

WASTE CONNECTIONS, INC.

Form PRE 14A

March 24, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_\_\_\_)

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

WASTE CONNECTIONS, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Folsom, California  
April 5, 2011

Dear Stockholders:

You are cordially invited to attend the Waste Connections, Inc. Annual Meeting of Stockholders on Friday, May 20, 2011, at 10:00 a.m. (California time). The meeting will be held at Waste Connections corporate headquarters, 2295 Iron Point Road, Suite 200, Folsom, California 95630. Directions to Waste Connections corporate headquarters appear on the back cover of this notice of annual meeting and proxy statement.

Under the Securities and Exchange Commission rules that allow companies to furnish proxy materials to stockholders over the Internet, we have elected to deliver our proxy materials to the majority of our stockholders over the Internet. This delivery process allows us to provide stockholders with the information they need electronically, which is more environmentally friendly and reduces our costs to print and distribute these materials. On or about April 7, 2011, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials, or the Notice, containing instructions on how to access our proxy statement for our 2011 Annual Meeting of stockholders and Annual Report to Stockholders for the fiscal year 2010. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of the proxy materials by mail. We will not mail the Notice to stockholders who have previously elected to receive a paper copy of the proxy materials. On or about April 7, 2011, we also first mailed this proxy statement and the enclosed proxy card to certain stockholders.

The matters to be acted upon are described in the accompanying notice of annual meeting and proxy statement. At the meeting, we will also report on Waste Connections operations. As always, we are looking forward to meeting our stockholders in person, and responding to any questions you may have about the company.

**YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting of Stockholders, we urge you to vote and submit your proxy in order to ensure the presence of a quorum. You may do so by returning your proxy card by mail or, pursuant to instructions you receive from your bank or broker, by using the Internet or your telephone. If you attend the meeting, you will have the right to revoke any proxy you previously submitted and vote your shares in person.**

Very truly yours,

Ronald J. Mittelstaedt  
*Chairman and Chief Executive Officer*

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**Waste Connections, Inc.**

**2295 Iron Point Road, Suite 200  
Folsom, California 95630**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The Annual Meeting of Stockholders of Waste Connections, Inc. will be held on Friday, May 20, 2011, at 10:00 a.m. (California time). The meeting will be held at Waste Connections corporate headquarters, 2295 Iron Point Road, Suite 200, Folsom, California 95630, for the following purposes:

1. To elect Robert H. Davis to serve as a Class I director for a term of three years and until his successor has been duly elected and qualified;
2. To approve the proposal to amend our Amended and Restated Certificate of Incorporation to increase the authorized number of shares of common stock from 150,000,000 to 250,000,000 shares;
3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;
4. To approve on a non-binding, advisory basis the compensation of our named executive officers as disclosed in this proxy statement ( say on pay );
5. To approve on a non-binding, advisory basis holding future say on pay votes every one, two or three years; and
6. To transact such other business as may properly come before the Annual Meeting of Stockholders or any adjournment or postponement thereof.

Only stockholders of record of Waste Connections common stock at the close of business on March 22, 2011, are entitled to receive notice of and to vote at the Annual Meeting of Stockholders or any adjournment thereof.

**Important Notice Regarding the Availability of Proxy Materials for the  
Annual Meeting of Stockholders to be Held on May 20, 2011**

**Our 2011 Proxy Materials and Annual Report to Stockholders for the fiscal year 2010  
are available at <http://phx.corporate-ir.net/phoenix.zhtml?c=118605&p=irol-proxy>.**

Stockholders of record may vote their proxies by signing, dating and returning the enclosed proxy card. If your shares are held in the name of a bank or broker, you may be able to vote on the Internet or by telephone. Please follow the instructions on the form you receive. The method by which you decide to vote will not limit your right to vote at the Annual Meeting of Stockholders. If you later decide to attend the Annual Meeting of Stockholders, you may revoke your previously submitted proxy and vote your shares in person.

By Order of the Board of Directors,

Patrick J. Shea  
*Secretary*

April 5, 2011

**Your vote is important.** Whether or not you plan to attend the Annual Meeting of Stockholders, we urge you to vote and submit your proxy as promptly as possible in order to ensure your representation at the annual meeting.

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**Waste Connections, Inc.**

**2295 Iron Point Road, Suite 200  
Folsom, California 95630**

**PROXY STATEMENT  
FOR THE  
ANNUAL MEETING OF STOCKHOLDERS**

**GENERAL INFORMATION**

**About this Proxy Statement**

We sent you these proxy materials because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting of Stockholders of Waste Connections, Inc., or the company. This proxy statement includes information that we are required to provide to you under the rules of the Securities and Exchange Commission, or the SEC, and that is designed to assist you in voting your shares.

