nomination periods set forth in Section 2.12 and Section 2.14 of these Bylaws, based on whether one or more notices of nomination were timely filed in accordance with Section 2.12 or Section 2.14 of these Bylaws (provided that the determination that an election is a Contested Election shall be determinative only as to the timeliness of a notice of nomination and not otherwise as to its validity). If, prior to the time the Corporation mails its initial proxy statement in connection with such election of directors, one or more notices of nomination are withdrawn such that the number of candidates for election as director no longer exceeds the number of directors to be elected, the election shall not be considered a Contested Election. For purposes of this Section 2.8(d) of these Bylaws, a majority of the votes cast shall mean that the number of votes cast “for” a director’s election exceeds the number of votes cast “against” that director’s election (with “abstentions” and “broker nonvotes” not counted as a vote cast either “for” or “against” that director’s election).

In order for any incumbent director to become a nominee of the Board of Directors for further service on the Board of Directors, such person must submit an irrevocable resignation, contingent on (i) that person not receiving a majority of the votes cast in an election that is not a Contested Election, and (ii) acceptance of that resignation by the Board of Directors in accordance with the policies and procedures adopted by the Board of Directors for such purpose. In the event an incumbent director fails to receive a majority of the votes cast in an election that is not a Contested Election, the Nominating and Corporate Governance Committee, or such other committee designated by the Board of Directors pursuant to these Bylaws, shall make a recommendation to the Board of Directors as to whether to accept or reject the resignation of such incumbent director, or whether other action should be taken. The Board of Directors shall act on the resignation, taking into account the committee’s recommendation, and publicly disclose (by a press release and filing an appropriate disclosure with the Securities and Exchange Commission) its decision regarding the resignation, and, if such resignation is rejected, the rationale behind the decision within ninety (90) days following certification of the election results. The committee in making its recommendation and the Board of Directors in making its decision each may consider any factors and other information that they consider appropriate and relevant.

If the Board of Directors accepts a director’s resignation pursuant to this Section 2.8(d), or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors may fill the resulting vacancy pursuant to Article III, Section 3.13 of these Bylaws.

Section 2.9 Inspectors of Election. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors’ count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 2.10 Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chair of any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chair of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chair of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.11 Consent of Stockholders in Lieu of Meeting.

a. Any action that may be taken at any annual or special meeting of stockholders may be taken without a meeting and without a vote, if a consent in writing, setting forth the action so taken, is signed by the stockholders having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of such action without a meeting by less than unanimous written consent shall be given to each stockholder who did not consent thereto in writing.

b. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date, which written notice shall include all information that would be required to be delivered pursuant to Section 2.12 and Section 2.14 of these Bylaws if the stockholder had been making a nomination or proposing business to be considered at a meeting of stockholders. The Board of Directors shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within 10 days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in Delaware, its principal place of business or to any officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

c. In the event of the delivery, in the manner provided by paragraph (a) of this Section 2.11, to the Corporation of the requisite written consent or consents to take corporate action and/or any related revocation or revocations, the Corporation shall engage nationally recognized independent inspectors of elections for the purpose of promptly performing a ministerial review of the validity of the consents and revocations. For the purpose of permitting the inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the independent inspectors certify to the Corporation that the consents delivered to the Corporation in accordance with paragraph (a) of this Section 2.11 represent at least the minimum number of votes that would be necessary to take the corporate action. Nothing contained in this paragraph shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

Section 2.12 Notice of Stockholder Business and Nominations.

a. Annual Meetings of Stockholders.

1. Nominations of persons for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (A) pursuant to the Corporation's notice of meeting, (B) by or at the direction of the Board of Directors or (C) by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in this Section 2.12 or Section 2.14 of these Bylaws, as applicable, and at the time of the annual meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures set forth in this Section 2.12 or Section 2.14 of these Bylaws, as applicable, as to such business or nomination; clause (C) shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and included in the Corporation's notice of meeting) before an annual meeting of stockholders.

2. Without qualification or limitation, for any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to paragraph (a)(1)(C) of this Section 2.12, the stockholder must have given timely notice thereof in writing to the Secretary and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not

later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. To be in proper form, a stockholder's notice (whether given pursuant to this paragraph (a)(2) or paragraph (b)) to the Secretary must: (A) set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of any Stockholder Associated Person (as defined below), (ii) (a) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder and by any Stockholder Associated Person, (b) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder or by any Stockholder Associated Person, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (c) any proxy, understanding, or relationship pursuant to which such stockholder or any Stockholder Associated Person has a right to vote any shares of any security of the Corporation, (d) any short interest in any security of the Corporation held by such stockholder or by any Stockholder Associated Person (for purposes of this Section 2.12 a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (e) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder or by any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (f) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, (g) any performance-related fees (other than an asset-based fee) that such stockholder or any Stockholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice (which information shall be supplemented not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), and (h) a representation whether the stockholder or any Stockholder Associated Person intends or is part of a group which intends (1) to solicit proxies or votes in support of such director nominees or nomination in accordance with Rule 14a-19 promulgated under the Exchange Act, and (2) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee, and (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; (B) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest of such stockholder and of any Stockholder Associated Person in such business and (ii) a description of all agreements, arrangements and understandings between such stockholder and any Stockholder Associated Person, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; (C) set forth, as to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and any Stockholder Associated Person, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the stockholder making the nomination or any Stockholder Associated Person were the "registrant" for purposes of such item and the nominee were a director or executive officer of such registrant; and (D) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed questionnaire, representation and agreement required by Section 2.13 of these Bylaws. The foregoing notice requirements of this Section 2.12 shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation. For purposes of these Bylaws, "independent" has the meaning set forth in the New York Stock Exchange ("NYSE") listing standards (unless the Corporation's common stock ceases to be listed on the NYSE and is listed on another exchange, in which case such exchange's definition of

independence shall apply), as supplemented by any additional requirements for independence that may be imposed by applicable law or regulation or by the Corporation's Corporate Governance Guidelines adopted by the Board of Directors. For the purposes of these Bylaws, a "Stockholder Associated Person" of any stockholder means: (x) any beneficial owner of shares of stock of the Corporation on whose behalf any nomination or proposal is made by such stockholder; (y) any affiliates or associates of such stockholder or of any beneficial owner described in clause (x); and (z) any affiliate who controls such stockholder or any beneficial owner described in clause (x). The Corporation may require the stockholder of record giving the notice, the beneficial owner, if any, on whose behalf the nomination is made and any proposed nominee to furnish any supplemental information reasonably requested by the Corporation to determine that the nomination has met the requirements of this Section 2.12 and the nominee is qualified to serve on the Board, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation no later than five (5) business days after the request for subsequent information regarding the nomination has been delivered to such stockholder or nominee.

3. Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 2.12 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased effective at the annual meeting and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.12 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

b. Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors pursuant to this Section 2.12 may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice provided for in this Section 2.12 and at the time of the special meeting, (ii) is entitled to vote at the meeting, and (iii) complies with the notice procedures set forth in this Section 2.12 as to such nomination. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(2) of this Section 2.12 with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 2.13 of these Bylaws) shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to the date of such special meeting and not later than the close of business on the later of the 90th day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

c. General.

1. Only such persons who are nominated in accordance with the procedures set forth in this Section 2.12 or Section 2.14 of these Bylaws, as applicable, shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.12 or Section 2.14 of these Bylaws, as applicable. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the chair of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.12 or Section 2.14 of these Bylaws, as applicable, and, if any proposed nomination or business is not in compliance with this Section 2.12 or Section 2.14 of these Bylaws, as applicable, to declare that such defective proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 2.12, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.12 to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of the stockholders.

2. For purposes of these Bylaws, “public announcement” shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

3. Notwithstanding the foregoing provisions of this Section 2.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.12; provided, however, that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to paragraph (a)(1)(C) or paragraph (b) of this Section 2.12 (other than, as provided in paragraph (a)(1) of this Section 2.12, matters brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 2.12 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or these Bylaws.

4. Without limiting the other provisions and requirements of this Section 2.12, unless otherwise required by law, if any stockholder (A)(i) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act and (ii) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) promulgated under the Exchange Act or (B) notifies the Corporation that such stockholder no longer intends to solicit proxies in accordance with Rule 14a-19 promulgated under the Exchange Act, then the Corporation shall disregard any proxies or votes solicited for such stockholder’s nominees. Upon request by the Corporation, if any stockholder provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such stockholder shall deliver to the Corporation, no later than five business days prior to the meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act.

Section 2.13 Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 2.12 or Section 2.14 of these Bylaws, as applicable) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided to a stockholder of record by the Secretary upon written request) and a written representation and agreement (in the form provided to a stockholder of record by the Secretary upon written request) that such person (a) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a “Voting Commitment”) that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director of the Corporation, with such person’s fiduciary duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein and (c) in such person’s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

Section 2.14 Proxy Access.

a. Information Included in Proxy Materials. Subject to the provisions of this Section 2.14, whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of stockholders, the Corporation shall include in its proxy statement for such meeting, in addition to any persons nominated for election by the Board of Directors or any committee thereof, the name of, together with the Required Information (as defined below) for, any person nominated for election (a “Stockholder Nominee”) to the Board of Directors by a stockholder or group of no more than 20 stockholders that (1) satisfies the requirements of this Section 2.14 (an “Eligible Stockholder”) and (2) expressly requests in the notice required by this Section 2.14 (the “Notice of Proxy Access Nomination”) to have the Stockholder Nominee included in the Corporation’s proxy materials pursuant to this Section 2.14. Two or more funds that are (i) under common management and investment control, (ii) under common management and funded primarily by a single employer or (iii) a “group of investment companies,” as such term is defined in Section 12(d)(1)(G) (ii) of the Investment Company Act of 1940, as amended (such funds together under each of clauses (i), (ii) or (iii) comprising a “Qualifying Fund”) shall be treated as one stockholder for the purpose of determining the aggregate number of stockholders in this Section 2.14, provided that each fund comprising a Qualifying Fund otherwise meets the requirements set forth in this Section 2.14. The Corporation shall also include the name of any such Stockholder Nominee on the form of proxy for such annual meeting, subject to the provisions of this Section 2.14. For purposes of this Section 2.14, the “Required Information” that the Corporation shall include in its proxy statement is the information provided by the Eligible Stockholder to the Secretary of the Corporation concerning the Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Corporation’s proxy statement by the regulations promulgated under the Exchange Act, and if the Eligible Stockholder so elects, a written statement, not to exceed 500 words, in support of

the Stockholder Nominee(s)' candidacy (the "Statement"). Notwithstanding anything to the contrary contained in this Section 2.14, the Corporation may omit from its proxy materials any information or Statement (or portion thereof) that it, in good faith, believes would violate any applicable law or regulation. Notwithstanding anything to the contrary contained in this Section 2.14, the Corporation shall not be required pursuant to this Section 2.14 to include any information regarding a Stockholder Nominee in its proxy materials for any meeting of stockholders for which any person is engaging in a solicitation within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at such meeting other than Stockholder Nominees or nominees of the Board of Directors.

b. Stockholder Nominee Notice Period. The Corporation shall only be required to include information regarding a Stockholder Nominee in its proxy materials with respect to an annual meeting of stockholders if the Notice of Proxy Access Nomination relating to the Stockholder Nominee is delivered to, or mailed to and received by, the Secretary of the Corporation no earlier than 150 days and no later than 120 days (the "Final Proxy Access Nomination Date") before the anniversary of the date that the Corporation issued its proxy statement for the previous year's annual meeting of stockholders; provided, however, that if the Corporation did not hold an annual meeting during the previous year, or if the date of the annual meeting has changed by more than 30 calendar days from the previous year, then the Eligible Stockholder must deliver the Notice of Proxy Access Nomination to the Corporation a reasonable time before the Corporation issues its proxy materials, as specified by the Corporation in a Current Report on Form 8-K filed pursuant to Item 5.08. In no event shall the adjournment or postponement of an annual meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a Notice of Proxy Access Nomination pursuant to this Section 2.14.

