
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) July 26, 2006

Republic Services, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-14267

(Commission File Number)

65-0716904

(IRS Employer Identification No.)

110 SE 6th Street, 28th Floor, Fort Lauderdale, Florida

(Address of Principal Executive Offices)

33301

(Zip Code)

(954) 769-2400

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 26, 2006, Republic Services, Inc. issued a press release to announce operating results for the three and six months ended June 30, 2006, a copy of which is incorporated herein by reference and attached hereto as Exhibit 99.1.

SIGNATURES

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

July 26, 2006

REPUBLIC SERVICES, INC.

By: /s/ Tod C. Holmes

Tod C. Holmes
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Charles F. Serianni

Charles F. Serianni
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

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REPUBLIC CONTACTS

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**REPUBLIC SERVICES, INC. REPORTS
QUARTERLY EARNINGS AND
INCREASES EARNINGS GUIDANCE**

- Record earnings of \$0.52 per share
- Internal growth of 8.5 percent
- Operating profit margins expand
- Dividend increased by 14 percent

Fort Lauderdale, Fla., July 26, 2006 — Republic Services, Inc. (NYSE: RSG) today reported net income of \$70.8 million, or \$0.52 per diluted share, for the three months ended June 30, 2006, versus \$64.4 million, or \$0.44 per diluted share, for the comparable period last year. Revenue in the second quarter of 2006 grew to \$779.8 million from \$718.6 million for the same period in 2005. This 8.5 percent increase in revenue consists of 4.9 percent from price and 3.6 percent from volume. Operating income for the three months ended June 30, 2006 was \$134.0 million, compared to \$122.9 million for the same quarter last year. Operating margins for the three months ended June 30, 2006 increased to 17.2 percent from 17.1 percent for same period in 2005.

For the six months ended June 30, 2006, net income was \$135.4 million, or \$0.98 per diluted share, compared to \$129.9 million, or \$0.88 per diluted share, for the comparable period last year. Revenue for the six months ended June 30, 2006 was \$1,517.3 million compared to \$1,395.8 million for the same period in 2005. Operating income for the six months ended June 30, 2006 was \$256.4 million compared to \$242.4 million for the same period last year.

Republic Services also announced today that it is increasing its 2006 guidance for free cash flow and earnings per share to reflect the Company's first six month performance and current favorable business conditions.

- **Free Cash Flow:** The Company increased the range of anticipated normalized free cash flow for 2006 to approximately \$280 million to \$290 million. The previous guidance for free cash flow was \$270 million to \$280 million.
- **Earnings Per Share:** The Company raised earnings per share guidance to a new range of \$1.94 to \$1.97 per diluted share. The previous guidance was a range of \$1.90 to \$1.93 per diluted share.

Separately, Republic announced that its Board of Directors has approved a 14 percent increase in the Company's regular quarterly dividend from \$0.14 per share to \$0.16 per share. The quarterly dividend of \$0.16 per share will be paid on October 16, 2006 to shareholders of record on October 2, 2006.

"We are focused on growing free cash flow and expanding our operating profit margins," said James E. O'Connor, Chairman and Chief Executive Officer of Republic Services, Inc. "Our increase in earnings guidance is based on our performance during the first six months of 2006 and our expectation that we will continue to experience favorable price and volume growth in the future. Our continued success in the growth of free cash flow and the expansion of our operating margin resulted in the Boards' decision to reward shareholders with a 14 percent increase in the quarterly dividend."

Republic Services, Inc. is a leading provider of solid waste collection, transfer and disposal services in the United States. The Company's operating units are focused on providing solid waste services for commercial, industrial, municipal and residential customers.

Certain statements and information included herein constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied in or by such forward-looking statements. Such factors include, among other things, whether the Company's estimates and assumptions concerning its selected balance sheet

accounts, final capping, closure, post-closure and remediation costs, available airspace, and projected costs and expenses related to the Company's landfills and property and equipment, and labor, fuel rates and economic and inflationary trends, turn out to be correct or appropriate, and various factors that will impact the actual business and financial performance of the Company such as competition and demand for services in the solid waste industry; the Company's ability to manage growth; compliance with, and future changes in, environmental regulations; the Company's ability to obtain approval from regulatory agencies in connection with expansions at the Company's landfills; the ability to obtain financing on acceptable terms to finance the Company's operations and growth strategy and for the Company to operate within the limitations imposed by financing arrangements; the ability of the Company to repurchase common stock at prices that are accretive to earnings per share; the Company's dependence on key personnel; general economic and market conditions including, but not limited to, inflation and changes in commodity pricing, fuel, labor and other variable costs that are generally not within the control of the Company; dependence on large, long-term collection contracts; dependence on acquisitions for growth; risks associated with undisclosed liabilities of acquired businesses; risks associated with pending legal proceedings; and other factors contained in the Company's filings with the Securities and Exchange Commission.