We will bear the costs of soliciting proxies from our stockholders. In addition to soliciting proxies by mail, our directors, officers and employees, without receiving additional compensation, may solicit proxies by telephone or in person.

Under the Securities and Exchange Commission rules that allow companies to furnish proxy materials to stockholders over the Internet, we have elected to deliver our proxy materials to the majority of our stockholders over the Internet. This delivery process allows us to provide stockholders with the information they need electronically, which is more environmentally friendly and reduces our costs to print and distribute these materials. On or about April 7, 2011, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials, or the Notice, containing instructions on how to access our proxy statement for our 2011 Annual Meeting of stockholders and Annual Report to Stockholders for the fiscal year 2010. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of the proxy materials by mail. We will not mail the Notice to stockholders who have previously elected to receive a paper copy of the proxy materials. On or about April 7, 2011, we also first mailed this proxy statement and the enclosed proxy card to certain stockholders.

**Who May Vote**

Every holder of Waste Connections common stock, as recorded in our stock register at the close of business on March 22, 2011, may vote at the annual meeting. As of March 22, 2011, 113,575,111 shares of our common stock were outstanding and entitled to vote. Each stockholder of record is entitled to one vote for each share of our common stock held by the stockholder. Shares and share prices discussed in this proxy statement have been adjusted to reflect our three-for-two stock split, in the form of a 50% stock dividend, effective as of November 12, 2010.

**Voting and Revocation**

You may receive more than one proxy card and/or Notice depending on how you hold your shares. You should complete and return each proxy card or other voting instruction request provided to you.

**Registered Holders**

If you are a registered holder of our common stock as of the record date, you will be able to vote your proxy by mail by signing, dating and mailing the enclosed proxy card in the postage-paid envelope provided. You may also attend the annual meeting and vote in person.

Even if you vote your proxy by mailing the enclosed proxy card, you may revoke your proxy and cast a new vote at the annual meeting, if we are able to verify that you are a registered holder of our common stock, by filing a notice revoking the prior proxy and then voting in person. You may also change your vote before the annual meeting by properly submitting another proxy bearing a later date or by delivering a letter revoking

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the proxy to our Corporate Secretary at: Waste Connections, Inc., 2295 Iron Point Road, Suite 200, Folsom, California 95630. The proxy with the latest date properly submitted by you before voting is closed at the annual meeting will be counted.

## **Shares Held in Street Name**

If you have selected a broker, bank or other intermediary to hold your shares rather than having them directly registered in your name with our transfer agent, Wells Fargo Bank, N.A., you will receive instructions from your broker, bank or other intermediary on the procedure to follow to vote your shares. Your broker, bank or other intermediary also may permit you to vote your proxy by telephone or the Internet. **Please be aware that beneficial owners of shares held by brokers, banks or other intermediaries may not vote their shares in person at the annual meeting unless they first obtain a written authorization to do so from their broker, bank or other intermediary and can only change or revoke previously issued voting instructions pursuant to instructions provided by their broker, bank or other intermediary. We urge you to vote by following the instructions of your broker, bank or other intermediary.**

## **How Proxies Work**

Our Board of Directors is asking for your proxy. Giving us your proxy means that you authorize us to vote your shares at the meeting in the manner you direct.

If you sign your proxy card but do not give voting instructions, we will vote your shares as follows:

in favor of our director candidate;

in favor of the proposal to amend our Amended and Restated Certificate of Incorporation to increase the authorized number of shares of common stock from 150,000,000 to 250,000,000 shares;

in favor of the ratification of the appointment of the independent registered public accounting firm;

in favor of the non-binding, advisory approval of the compensation of our named executive officers as disclosed in this proxy statement (also known as say on pay); and

in favor of the non-binding, advisory approval of holding future say on pay votes every three years (also known as say when on pay).

For any other matters that may properly come before the meeting, your shares will be voted at the discretion of the proxy holders. You may vote for or against our director candidate, or you may abstain from voting. With regard to the proposal to approve, on a non-binding advisory basis, the frequency of the say on pay advisory vote every one, two or three years, you may vote for one year, two years, three years or you may abstain from voting. You may also vote for or against the other proposals, or you may abstain from voting.

## **Quorum**

In order to carry on the business of the annual meeting, we must have a quorum. This means that at least a majority of the outstanding shares entitled to vote as of the close of business on the record date must be present at the meeting, either by proxy or in person.