c. Maximum Number of Stockholder Nominees. The maximum number of Stockholder Nominees nominated by all Eligible Stockholders that the Corporation shall be required to include in its proxy materials with respect to an annual meeting of stockholders shall not exceed 25% of the total number of members of the Corporation's Board of Directors as of the Final Proxy Access Nomination Date, or if such amount is not a whole number, the closest whole number below 25% (the "Nominee Limit"); provided, however, that the Nominee Limit shall be reduced, but not below zero, by the number of such director candidates for which the Corporation shall have received one or more valid notices that a stockholder (other than an Eligible Stockholder) intends to nominate director candidates at such applicable annual meeting of Stockholders pursuant to Section 2.12 of these Bylaws; provided, further that if one or more vacancies occur on the Corporation's Board of Directors after the Final Proxy Access Nomination Date but before the date of the annual meeting and the Board of Directors reduces the size of the board in connection therewith, the Nominee Limit shall be calculated based on the reduced number of directors. For purposes of determining when the Nominee Limit provided for in this Section 2.14(c) has been reached, each of the following persons shall be counted as one of the Stockholder Nominees: (1) any individual nominated by an Eligible Stockholder for inclusion in the Corporation's proxy materials pursuant to this Section 2.14 who is subsequently withdrawn, (2) any individual nominated by an Eligible Stockholder for inclusion in the Corporation's proxy materials pursuant to this Section 2.14 who is subsequently nominated by the Board of Directors as a Board of Directors nominee for election as a director, and (3) any director in office as of the Final Proxy Access Nomination Date who was included in the Corporation's proxy materials as a Stockholder Nominee for either of the two preceding annual meetings of stockholders (including any individual counted as a Stockholder Nominee pursuant to the immediately preceding clause (2)) and whom the Board of Directors decides to nominate for re-election to the Board of Directors. Any Eligible Stockholder that submits more than one Stockholder Nominee for inclusion in the Corporation's proxy materials shall rank such Stockholder Nominees based on the order that the Eligible Stockholder desires such Stockholder Nominees to be selected for inclusion in the Corporation's proxy materials in the event that the total number of Stockholder Nominees submitted by Eligible Stockholders exceeds the Nominee Limit. If the number of Stockholder Nominees submitted by Eligible Stockholders exceeds the Nominee Limit, the highest ranked Stockholder Nominee who meets the requirements of this Section 2.14 of each Eligible Stockholder will be included in the Corporation's proxy materials proceeding in order of the amount (largest to smallest) of the voting power of shares of the capital stock of the Corporation that each Eligible Stockholder owns for purposes of this Section 2.14 until the Nominee Limit is reached. If the Nominee Limit is not reached after the highest ranking Stockholder Nominee who meets the requirements of this Section 2.14 from each Eligible Stockholder has been selected for inclusion in the Corporation's proxy materials, this process shall be repeated until the Nominee Limit is reached.

d. Withholding or Removal of Stockholder Nominees from Proxy Materials. If a Stockholder Nominee or an Eligible Stockholder fails to continue to meet the requirements of this Section 2.14 or if a Stockholder Nominee withdraws, dies, becomes disabled or is otherwise disqualified from being nominated for election or serving as a director prior to the annual meeting: (1) the Corporation may, to the extent feasible, withhold or remove the name of the applicable Stockholder Nominee and the Statement from its proxy statement, withhold or remove the name of the Stockholder Nominee from its form of proxy and/or otherwise communicate to its stockholders, including without limitation by amending or supplementing its proxy statement or ballot or form of proxy, that the Stockholder Nominee will not be eligible for nomination at the annual meeting; and (2) the applicable Eligible Stockholder may not name another Stockholder Nominee or, subsequent to the last day on which a stockholder's notice of an intent to make a nomination would be timely, otherwise cure in any way any defect preventing the nomination of the Stockholder Nominee identified in the notice provided pursuant to this Section 2.14.

e. Determination of Ownership. For purposes of this Section 2.14, an Eligible Stockholder shall be deemed to “own” only those outstanding shares of capital stock of the Corporation as to which the stockholder possesses both (1) the full voting and investment rights pertaining to the shares and (2) the full economic interest in (including the opportunity for profit from and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (1) and (2) shall not include any shares (A) sold by such stockholder or any of its affiliates in any transaction that has not been settled or closed, (B) borrowed by such stockholder or any of its affiliates for any purposes or purchased by such stockholder or any of its affiliates pursuant to an agreement to resell or (C) subject to any option, warrant, forward contract, swap, contract of sale, or other derivative or similar agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding common shares of the Corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (i) reducing in any manner, to any extent or at any time in the future, such stockholder’s or its affiliates’ full right to vote or direct the voting of any such shares, and/or (ii) hedging, offsetting or altering to any degree any gain or loss realized or realizable from maintaining the full economic ownership of such shares by such stockholder or affiliate. A stockholder shall “own” shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder’s ownership of shares shall be deemed to continue during any period in which (x) the stockholder has loaned such shares, provided that the stockholder at all times retains the economic risk of loss of such shares and has the power to recall such loaned shares without condition on five business days’ notice; or (y) the stockholder has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time by the stockholder. For purposes of this Section 2.14, the terms “owned,” “owning” and other variations of the word “own” shall have correlative meanings. Whether outstanding common shares of the Corporation are “owned” for these purposes shall be determined by the Board of Directors or any committee thereof. For purposes of this Section 2.14, the term “affiliate” or “affiliates” shall have the meaning ascribed thereto under the General Rules and Regulations under the Exchange Act.