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

	June 30, 2006 (Unaudited)	December 31, 2005
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 30.7	\$ 131.8
Accounts receivable, less allowance for doubtful accounts of \$18.2 and \$17.3, respectively	302.1	280.0
Other current assets	65.2	70.5
Total Current Assets	<u>398.0</u>	<u>482.3</u>
RESTRICTED CASH	232.5	255.3
PROPERTY AND EQUIPMENT, NET	2,153.5	2,115.3
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	1,587.7	1,590.8
OTHER ASSETS	118.0	106.8
	<u>\$ 4,489.7</u>	<u>\$ 4,550.5</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable, deferred revenue and other current liabilities	\$ 524.0	\$ 664.0
Notes payable and current maturities of long-term debt	2.9	3.0
Total Current Liabilities	<u>526.9</u>	<u>667.0</u>
LONG-TERM DEBT, NET OF CURRENT MATURITIES	1,659.1	1,472.1
ACCRUED LANDFILL AND ENVIRONMENTAL COSTS	278.9	259.7
OTHER LIABILITIES	561.8	545.9
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$.01 per share; 50,000,000 shares authorized; none issued	—	—
Common stock, par value \$.01 per share; 750,000,000 shares authorized; 192,896,860 and 190,119,521 issued, including shares held in treasury, respectively	1.9	1.9
Additional paid-in capital	1,592.7	1,509.1
Deferred compensation	—	(1.1)
Retained earnings	1,500.3	1,402.8
Treasury stock, at cost (59,594,400 and 51,516,900 shares, respectively)	(1,634.6)	(1,308.8)
Accumulated other comprehensive income, net of tax	2.7	1.9
Total Stockholders' Equity	<u>1,463.0</u>	<u>1,605.8</u>
	<u>\$ 4,489.7</u>	<u>\$ 4,550.5</u>

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue	\$ 779.8	\$ 718.6	\$ 1,517.3	\$ 1,395.8
Expenses:				
Cost of operations	492.5	451.3	948.9	870.0
Depreciation, amortization and depletion	74.4	70.7	147.5	131.8
Accretion	3.8	3.5	7.6	7.0
Selling, general and administrative	75.1	70.2	156.9	144.6
Operating income	134.0	122.9	256.4	242.4
Interest expense, net	(20.5)	(18.7)	(39.3)	(36.1)
Other income (expense), net	0.7	(0.3)	1.3	3.2
Income before income taxes	114.2	103.9	218.4	209.5
Provision for income taxes	43.4	39.5	83.0	79.6
Net income	<u>\$ 70.8</u>	<u>\$ 64.4</u>	<u>\$ 135.4</u>	<u>\$ 129.9</u>
Basic earnings per share	<u>\$ 0.52</u>	<u>\$ 0.45</u>	<u>\$ 0.99</u>	<u>\$ 0.89</u>
Weighted average common shares outstanding	<u>135.0</u>	<u>142.5</u>	<u>136.3</u>	<u>145.3</u>
Diluted earnings per share	<u>\$ 0.52</u>	<u>\$ 0.44</u>	<u>\$ 0.98</u>	<u>\$ 0.88</u>
Weighted average common and common equivalent shares outstanding	<u>136.7</u>	<u>145.4</u>	<u>138.1</u>	<u>148.2</u>
Cash dividends per common share	<u>\$ 0.14</u>	<u>\$ 0.12</u>	<u>\$ 0.28</u>	<u>\$ 0.24</u>