Abstentions and broker non-votes are counted as present and entitled to vote at the meeting for purposes of determining whether we have a quorum. A broker non-vote occurs when a broker signs and returns a proxy but does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received voting instructions from the beneficial owner.

**Majority Voting**

The affirmative vote of a majority of the votes cast by holders of the shares present, either in person or by proxy, and entitled to vote is required for the election of the director nominee.

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The affirmative vote of at least a majority of the outstanding shares of common stock is required to approve the amendment of our Amended and Restated Certificate of Incorporation.

The ratification of the appointment of the independent registered public accounting firm requires the affirmative vote of a majority of the shares present, either by proxy or in person, and entitled to vote.

The affirmative vote of at least a majority of the outstanding shares of common stock is required to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement.

The affirmative vote of at least a majority of the outstanding shares of common stock is required to approve, on a non-binding, advisory basis, the frequency of the say on pay advisory vote every one, two or three years. If none of the frequency alternatives (one year, two years or three years) receives a majority vote, we will consider the frequency that receives the greatest number of votes by stockholders to be the frequency that has been selected by stockholders.

Abstentions have the same effect as a vote against a matter because they are considered present and entitled to vote, but are not voted. Broker non-votes, if any, will not be counted as entitled to vote, but will count for purposes of determining whether or not a quorum is present. So long as a quorum is present, abstentions and broker non-votes will have no effect on the outcome of the vote other than the proposal to approve the amendment to our Amended and Restated Certificate of Incorporation which requires the affirmative vote of the majority of the outstanding shares of our Common Stock.

## **Attending in Person**

Only stockholders, their proxy holders and our invited guests may attend the meeting. If you plan to attend, please bring identification and, if you hold shares in street name, you should bring your bank or broker statement showing your beneficial ownership of our stock in order to be admitted to the meeting.

## **Counting the Vote**

We will use an automated system administered by our transfer agent to tabulate the votes at the annual meeting. Under certain circumstances, a broker or other nominee may have discretionary authority to vote certain shares of common stock if the broker or nominee has not received instructions from the beneficial owner or other person entitled to vote.

## **Forward-Looking Statements**

This proxy statement contains forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). These statements are based on our current expectations and involve risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include statements regarding actions to be taken by us. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements should be evaluated together with the many uncertainties that affect our business, particularly those mentioned in the risk factors in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2010, and in our periodic reports on Form 10-Q and Form 8-K filed with the SEC.

**Table of Contents****PROPOSAL 1 ELECTION OF DIRECTORS**

Our Board of Directors is currently composed of five directors and is divided into three classes. One class is elected each year for a three-year term. Our Board of Directors has nominated Robert H. Davis for reelection to the Board of Directors to serve as a Class I Director until the Annual Meeting of Stockholders to be held in 2014 and until his successor has been duly elected and qualified. Proxies will be voted, unless otherwise indicated, for the reelection of Mr. Davis to the Board of Directors. Proxies will be voted in a discretionary manner if Mr. Davis is unable to serve. Mr. Davis is currently a director of Waste Connections.

Certain information about Mr. Davis and the directors serving in Class II and Class III, whose terms expire in future years, is set forth below.

<b>Name, Background and Qualifications</b>	<b>Age</b>	<b>Director Since</b>
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**Nominee for Class I Director for Term Expiring in 2014**

<p><i>Robert H. Davis</i> has been the Managing Partner/President of Rubber Recovery Inc., a private, California-based scrap tire processing and recycling company, since July 2006. Mr. Davis is a member of the board of effENERGY LLC, an alternative energy company, and he is the conceptual founder and a member of the external advisory board of the Global Waste Research Institute at California Polytechnic State University. He served as President of Waste Systems International, Inc., a turnkey solid waste management systems provider of environmentally acceptable solutions to developing countries outside the U.S., from November 2007 to 2009. Prior to acquiring his ownership interest in Rubber Recovery Inc., Mr. Davis was President, Chief Executive Officer and a Director of GreenMan Technologies, Inc., a publicly traded tire shredding and recycling company, from 1997 to 2006. Prior to joining GreenMan, Mr. Davis served as Vice President of Recycling for Browning-Ferris Industries, Inc., from 1990 to 1997. A 35-year veteran of the solid waste and recycling industry, Mr. Davis has also held executive positions with Fibres International, Garden State Paper Company and SCS Engineers, Inc. Mr. Davis holds a B.S. degree in Mathematics from California Polytechnic State University, has done graduate work at George Washington University in Solid Waste Management, and has engaged in continuing education at Stanford University Law School in Corporate Governance. In 2009, Mr. Davis was honored as Alumni of the Year for the College of Science/Mathematics at California Polytechnic State University.</p>	. . . .	68	2001
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We believe that Mr. Davis' qualifications to serve on our Board of Directors include his past experience on our Board of Directors, his substantial experience in the solid waste and recycling industries, his considerable involvement in sustainability initiatives, his general experience with environmental matters, his government relations experience, and his prior experience as a director of another publicly traded company.