f. Ownership Requirements. To make a nomination pursuant to this Section 2.14, an Eligible Stockholder (1) must own (as defined in Section 2.14(e)) at least three percent of the voting power entitled to vote generally in the election of directors (the “Required Ownership Percentage”) of the outstanding shares of capital stock of the Corporation (the “Required Shares”), continuously for at least three years (the “Minimum Holding Period”) as of both the date the Notice of Proxy Access Nomination is delivered to, or mailed to and received by, the Secretary of the Corporation and the record date for determining the stockholders entitled to vote at the annual meeting and (2) must continue to own the Required Shares through the date of the annual meeting.

g. Information Required in Notice of Proxy Access Nomination. An Eligible Stockholder (including each member of any group of stockholders, each fund comprising a Qualifying Fund and/or each beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) must provide the following information in writing to the Secretary of the Corporation within the time period specified in Section 2.14(b) for delivering the Notice of Proxy Access Nomination:

1. one or more written statements from the record holder of the Required Shares (and from each intermediary through which the Required Shares are or have been held during the Minimum Holding Period) verifying that, as of a date within seven calendar days prior to the date the Notice of Proxy Access Nomination is delivered to, or mailed to and received by, the Secretary of the Corporation, the Eligible Stockholder owns, and has owned continuously for the Minimum Holding Period, the Required Shares;

2. the Eligible Stockholder’s agreement to provide, within five business days after the record date for the annual meeting, written statements from such record holder, and intermediaries verifying the Eligible Stockholder’s continuous ownership of the Required Shares through the record date;

3. a copy of the Schedule 14N that has been filed with the SEC as required by Rule 14a-18 under the Exchange Act;

4. (a) the name, age, principal occupation or employment and business address and residence address of each Stockholder Nominee submitted by the Eligible Stockholder, (b) the class and number of shares of capital stock of the Corporation owned by each such Stockholder Nominee, including shares beneficially owned and shares held of record, and (c) any other information relating to each such Stockholder Nominee that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

5. a written representation and agreement executed by each Stockholder Nominee submitted by the Eligible Stockholder acknowledging that the Stockholder Nominee (a) understands his or her duties as a director under the General Corporation Law and agrees to act in accordance with those duties while serving as a director, (b) is not and shall not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such Stockholder Nominee, if elected as a director of the Corporation, will act or vote as a director on any issue or question, (c) is not and shall not become a party to any agreement, arrangement or understanding with any person

or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with such Stockholder Nominee's candidacy for director of the Corporation that has not been disclosed to the Corporation or any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with such Stockholder Nominee's service or action as a director of the Corporation, (d) if elected as a director of the Corporation, shall comply with all applicable laws and stock exchange listing standards and the Corporation's policies and guidelines applicable to directors, including all corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines of the Corporation, (e) shall provide facts, statements and other information in all communications with the Corporation and its stockholders that are or shall be true and correct in all material respects and do not and shall not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (f) will act as a representative of all stockholders of the Company while serving as a director;

6. the written consent of each Stockholder Nominee submitted by the Eligible Stockholder to (a) be named in the proxy materials as a nominee, (b) serve as a director if elected and (c) the public disclosure of the information provided pursuant to Section 2.14(g)(4);

7. with respect to the Eligible Stockholder (including each member of any group of stockholders, each fund comprising a Qualifying Fund and/or each beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) providing the Notice of Proxy Access Nomination:

A. the name and address of the Eligible Stockholder (including each member of any group of stockholders, each fund comprising a Qualifying Fund and/or each beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder);

B. the class and number of shares of capital stock of the Corporation owned (as defined in Section 2.14(e)) of record by the Eligible Stockholder or its affiliates as of the date of the Notice of Proxy Access Nomination, and the Eligible Stockholder's agreement that it shall notify the Corporation in writing within five business days after the record date for the annual meeting of the class and number of shares of capital stock of the Corporation owned by the Eligible Stockholder as of the record date for the annual meeting;

C. a written statement from each nominee holder of shares of capital stock of the Corporation owned beneficially but not of record by the Eligible Stockholder or its affiliates stating the number of such shares of capital stock of the Corporation held by such nominee holder, and the nominee holder's agreement that it shall notify the Corporation in writing within five business days after the record date for the annual meeting of the class and number of shares of capital stock of the Corporation owned beneficially but not of record by the Eligible Stockholder and the number of such shares of capital stock of the Corporation held by such nominee holder as of the record date for the annual meeting;

D. a representation that the Eligible Stockholder intends to be present in person or by proxy at the annual meeting to present its nomination of the Stockholder Nominee

E. a description of any agreement, arrangement or understanding (whether or not in writing) with respect to the nomination between such Eligible Stockholder and any other person, including, without limitation, any agreements that would be required to be described or reported pursuant to Item 5 or Item 6 of Schedule 13D under the Exchange Act (regardless of whether the requirement to file a Schedule 13D is applicable to the Eligible Stockholder), and the Eligible Stockholder's agreement that it shall notify the Corporation in writing within five business days after the record date for the annual meeting of any such agreement, arrangement or understanding in effect as of the record date for the annual meeting;

F. a description of any derivative instrument, swap, option, warrant, short interest, hedge or profit interest that has been entered into by or on behalf of such Eligible Stockholder with respect to any shares of capital stock of the Corporation (including the notional number of shares that are the subject thereof) and a description of any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of capital stock) that has been made by or on behalf of such Eligible Stockholder, the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of stock price changes for, such Eligible Stockholder or to increase or decrease the voting power or pecuniary or economic interest of such Eligible Stockholder with respect to capital stock of the Corporation (including the notional number of shares that are the subject of such transaction, agreement, arrangement or understanding), and the Eligible Stockholder's agreement that it shall notify the Corporation in writing within five business days after the record date for the annual meeting of any such transaction, agreement, arrangement or understanding in effect as of the record date for the annual meeting;