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

	<u>Six Months Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income	\$ 135.4	\$ 129.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and depletion	147.5	131.8
Accretion	7.6	7.0
Other	20.0	38.3
Change in operating assets and liabilities, net of effects from business acquisitions and dispositions	(163.7)	28.1
	<u>146.8</u>	<u>335.1</u>
CASH USED IN INVESTING ACTIVITIES:		
Purchases of property and equipment	(178.2)	(137.4)
Proceeds from sales of property and equipment	8.6	6.6
Cash used in business acquisitions, net of cash acquired	(3.3)	(2.5)
Cash proceeds from business dispositions	3.8	28.8
Change in restricted cash	22.8	8.8
Other	(0.3)	37.2
	<u>(146.6)</u>	<u>(58.5)</u>
CASH USED IN FINANCING ACTIVITIES:		
Proceeds from notes payable and long-term debt	270.0	8.8
Payment of premium to exchange notes payable	—	(27.6)
Payments of notes payable and long-term debt	(76.7)	(23.0)
Issuances of common stock	59.3	26.6
Windfall income tax benefits from stock option exercises	10.6	—
Purchases of common stock for treasury	(325.8)	(337.1)
Cash dividends	(38.7)	(35.5)
	<u>(101.3)</u>	<u>(387.8)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(101.1)	(111.2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>131.8</u>	<u>141.5</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 30.7</u>	<u>\$ 30.3</u>

REPUBLIC SERVICES, INC.
SUPPLEMENTAL UNAUDITED FINANCIAL INFORMATION

The following information should be read in conjunction with the Company's audited Consolidated Financial Statements and notes thereto appearing in the Company's Form 10-K as of and for the year ended December 31, 2005. It should also be read in conjunction with the Company's Unaudited Condensed Consolidated Financial Statements and notes thereto appearing in the Company's Form 10-Q as of and for the three months ended March 31, 2006.

EQUITY-BASED COMPENSATION EXPENSE

The Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)") effective January 1, 2006. Stock options granted prior to the effective date of SFAS 123(R) were fully vested as of December 31, 2005, and, consequently, no compensation expense will be recognized for these options.

OPERATING INCOME BEFORE DEPRECIATION, AMORTIZATION, DEPLETION AND ACCRETION

Operating income before depreciation, amortization, depletion and accretion, which is not a measure determined in accordance with generally accepted accounting principles (GAAP), for the three and six months ended June 30, 2006 and 2005 is calculated as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
Net income	\$ 70.8	\$ 64.4	\$ 135.4	\$ 129.9
Provision for income taxes	43.4	39.5	83.0	79.6
Other (income) expense, net	(.7)	.3	(1.3)	(3.2)
Interest expense, net	20.5	18.7	39.3	36.1
Depreciation, amortization and depletion	74.4	70.7	147.5	131.8
Accretion	3.8	3.5	7.6	7.0
Operating income before depreciation, amortization, depletion and accretion	<u>\$ 212.2</u>	<u>\$ 197.1</u>	<u>\$ 411.5</u>	<u>\$ 381.2</u>

The Company believes that the presentation of operating income before depreciation, amortization, depletion and accretion is useful to investors because it provides important information concerning the Company's operating performance exclusive of certain non-cash costs. Operating income before depreciation, amortization, depletion and accretion demonstrates the Company's ability to execute its financial strategy which includes reinvesting in existing capital assets to ensure a high level of customer service, investing in capital assets to facilitate growth in the Company's customer base and services provided, pursuing strategic acquisitions that augment the Company's existing business platform, repurchasing shares of common stock at prices that provide value to the Company's shareholders, paying cash dividends, maintaining the Company's investment grade rating and minimizing debt. This measure has material limitations. Although depreciation, amortization, depletion and accretion are considered operating costs in accordance with GAAP, they represent the allocation of non-cash costs generally associated with long-lived assets acquired or constructed in prior years.

CASH FLOW

During the three months ended June 30, 2006, cash provided by operating activities was \$142.6 million, cash used in investing activities was \$48.6 million and cash used in financing activities was \$78.2 million. During the six months ended June 30, 2006, cash provided by operating activities was \$146.8 million, cash used in investing activities was \$146.6 million and cash used in financing activities was \$101.3 million.

The Company defines free cash flow, which is not a measure determined in accordance with GAAP, as cash provided by operating activities less purchases of property and equipment plus proceeds from sales of property and equipment as presented in the Company's consolidated statements of cash flows. The Company's free cash flow for the three and six months ended June 30, 2006 is calculated as follows (in millions):

	Three months ended June 30, 2006	Six months ended June 30, 2006
Cash provided by operating activities	\$ 142.6	\$ 146.8
Purchases of property and equipment	(87.7)	(178.2)
Proceeds from sales of property and equipment	1.1	8.6
Free cash flow	<u>\$ 56.0</u>	<u>\$ (22.8)</u>

Free cash flow for the six months ended June 30, 2006 was negative because of an \$83.0 million federal tax payment for 2005 that had been deferred until February 2006 as a result of an Internal Revenue Service notice issued in response to Hurricane Katrina, and because of payments made during the three months ended March 31, 2006 for capital and other expenditures incurred in 2005.