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<b>Name, Background and Qualifications</b>	<b>Age</b>	<b>Director Since</b>
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**Class II Directors Continuing in Office Terms Expiring in 2012**

<p><i>Michael W. Harlan</i> has been President and Chief Executive Officer of U.S. Concrete, Inc., a publicly traded producer of ready-mixed concrete, precast concrete products, aggregates and concrete-related products to all segments of the construction industry, since May 2007. Mr. Harlan has also served as a Director of U.S. Concrete, Inc., since June 2006. Mr. Harlan served as U.S. Concrete's Executive Vice President and Chief Operating Officer from April 2003 to May 2007 and as Chief Financial Officer from May 1999 to November 2004. On April 29, 2010, U.S. Concrete filed a plan of reorganization under Chapter 11 of the federal bankruptcy code. From November 1997 to January 30, 1998, Mr. Harlan served as a consultant to Waste Connections on various financial matters. From March 1997 to August 1998, Mr. Harlan was Vice President and Chief Financial Officer of Apple Orthodontix, Inc., a publicly traded company that provides practice management services to orthodontic practices in the U.S. and Canada. From April 1991 to December 1996, Mr. Harlan held various positions in the finance and acquisition departments of USA Waste Services, Inc. (including Sanifill, Inc., which was acquired by USA Waste Services, Inc.), including serving as Treasurer and Assistant Secretary, beginning in September 1993. From May 1982 to April 1991, Mr. Harlan held various positions in the tax and corporate financial consulting services division of Arthur Anderson LLP, where he was a Manager since July 1986. Mr. Harlan is on the Board of Directors of the National Ready Mixed Concrete Association, where he serves on the Executive Committee. He also is a member of the Board of Trustees of the RMC Research &amp; Education Foundation, where he serves as Chairman of the Program Committee and a member of the Advisory Council. Mr. Harlan also is a member of the Concrete Industry Management National Steering Committee and the University of Houston Honors College Advisory Board. Mr. Harlan is a Certified Public Accountant and holds a B.A. degree from the University of Mississippi.</p>	. . . .	50	1998
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We believe that Mr. Harlan's qualifications to serve on our Board of Directors include his past experience on our Board of Directors, his substantial experience in the solid waste industry, his significant experience in accounting and financial matters, including his extensive experience as a certified public accountant, his substantial experience with growth-oriented companies, and his experience as a director of another publicly traded company.

<p><i>William J. Razzouk</i> has been Chief Executive Officer of Newgistics, Inc., a provider of intelligent order delivery and returns management solutions for direct retailers and technology companies, since March 2005. Mr. Razzouk has also served as a Director of Newgistics, Inc. since March 2005. Mr. Razzouk also serves on the Board of Directors of Re-Trans, Inc., a privately held transportation management company. From August 2000 to December 2002, he was a Managing Director of Paradigm Capital Partners, LLC, a venture capital firm in Memphis, Tennessee focused on meeting the capital and advisory needs of emerging growth companies. From September 1998 to August 2000, he was Chairman of PlanetRx.com, an e-commerce company focused on healthcare and sales of</p>	. . . .	63	1998
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prescription and over-the-counter medicines, health and beauty products and medical supplies. He was also Chief Executive Officer of PlanetRx.com from September 1998 until April 2000. From April 1998 until September 1998, Mr. Razzouk owned a management consulting business and an investment company that focused on identifying strategic acquisitions. From September 1997 until April 1998, he was the President, Chief Operating Officer and a Director of Storage USA, Inc., a then publicly traded (now private) real estate investment trust that owned and operated more than 350 mini storage warehouses. He served as the President and Chief Operating Officer of America Online from February 1996 to June 1996. From 1983 to 1996, Mr. Razzouk held various management positions at Federal Express Corporation, most recently as Executive Vice President, Worldwide Customer Operations, with full worldwide P&L responsibility. Mr. Razzouk previously held management positions at ROLM Corporation, Philips Electronics and Xerox Corporation. He previously was a Director of Fritz Companies, Inc., Sanifill, Inc., Cordis Corp., Storage USA, PlanetRx.com, America Online and La Quinta Motor Inns. Mr. Razzouk holds a Bachelor of Journalism degree from the University of Georgia.