G. any other information relating to the Eligible Stockholder that is required to be disclosed in solicitations of proxies for elections of directors in an election contest, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder;

H. the written consent of such Eligible Stockholder to the public disclosure of the information provided pursuant to this Section 2.14(g)(7);

I. in the case of a nomination by a group of stockholders who together constitute an Eligible Stockholder, the designation by all group members (including each member of any group of stockholders, each fund comprising a Qualifying Fund and/or each beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) of one group member that is authorized to act on behalf of all members of the nominating stockholder group with respect to the nomination and matters related thereto, including withdrawal of the nomination; and

J. in the case of a Qualifying Fund whose stock ownership is counted for purposes of qualifying as an Eligible Stockholder, documentation reasonably satisfactory to the Board of Directors that demonstrates that the funds comprising the Qualifying Fund are either (i) under common management and investment control, or (ii) under common management and funded primarily by a single employer;

8. a written representation that the Eligible Stockholder (including each member of any group of stockholders, each fund comprising a Qualifying Fund and/or each beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) (A) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the Corporation, and does not presently have such intent, (B) presently intends to maintain qualifying ownership of the Required Shares through the date of the annual meeting, (C) has not nominated and shall not nominate for election to the Board of Directors any person other than the Stockholder Nominee(s) being nominated by such Eligible Stockholder pursuant to this Section 2.14, (D) has not engaged and shall not engage in, and has not and shall not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (E) shall not distribute to any stockholder any form of proxy for the annual meeting other than the form distributed by the Corporation, (F) agrees to comply with all applicable laws and regulations applicable to any solicitation in connection with the annual meeting, (G) shall provide facts, statements and other information in all communications with the Corporation and its stockholders that are or shall be true and correct in all material respects and do not and shall not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (H) will recall any outstanding shares of capital stock of the Corporation that have been loaned by or on behalf of the Eligible Stockholder to another person that are to be counted for purposes of determining the Required Shares and the Eligible Stockholder's eligibility hereunder in accordance with the provisions relating thereto in Section 2.14(e) upon being notified that any of the Stockholder Nominee(s) of such Eligible Stockholder will be included in the Corporation's proxy statement and the Corporation's form of proxy for the applicable annual meeting; and

9. an undertaking that the Eligible Stockholder (including each member of any group of stockholders, each fund comprising a Qualifying Fund and/or each beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) agrees to (A) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation; (B) indemnify and hold harmless the Corporation, and each of its directors, officers and employees individually, against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 2.14, out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation; and (C) file with the SEC any solicitation or other communication with the Company's stockholders relating to the meeting at which the Stockholder Nominee will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available thereunder.

h. Additional Required Information. At the request of the Corporation, each Stockholder Nominee must submit to the Secretary of the Corporation all completed and signed questionnaires required of directors and officers of the Corporation. The Corporation may request such additional information as necessary to permit the Board of Directors to determine if each Stockholder Nominee is independent as defined in Section 2.12(a)(2) of these Bylaws.

i. Irrevocable Resignation. Each Stockholder Nominee must provide to the Secretary of the Corporation, within the time period specified in Section 2.14(b) for delivering the Notice of Proxy Access Nomination, an irrevocable resignation from the Board of Directors that shall become effective upon a determination by the Board of Directors or any committee thereof that (1) the information provided to the Corporation by the Stockholder Nominee individual pursuant to Section 2.14(g)(5) was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or (2) the Stockholder Nominee, or the Eligible Stockholder that nominated the Stockholder Nominee, breached any obligations owed to the Corporation under these Bylaws.

j. Notification and Correction of Defects in Information Provided. In the event that any information or communications provided by the Eligible Stockholder or the Stockholder Nominee to the Corporation or its stockholders ceases to be true and correct in all material respects or omits a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation of any defect in such previously provided information and of the information that is required to correct any such defect.

k. Exclusion of Stockholder Nominees. The Corporation shall not be required to include, pursuant to this Section 2.14, a Stockholder Nominee in its proxy materials for any meeting of stockholders:

1. if the Eligible Stockholder (or any member of any group of stockholders or any fund comprising a Qualifying Fund that together is such Eligible Stockholder) who has nominated such Stockholder Nominee has engaged or is currently engaged in, or has been or is a “participant” in another person’s, “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors;

2. if the Stockholder Nominee is or becomes a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with such Stockholder Nominee’s candidacy for director of the Corporation or service that the Stockholder Nominee does not promptly disclose to the Corporation or any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with such Stockholder Nominee’s action as a director of the Corporation;

3. who is not independent as defined in Section 2.12(a)(2) of these Bylaws, as determined by the Board of Directors;

4. whose election as a member of the Board of Directors would cause the Corporation to be in violation of these Bylaws, the Corporation’s Certificate of Incorporation or Corporate Governance Guidelines, the rules and listing standards of the principal U.S. exchange upon which the common shares of the Corporation are listed, or any applicable state or federal law, rule or regulation;

5. who is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914;

6. who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past 10 years;

7. if such Stockholder Nominee or the applicable Eligible Stockholder (or any member of any group of stockholders that together is such Eligible Stockholder) provides information to the Corporation in respect of such nomination that was untrue in any material respect or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which they were made, not misleading, as determined by the Board of Directors or any committee thereof;

8. the Eligible Stockholder (or any member of any group of stockholders that together is such Eligible Stockholder) or applicable Stockholder Nominee fails to comply with its obligations pursuant to this Section 2.14;

9. who is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended; or

10. for which the Secretary of the Corporation receives a notice that a stockholder has nominated such Stockholder Nominee for election to the Board of Directors pursuant to the advance notice requirements for stockholder nominees for director set forth in Section 2.12 of these Bylaws and which notice does not expressly elect to have its nominee(s) included in the Corporation’s proxy statement pursuant to this Section 2.14.