The Company expects normalized free cash flow for 2006 to exceed 100% of net income. Normalized free cash flow excludes \$113.4 million of federal tax payments and approximately \$60 million of payments for capital and other expenditures that relate to 2005 that will be made during 2006.

The Company believes that the presentation of free cash flow provides useful information regarding the Company's recurring cash provided by operating activities after expenditures for property and equipment, net of proceeds from sales of property and equipment. It also demonstrates the Company's ability to execute its financial strategy as previously discussed and is a key metric used by the Company to determine compensation. The presentation of free cash flow has material limitations. Free cash flow does not represent the Company's cash flow available for discretionary expenditures because it excludes certain expenditures that are required or that the Company has committed to such as debt service requirements and dividend payments. The Company's definition of free cash flow may not be comparable to similarly titled measures presented by other companies.

Capital expenditures include \$.6 million and \$.3 million of capitalized interest for the three months ended June 30, 2006 and 2005, respectively, and \$.9 million and \$.5 million for the six months ended June 30, 2006 and 2005, respectively.

As of June 30, 2006, accounts receivable were \$302.1 million, net of allowance for doubtful accounts of \$18.2 million, resulting in days sales outstanding of approximately 35 (or 22 net of deferred revenue).

STOCK REPURCHASE PROGRAM

During the three months ended June 30, 2006, the Company paid \$185.2 million to repurchase 4.5 million shares of its common stock. During the six months ended June 30, 2006, the Company repurchased a total of 8.1 million shares of its common stock for \$325.8 million. As of June 30, 2006, the Company was authorized to repurchase up to an additional \$165.4 million under its existing stock repurchase program.

DIVIDENDS

In April 2006, the Company paid a dividend of \$19.2 million to shareholders of record as of April 3, 2006. As of June 30, 2006, the Company recorded a dividend payable of approximately \$18.7 million to shareholders of record at the close of business on July 3, 2006, which has been paid. In July 2006, the Company's Board of Directors declared a regular quarterly dividend of \$.16 per share for shareholders of record on October 2, 2006.

REVENUE

The following table reflects total revenue of the Company by revenue source for the three and six months ended June 30, 2006 and 2005 (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
Collection:				
Residential	\$ 182.4	\$ 167.6	\$ 360.4	\$ 334.2
Commercial	212.4	190.9	420.7	380.3
Industrial	166.7	151.7	323.5	288.6
Other	18.2	15.8	36.3	31.0
Total collection	<u>579.7</u>	<u>526.0</u>	<u>1,140.9</u>	<u>1,034.1</u>
Transfer and disposal	309.3	278.6	587.2	528.1
Less: Intercompany	(153.2)	(138.5)	(293.7)	(264.0)
Transfer and disposal, net	156.1	140.1	293.5	264.1
Other	44.0	52.5	82.9	97.6
Total revenue	<u>\$ 779.8</u>	<u>\$ 718.6</u>	<u>\$ 1,517.3</u>	<u>\$ 1,395.8</u>

The following table reflects the Company's revenue growth for the three and six months ended June 30, 2006 and 2005:

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
Core price	3.3%	2.6%	3.2%	2.4%
Fuel surcharges	1.5	.5	1.4	.5
Environmental fee	.3	—	.4	—
Commodities	(.2)	.1	(.4)	.2
Total price	<u>4.9</u>	<u>3.2</u>	<u>4.6</u>	<u>3.1</u>
Core volume	3.7	2.4	4.3	2.4
Non-core volume	(.1)	.2	—	.1
Total volume	<u>3.6</u>	<u>2.6</u>	<u>4.3</u>	<u>2.5</u>
Total internal growth	8.5	5.8	8.9	5.6
Acquisitions, net of divestitures	(.1)	(.6)	(.3)	.1
Taxes	.1	—	.1	—
Total revenue growth	<u>8.5%</u>	<u>5.2%</u>	<u>8.7%</u>	<u>5.7%</u>