We believe that Mr. Razzouk's qualifications to serve on our Board of Directors include his past experience on our Board of Directors, his significant experience in corporate financial matters, his experience in the solid waste industry, his substantial experience with growth-oriented companies, and his prior experience as a director of other publicly traded companies.



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Name, Background and Qualifications	Age	Director Since
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**Class III Directors Continuing in Office Terms Expiring in 2013**

<i>Edward E. Ned Guillet</i> has been an independent human resources consultant since January 2007. From October 1, 2005 until December 31, 2006, he was Senior Vice President, Human Resources for the Gillette Global Business Unit of The Procter & Gamble Company, a position he held subsequent to the merger of Gillette with Procter & Gamble. From July 1, 2001 until September 30, 2005, Mr. Guillet was Senior Vice President, Human Resources and an executive officer of The Gillette Company, a global consumer products company. He joined Gillette in 1974 and held a broad range of leadership positions in its human resources department. Mr. Guillet has been a Director of CCL Industries Inc., a manufacturer of specialty packaging and labeling solutions for the consumer products and healthcare industries, since 2008, where he also serves as a member of the Board of Directors Human Resources Committee. Mr. Guillet is a former member of Boston University's Human Resources Policy Institute. He holds a B.A. degree in English Literature and Secondary Education from Boston College.	. . . .	59	2007
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We believe that Mr. Guillet's qualifications to serve on our Board of Directors include his past experience on our Board of Directors, his substantial experience with human resources and personnel development matters, the positions he has held with other publicly traded companies, and his experience as a director of another publicly traded company.

<i>Ronald J. Mittelstaedt</i> has been Chief Executive Officer and a Director of Waste Connections since the company was formed in September 1997, and was elected Chairman in January 1998. Mr. Mittelstaedt was also President of the company from Waste Connections' formation through August 2004. Mr. Mittelstaedt has more than 22 years of experience in the solid waste industry. He holds a B.A. degree in Business Economics with a finance emphasis from the University of California at Santa Barbara.	. . . .	47	1997
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We believe that Mr. Mittelstaedt's qualifications to serve on our Board of Directors include his more than 22 years of experience in the solid waste industry, including as our founder, our Chief Executive Officer and a director since the company was formed in 1997 and our Chairman since 1998.

***THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE REELECTION OF MR. DAVIS TO THE BOARD OF DIRECTORS.***

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**CORPORATE GOVERNANCE AND BOARD MATTERS**

**Corporate Governance Guidelines and Code of Conduct and Ethics**

We have adopted Corporate Governance Guidelines to promote the effective functioning of our Board of Directors and its Committees, to promote the interests of stockholders and to ensure a common set of expectations concerning how the Board of Directors, its Committees and management should perform their respective functions. We have also adopted a Code of Conduct and Ethics that applies to all of our directors, officers and employees. Copies of our Corporate Governance Guidelines and our Code of Conduct and Ethics are available on our website at [www.wasteconnections.com](http://www.wasteconnections.com). A copy of either may also be obtained, free of charge, by writing to the Secretary of Waste Connections, Inc., 2295 Iron Point Road, Suite 200, Folsom, California 95630.

**Board of Directors and Committees**

Our Board of Directors held five meetings during 2010, all of which were regularly scheduled, and one of which was held telephonically. The Board of Directors has five standing committees: the Executive Committee, the Audit Committee, the Compensation Committee, the Special Equity Award Committee and the Nominating and Corporate Governance Committee. Each director attended at least 75% of the meetings of the Board of Directors and the committees on which he served in 2010. Our policy on director attendance at Annual Meetings of Stockholders is that directors are invited but not required to attend. One director, Mr. Mittelstaedt, the Chairman of the Board, attended the Annual Meeting of Stockholders in 2010.

The Executive Committee, whose chairman is Mr. Mittelstaedt and whose other current members are Messrs. Harlan and Razzouk, met six times in 2010. The Executive Committee is authorized to exercise all of the powers and authority of the Board of Directors in managing our business and affairs, other than to authorize matters required by Delaware law to be approved by the stockholders, and other than adopting, amending or repealing any of our Bylaws. Between meetings of the Board of Directors, the Executive Committee approves all acquisitions by us for stock and all acquisitions by us for cash or other consideration of \$5.0 million or more.

The Board of Directors has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The Audit Committee, whose chairman is Mr. Harlan and whose other current members are Messrs. Razzouk and Davis, met five times in 2010. The Board of Directors has determined that all of the members of the Audit Committee are financially literate within the meaning of Section 303A.07 of the New York Stock Exchange Listed Company Manual. The Board of Directors has also determined that Mr. Harlan is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K. The committee's duties are discussed below under Audit Committee Report.