1. Invalid and Disregarded Nominations. Notwithstanding anything to the contrary set forth herein, the Board of Directors or the chair of the annual meeting of stockholders shall declare a nomination by an Eligible Stockholder to be invalid, and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Corporation, if (1) the Stockholder Nominee(s) and/or the applicable Eligible Stockholder (or any member of any group of stockholders that together is such Eligible Stockholder) breaches its or their obligations under this Section 2.14, as determined by the Board of Directors or the chair of the annual meeting, or (2) the Eligible Stockholder (or a qualified representative thereof) does not appear at the meeting of stockholders to present any nomination pursuant to this Section 2.14.

m. Ineligible Stockholder Nominees. Any Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but either (1) withdraws from or becomes ineligible or unavailable for election at the annual meeting, or (2) does not receive at least 25% of the votes cast in favor of such Stockholder Nominee's election, shall be ineligible to be a Stockholder Nominee pursuant to this Section 2.14 for the following two annual meetings. Any Stockholder Nominee who is included in the Corporation's proxy statement for a particular annual meeting of stockholders, but subsequently is determined not to satisfy the eligibility requirements of this Section 2.14 or any other provision of these Bylaws or the Corporation's Certificate of Incorporation or Corporate Governance Guidelines or other applicable law or regulation at any time before the applicable annual meeting of stockholders, will not be eligible for election at the relevant annual meeting of stockholders and may not be substituted by the Eligible Stockholder that nominated such Stockholder Nominee. Any Eligible Stockholder (including each stockholder, fund comprising a Qualifying Fund and/or beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder) whose Stockholder Nominee is elected as a director at the annual meeting of Stockholders will not be eligible to nominate or participate in the nomination of a Stockholder Nominee for the following two (2) annual meetings of stockholders other than the nomination of such previously elected Stockholder Nominee.

n. Group Members. No stockholder shall be permitted to join more than one group of stockholders to become an Eligible Stockholder for purposes of nominations pursuant to this Section 2.14 per each annual meeting of stockholders. In the event that the Eligible Stockholder consists of a group of stockholders, any and all requirements and obligations for an individual Eligible Stockholder that are set forth in these Bylaws, including the Minimum Holding Period, shall apply to each member of such group (including each fund comprising a Qualifying Fund and/or each beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder); provided, however, that the Required Ownership Percentage shall apply to the ownership of the group in the aggregate. When an Eligible Stockholder is comprised of a group, a violation of any provision of these Bylaws by any member of the group shall be deemed a violation by the Eligible Stockholder group.

o. Exclusivity. This Section 2.14 shall be the exclusive method for stockholders to include nominees for director in the Corporation's proxy materials except as provided in Rule 14a-19 promulgated under the Exchange Act .

ARTICLE III DIRECTORS

Section 3.1 Number and Term of Office. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. The number of directors that shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors and shall consist of not more than thirteen (13) members. At the first annual meeting of stockholders and at each annual meeting of stockholders thereafter, the respective terms of all of the directors then serving in office shall expire at the meeting, and successors to the directors shall be elected to hold office until the next succeeding annual meeting. Existing directors may be nominated for election each year for a successive term, in the manner provided in these Bylaws. Each director shall hold office for the term for which he or she is elected and qualified or until his or her successor shall have been elected and qualified or until his or her earlier resignation, removal from office or death. The Board of Directors may from time to time establish minimum qualifications for eligibility to become a director. Those qualifications may include, but shall not be limited to, a prerequisite stock ownership in the Corporation.

Section 3.2 Chair of the Board. The Board of Directors shall elect one of its members to be Chair of the Board for such term as determined by the Board of Directors, and shall fill any vacancy in the position of Chair of the Board at such time and in such manner as the Board of Directors may determine. The Chair of the Board shall preside at all meetings of the Board of Directors and stockholders, and shall have such other duties as may be prescribed from time to time by the Board of Directors.

Section 3.3 Place of Meetings. Meetings of the Board of Directors may be held at any place, within or without the State of Delaware, from time to time as designated by the Chair of the Board or by the body or person calling such meeting.

Section 3.4 Regular Meetings. Regular meetings of the Board of Directors shall be held at such times as may be determined by the Board of Directors. No notice shall be required for any regular meeting.

Section 3.5 Special Meetings. Special meetings of the Board of Directors may be called by the Chair of the Board, the Chief Executive Officer or the President, or by the Secretary or Assistant Secretary on the written request of two or more directors. Notice of any special meeting shall be mailed to each director at that director's residence or usual place of business not later than three (3) days before the day on which the meeting is to be held, or shall be given to that director by telegraph, telecopier or other method of electronic transmission, by overnight express mail service, personally, or by telephone, not later than twenty-four (24) hours before the time of such meeting. Notice of any meeting of the Board of Directors need not be given to any director if that director signs a written waiver thereof or waives notice by electronic transmission either before or after the time stated therein. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when

the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 3.6 Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and such consents are filed with the minutes of the Board of Directors or of such committee.

Section 3.7 Presiding Officer and Secretary at Meetings. Each meeting of the Board of Directors or of stockholders shall be presided over by the Chair of the Board, or in his or her absence, by the Chief Executive Officer or the President, in that order, and if none is present, then by such member of the Board of Directors as shall be chosen at the meeting.

Section 3.8 Quorum. A majority of the total authorized number of directors shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of those present (or if only one be present, then that one) may adjourn the meeting, without notice other than announcement at the meeting, until such time as a quorum is present. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.9 Meeting by Telephone. Members of the Board of Directors or of any committee thereof may participate in a meeting of the Board of Directors or of such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person at such meeting.

Section 3.10 Compensation. Directors shall receive such compensation and expense reimbursements for their services as Chair of the Board, as directors or as members of committees as set by the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

Section 3.11 Resignations. Any director or member of a committee of the Corporation may resign at any time by giving notice thereof in writing or by electronic transmission to (a) the Chair of the Board, the Chief Executive Officer or the President and (b) the Secretary. Such resignation shall be effective at the time of its receipt, unless a date certain is specified for it to take effect. Acceptance of any resignation shall not be necessary to make it effective.