The Compensation Committee, whose chairman is Mr. Razzouk and whose other current members are Messrs. Harlan and Guillet, met seven times in 2010. This committee is responsible for establishing our executive officer compensation policies and administering such policies. The Compensation Committee studies, recommends and implements the amount, terms and conditions of payment of any and all forms of compensation for our directors and executive officers; approves and administers any guarantee of any obligation of, or other financial assistance to, any officer or other employee; and approves the grant of options, warrants, restricted stock and other forms of equity incentives to officers, directors, employees, agents and consultants. See Executive Compensation Compensation Discussion and Analysis for more information regarding compensation and the Compensation Committee.

The Special Equity Award Committee, which the Board of Directors established on October 25, 2005, is empowered with separate but concurrent authority with the Compensation Committee to make awards to all eligible individuals typically new hires under the company's various equity incentive plans, subject to certain exceptions and limitations set by the Board of Directors. The Special Equity Award Committee may not, for example, grant annual awards to the company's employees, officers, directors and consultants, which are typically authorized by the Compensation Committee annually in February; the committee may not grant awards to the company's executive officers or directors; and the committee may not grant more than 10,000 options and warrants or more than 5,000 restricted stock and restricted stock unit awards to an eligible

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individual in any given calendar year. Mr. Mittelstaedt is the chair and sole member of the Special Equity Award Committee.

The Nominating and Corporate Governance Committee, whose chairman is Mr. Davis and whose other current members are Messrs. Guillet and Razzouk, met two times in 2010. This committee is responsible for recommending director nominees to the Board of Directors and developing and implementing corporate governance principles.

Current copies of the Audit Committee Charter, the Compensation Committee Charter and the Nominating and Corporate Governance Committee Charter, each of which our Board of Directors has adopted, are available on our website at [www.wasteconnections.com](http://www.wasteconnections.com). A copy of each charter may also be obtained, free of charge, by writing to the Secretary of Waste Connections, Inc., 2295 Iron Point Road, Suite 200, Folsom, California 95630.

## **The Board's Role in Oversight of Risk**

The Board of Directors has an active role in overseeing management of the company's risks. The Board regularly reviews information from members of senior management regarding the company's financial performance, balance sheet, credit profile and liquidity, as well as the risks associated with each. The Board also receives reports from members of senior and regional management on areas of material risk to the company, including market-specific, operational, legal, regulatory and strategic risks. The Compensation Committee of the Board of Directors assesses and monitors risks relating to the company's executive officer compensation policies and practices. The Audit Committee of the Board of Directors oversees management of financial, financial reporting and internal controls risks. The Nominating and Corporate Governance Committee of the Board of Directors is responsible for overseeing the management of risks associated with the independence of the Board of Directors and potential conflicts of interest.

## **Director Independence; Lead Independent Director**

The Board of Directors has determined that each of Messrs. Harlan, Razzouk, Davis and Guillet is independent within the meaning of the standards set forth in our Corporate Governance Guidelines. Messrs. Davis, Harlan and Razzouk together make up the Board's Audit Committee. Messrs. Guillet, Harlan and Razzouk together make up the Board's Compensation Committee. Messrs. Davis, Guillet and Razzouk together make up the Board's Nominating and Corporate Governance Committee.

Mr. Mittelstaedt has held the positions of Chairman of the Board and Chief Executive Officer since January 1998. The directors believe that combining the positions of Chairman of the Board and Chief Executive Officer is appropriate. The Board feels that combining the positions encourages unified leadership for the company and allows management to execute the company's strategic and business plans in a clear and efficient manner.

To ensure the strength and independence of the Board, the independent, non-management directors meet in an executive session, without management, at each of our five regularly scheduled Board of Directors meetings. Furthermore, the Board has designated the acting Chairman of the Audit Committee, currently Mr. Harlan, as the Board's lead independent director. In addition to his other duties as a director and member of committees, the lead independent director:

presides at all meetings of the Board at which the Chairman is not present;

has the authority to call meetings of non-management directors;

presides over each meeting of non-management directors;

helps facilitate communication between the Chairman/CEO and the non-management directors; and  
may request inclusion of additional agenda items for Board meetings.

As set forth in our Corporate Governance Guidelines, a majority of the members of our Board of Directors must be independent. For a director to be considered independent, the Board of Directors must determine that the director is independent within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual. In addition, for a director to be considered independent, the Board of Directors must determine that the director has no material relationship with the company, either directly or

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indirectly as a partner, stockholder or officer of an organization that has a relationship with the company. No director who is a former employee of the company, is a former employee or affiliate of any current auditor of the company or its subsidiaries, is a part of an interlocking directorate in which any executive officer of the company serves on the compensation committee of another company that concurrently employs such director or has an immediate family member in any of the foregoing categories, can be independent until three years after such employment, affiliation or relationship has ceased.

The Board of Directors reviews all commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships of each director to assess whether any of them is a material relationship so as to impair that director's independence. A material relationship means a direct or indirect commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationship that is reasonably likely to affect the independent and objective judgment of the director in question, provided that the direct or indirect ownership of any amount of our stock is not deemed to constitute a material relationship. The following commercial or charitable relationships are not considered to be material relationships that would impair a director's independence: if a director of Waste Connections (a) is also an executive officer of another company that does business with Waste Connections and the annual sales to, or purchases from, Waste Connections are less than the greater of \$1 million or two percent of the annual revenue of that other company; (b) is an executive officer of another company that is indebted to Waste Connections, or to which Waste Connections is indebted, and the total amount of either company's indebtedness to the other is less than one percent of the total consolidated assets of that other company; or (c) serves as an officer, director or trustee of a charitable organization, and Waste Connections' discretionary charitable contributions to that organization are less than one percent of that organization's total annual receipts. The Board of Directors reviews annually whether its members satisfy these categorical independence tests before any non-management member stands for reelection to the Board of Directors.

All relationships not covered by the preceding paragraph are reviewed by the directors who satisfy the independence tests set forth above to determine whether they are material so as to impair a director's independence. If the Board of Directors determines that any relationship is immaterial even though it does not meet the categorical tests for immateriality set forth above, we will explain in our next proxy statement the basis for the Board of Director's determination.

In October 2008, Mr. Davis, after informing the Board of Directors, joined the external advisory board of the Global Waste Research Institute, or the GWRI. The GWRI, of which Mr. Davis is a conceptual founder, was developed in conjunction with California Polytechnic State University, San Luis Obispo. The GWRI's mission is to advance state-of-the-art research and development of sustainable technologies and practices to more effectively manage existing and emerging wastes and byproducts. Also in October 2008, Waste Connections agreed to make gifts to the GWRI totaling up to \$1,000,000 over nine years (none of which was paid in 2010), subject to certain conditions. Based on information provided to the Board of Directors by Mr. Davis, these gifts will initially constitute more than one percent of the total annual receipts of GWRI, which caused the relationship to fall outside the criteria of the independence tests set forth above and required the Board of Directors to review and decide whether to approve Mr. Davis' involvement with the GWRI. After a review of the relevant facts and the mission of the GWRI, the Board of Directors determined that Mr. Davis' participation in the GWRI as a member of its external advisory board coupled with Waste Connections' contributions to the GWRI would not be a material relationship that would impair Mr. Davis' independence as a director of Waste Connections.

Waste Connections does not make any personal loans or extend credit to any director or officer, other than those expressly permitted under applicable laws and regulations. All such arrangements must be administered by the Compensation Committee, and such arrangements not already maintained on July 30, 2002, must also be approved in advance by the Compensation Committee. As of December 31, 2010, Waste Connections did not have any loans outstanding to any of its directors or officers. No independent director or his immediate family member may provide

personal services to Waste Connections for compensation, other than as permitted under New York Stock Exchange rules.

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### **Independence of Committee Members**

In addition to the general requirements for independent Board members described above, members of the Audit Committee must also satisfy the additional independence requirements of the New York Stock Exchange and Rule 10A-3 of the Exchange Act. These rules, among other things, prohibit a member of the Audit Committee, other than in his capacity as a member of the Audit Committee, the Board of Directors or any other committee of the Board of Directors, from receiving any compensatory fees from or being an affiliated person of Waste Connections or any of its subsidiaries. As a matter of policy, the Board of Directors also applies this additional requirement to members of the Compensation and Nominating and Corporate Governance Committees.

### **Our Director Nomination Process**

Our Board of Directors believes that directors must have the highest personal and professional ethics, integrity and values. They must be committed to representing the long-term interests of our stockholders. They must have objective perspective, practical wisdom, mature judgment and expertise, and operational or financial skills and knowledge useful to the oversight of our business. While we do not have a formal policy regarding diversity in identifying nominees for a directorship, our goal is to have a Board of Directors that represents diverse experiences at policy-making levels in business and other areas relevant to our activities. Directors should be committed to serving on the Board for an extended period of time.