Section 3.12 Removal of Directors. No director may be removed with or without cause before the expiration of his or her term of office except by vote of the stockholders at a meeting called for such a purpose.

Section 3.13 Filling of Vacancies. In case of a vacancy created by an increase in the number of directors or any vacancy created by death, removal, or resignation, the vacancy or vacancies may be filled either (a) by the Board of Directors, or (b) by the stockholders. In the case of a director appointed to fill a vacancy created by an increase in the number of directors, the director so appointed shall hold office until his or her successor is elected. In the case of a director appointed to fill a vacancy created by the death, removal or resignation of a director, the newly appointed director shall hold office for the term to which his or her predecessor was elected or until his or her successor is elected.

ARTICLE IV COMMITTEES

Section 4.1 Formation of Committees; Power and Authority Thereof. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each such committee to consist of one or more directors of the Corporation. Any such committee, to the extent provided in such resolution or resolutions and to the extent permitted by law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporation Law to be submitted to stockholders for approval or (ii) adopting, amending or repealing the Bylaws of the Corporation.

Section 4.2 Regular Meetings. Regular meetings of a committee shall be held at such times as may be determined by the committee. No notice shall be required for any regular meeting.

Section 4.3 Special Meetings. Special meetings of a committee may be called by the committee Chair or by the Secretary or Assistant Secretary on the written request of two or more committee members. Notice of any special meeting shall be mailed to each committee member at that committee member's residence or usual place of business not later than three (3) days before the day on which the meeting is to be held, or shall be given to that committee member by telegraph, telecopier or

other method of electronic transmission, by overnight express mail service, personally, or by telephone, not later than twenty-four (24) hours before the time of such meeting. Notice of any meeting of a committee need not be given to any committee member if that committee member signs a written waiver thereof or waives notice by electronic transmission either before or after the time stated therein. Attendance of a committee member at a meeting shall constitute a waiver of notice of such meeting, except when the committee member attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 4.4 Place of Meetings. Meetings of the committee may be held at any place, within or without the State of Delaware, from time to time as designated by the committee Chair or by the body or person calling such meeting.

Section 4.5 Absent or Disqualified Members; Quorum. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors (a "Substitute Director") to act at the meeting in the place of any such absent or disqualified member. A majority of the total number of members of a committee (together with any Substitute Directors) shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of those present (or if only one be present, then that one) may adjourn the meeting, without notice other than announcement at the meeting, until such time as a quorum is present. The vote of a majority of the committee members (together with any Substitute Directors) present at a meeting at which a quorum is present shall be the act of the committee.

ARTICLE IV THE OFFICERS

Section 5.1 Designation. The Corporation shall have such officers with such titles and duties as set forth in these Bylaws or in a resolution of the Board of Directors adopted on or after the effective date of these Bylaws.

Section 5.2 Election and Qualification. The officers of the Corporation shall be elected by the Board of Directors and, if specifically determined by the Board of Directors, may consist of a Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, one or more Vice Presidents, a Secretary, a Treasurer, one or more Assistant Secretaries and Assistant Treasurers, and such other officers and agents as the Board of Directors may deem advisable. None of the officers of the Corporation need be directors.

Section 5.3 Term of Office. Officers shall be chosen in such manner and shall hold their office for such term as determined by the Board of Directors. Each officer shall hold office from the time of his or her election and qualification to the time at which his or her successor is elected and qualified, or until his or her earlier resignation, removal or death.

Section 5.4 Resignation. Any officer of the Corporation may resign at any time by giving written notice of such resignation to (a) the Chair of the Board, the Chief Executive Officer or the President and (b) the Secretary. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon receipt thereof. The acceptance of such resignation shall not be necessary to make it effective.

Section 5.5 Removal. Any officer may be removed at any time, with or without cause, by the Board of Directors, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

Section 5.6 Compensation. The compensation of each executive officer shall be determined by the Board of Directors.

Section 5.7 Chief Executive Officer. The Chief Executive Officer shall, subject to the direction and control of the Board of Directors, establish and implement the business plans, policies and procedures of the Corporation and have general and active management, direction and control over the business and affairs of the Corporation and over its other officers. The Chief Executive Officer shall report directly to the Board of Directors, shall preside over meetings of the Board of Directors and stockholders in the absence of the Chair of the Board, and shall have general authority to execute bonds, deeds and contracts in the name of and on behalf of the Corporation and in general to exercise all the powers generally appertaining to the Chief Executive Officer of a corporation. During the extended absence of the Chief Executive Officer or during his or her extended inability to act, the Chair of the Board (or such other officer or director as designated by the Board of Directors) shall exercise the powers and perform the duties of the Chief Executive Officer (which may include delegating some or all of such powers and duties to any other director or to an officer of the Corporation).

Section 5.8 President, Chief Operating Officer and Chief Financial Officer. The President, the Chief Operating Officer and the Chief Financial Officer shall have such duties as shall be assigned to each from time to time by the Chief Executive Officer or by the Board of Directors.

Section 5.9 Vice President. Each Vice President shall have such powers and shall perform such duties as shall be assigned to him or her from time to time by the Chief Executive Officer or by the Board of Directors.

Section 5.10 Secretary. The Secretary shall attend meetings of the Board of Directors and stockholders and record votes and minutes of such proceedings, subject to the direction of the Chair of the Board; assist in issuing calls for meetings of stockholders and directors; keep the seal of the Corporation and affix it to such instruments as may be required from time to time; keep the stock transfer books and other books and records of the Corporation; act as stock transfer agent for the Corporation; attest the Corporation's execution of instruments when requested and appropriate; make such reports to the Board of Directors as are properly requested; and perform such other duties incident to the office of Secretary and those that may be otherwise assigned to the Secretary from time to time by the Chief Executive Officer or the Chair of the Board.

Section 5.11 Treasurer. The Treasurer shall have custody of all corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit or disburse all moneys and other property in the name and to the credit of the Corporation as may be designated by the Chief Executive Officer or the Board of Directors. The Treasurer shall render to the Chief Executive Officer and the Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall perform other duties incident to the office of Treasurer as the Chief Executive Officer or the Board of Directors shall from time to time designate.

Section 5.12 Other Officers. Each other officer of the Corporation shall have such powers and shall perform such duties as shall be assigned to him or her from time to time by the Chief Executive Officer or by the Board of Directors.

ARTICLE VI CERTIFICATES OF STOCK, TRANSFER OF STOCK AND REGISTERED STOCKHOLDERS

Section 6.1 Stock Certificates. The interest of each holder of stock of the Corporation shall be evidenced by a certificate or certificates; provided, however, that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of shares of the Corporation represented by certificates shall be entitled to a certificate signed by or in the name of the Corporation by the Chair of the Board, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation certifying the number of shares owned by the holder thereof in the Corporation. Any of or all of the signatures on the certificate may be a facsimile. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, the certificate may be issued by the Corporation with the same effect as if he/she were such officer, transfer agent or registrar at the date of issuance.

Section 6.2 Classes/Series of Stock. The Corporation may issue one or more classes of stock or one or more series of stock within any class thereof, as stated and expressed in the Certificate of Incorporation or of any amendment thereto, any or all of which classes may be stock with par value or stock without par value. In the case of shares of stock of the Corporation represented by certificate, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, in accordance with the General Corporation Law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 6.3 Transfer of Stock. Subject to the transfer restrictions permitted by Section 202 of the General Corporation Law and to stop transfer orders directed in good faith by the Corporation to any transfer agent to prevent possible violations of federal or state securities laws, rules or regulations, the shares of stock of the Corporation shall be transferable upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives (or, with respect to uncertificated shares, by delivery of duly executed instructions or in any other manner permitted by applicable law), and upon such transfer the old certificates (in the case of certificated shares) shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other persons as the directors may designate, by whom they shall be cancelled, and new certificates (or uncertificated shares) shall be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

Section 6.4 Holder of Record. Prior to due presentment for registration of transfer, the Corporation may treat the holder of record of a share of its stock as the complete owner thereof exclusively entitled to vote, to receive notifications and otherwise entitled to all the rights and powers of a complete owner thereof, notwithstanding notice of the contrary.

Section 6.5 Lost, Stolen, Destroyed, or Mutilated Certificates. A new certificate of stock may be issued to replace a certificate theretofore issued by the Corporation, alleged to have been lost, stolen, destroyed or mutilated, and the Board of Directors or the President may require the owner of the lost or destroyed certificate or his or her legal representatives, to give such sum as they may direct to indemnify the Corporation against any expense or loss it may incur on account of the alleged loss of any such certificate.

Section 6.6 Dividends. Subject to the provisions of the Certificate of Incorporation and applicable law, the directors may, out of funds legally available therefor at any annual, regular, or special meeting, declare dividends upon the capital stock of the Corporation as and when they deem expedient. Dividends may be paid in cash, in property, or in shares of stock of the Corporation. Before declaring any dividends there may be set apart out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time in their discretion deem proper working capital to serve as a reserve fund to meet contingencies or as equalizing dividends or for such other purposes as the directors shall deem in the best interest of the Corporation.

ARTICLE VII MISCELLANEOUS

Section 7.1 Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 7.2 Corporate Seal. The corporate seal shall be in such form as the Board of Directors may from time to time prescribe and the same may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 7.3 Severability. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of the remaining provisions hereof.

Section 7.4 Forum for Adjudication of Certain Disputes. Unless the Corporation consents in writing to the selection of an alternative forum (an "Alternative Forum Consent"), the Court of Chancery of the State of Delaware (the "Chancery Court") shall be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, stockholder, employee or agent of the Corporation to the Corporation or the Corporation's stockholders; (iii) any action asserting a claim against the Corporation or any director, officer, stockholder, employee or agent of the Corporation arising out of or relating to any provision of the General Corporation Law or the Corporation's Certificate of Incorporation or Bylaws or as to which the General Corporation Law confers jurisdiction upon the Chancery Court; (iv) any action asserting a claim governed by the internal affairs doctrine; or (v) any other action asserting a claim against the Corporation or any director, officer, stockholder, employee or agent of the Corporation that constitutes an "internal corporate claim" as defined by Section 115 of the General Corporation Law. Notwithstanding the foregoing, however, if the Chancery Court lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding shall be another state or federal court located within the State of Delaware, in each such case unless the Chancery Court (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. Any person or entity purchasing, otherwise acquiring or retaining any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Section 7.4. The existence of any prior Alternative Forum Consent shall not act as a waiver of the Corporation's ongoing consent right as set forth above in this Section 7.4 with respect to any current or future actions or claims.

ARTICLE VIII AMENDMENT OF BYLAWS

Section 8.1 General. These Bylaws may be made, altered, or repealed, or new bylaws may be adopted by the stockholders or the Board of Directors.

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jon Vander Ark, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Republic Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JON VANDER ARK

Jon Vander Ark

President and Chief Executive Officer
(Principal Executive Officer)

Date: October 27, 2022

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian DelGhiaccio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Republic Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRIAN DELGHIACCIO

Brian DelGhiaccio
Executive Vice President,
Chief Financial Officer
(Principal Financial Officer)

Date: October 27, 2022

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Republic Services, Inc. (the Company) for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Jon Vander Ark, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ JON VANDER ARK

Jon Vander Ark

**President and Chief Executive Officer
(Principal Executive Officer)**

Date: October 27, 2022

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Republic Services, Inc. (the Company) for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Brian DelGhiaccio, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BRIAN DELGHIACCIO

Brian DelGhiaccio
Executive Vice President,
Chief Financial Officer
(Principal Financial Officer)

Date: October 27, 2022