In addition to the foregoing qualities, the Nominating and Corporate Governance Committee will take a number of other factors into account in considering candidates as nominees for the Board of Directors, including the following: (i) whether the candidate is independent within the meaning of our Corporate Governance Guidelines; (ii) relevant business, academic or other experience; (iii) willingness and ability to attend and participate actively in Board and Committee meetings and otherwise to devote the time necessary to serve, taking into consideration the number of other boards on which the candidate serves and the candidate's other business and professional commitments; (iv) potential conflicts of interest; (v) whether the candidate is a party to any adverse legal proceeding; (vi) the candidate's reputation; (vii) specific expertise and qualifications relevant to any Committee that the candidate is being considered for, such as whether a candidate for the Audit Committee meets the applicable financial literacy or audit committee financial expert criteria; (viii) willingness and ability to meet our director's equity ownership guidelines; (ix) willingness to adhere to our Code of Conduct and Ethics; (x) ability to interact positively and constructively with other directors and management; (xi) willingness to participate in a one-day new director orientation session; (xii) willingness to attend educational forums or workshops to enhance understanding of new and evolving governance requirements; and (xiii) the size and composition of the current Board.

When seeking director candidates, the Nominating and Corporate Governance Committee may solicit suggestions from incumbent directors, management, third party advisors, business and personal contacts, and stockholders. The Nominating and Corporate Governance Committee may also engage the services of a search firm. After conducting an initial evaluation, the Nominating and Corporate Governance Committee will make arrangements for candidates it considers suitable to be interviewed by one or more members of the committee. Each candidate will be required to complete a standard directors' and officers' questionnaire, completed by all of the directors annually. The Nominating and Corporate Governance Committee may also ask the candidate to meet with members of our management. If the Nominating and Corporate Governance Committee believes that the candidate would be a valuable addition to the Board of Directors, it will recommend the candidate for nomination to the Board.

The Nominating and Corporate Governance Committee will apply the criteria described above when considering candidates recommended by stockholders as nominees for the Board of Directors. In addition, any of our stockholders



may nominate one or more persons for election as a director of the company at an Annual Meeting of Stockholders if the stockholder complies with the notice, information and consent provisions contained in our Third Amended and Restated Bylaws. Pursuant to our Bylaws, to be considered for inclusion in our proxy materials, notice of a stockholder's nomination of a person for election to the Board of Directors must be received by the Secretary of Waste Connections in writing at the address listed on the first page of this proxy statement not less than 90 days nor more than 120 days prior to the one-year anniversary of the preceding year's annual meeting; provided, however, that if the date of the annual meeting is more than 30 days

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before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be received not later than the 90th day prior to such annual meeting or, if later, the 10th day following the day on which public disclosure of the date of such annual meeting was first made. The notice must contain and be accompanied by certain information as specified in our Bylaws, including information about the stockholder providing the notice, the proposed nominee and other information as we may reasonably require. Stockholders making nominations must provide, among other things, information regarding each such stockholder's and their affiliates' holdings of synthetic equity, derivatives or short positions and other material interests and relationships that could influence nominations and other information that would be required in a proxy statement. Additionally, stockholders nominating director candidates are required to disclose the same information about the director candidate that would be required if the director candidate were submitting a proposal, and the director candidates are required to complete a questionnaire and representation and agreement with respect to their background, any voting commitments or compensation arrangements and their commitment to abide by the company's governance guidelines. Such information must be updated and supplemented so as to be accurate as of the record date of the meeting and as of ten business days prior to the meeting. We recommend that any stockholder wishing to nominate a director at an annual meeting review a copy of our Bylaws.

Before nominating a sitting director for reelection at an Annual Meeting of Stockholders, the Nominating and Corporate Governance Committee will consider the director's past performance and contribution to the Board of Directors.

## **How to Contact Directors**

Stockholders and other interested parties may communicate with the Board of Directors generally, with the non-management directors as a group or with a specific director at any time by writing to the Board of Directors, the non-management directors or a specific director, care of the Secretary of Waste Connections, Inc., 2295 Iron Point Road, Suite 200, Folsom, California 95630. The Secretary will forward all communications to the Board of Directors, the non-management directors or a specific director, as applicable, as soon as practicable after receipt without screening the communication. Stockholders and other interested parties are requested to provide their contact information and to state the number of shares of our common stock that they beneficially own in their communications to the Board of Directors. Because other appropriate avenues of communication exist for matters that are not of stockholder interest, such as general business complaints or employee grievances, stockholders and other interested parties are urged to limit their communications to the Board of Directors to matters that are of stockholder interest and that are appropriate for consideration at the Board level.

## **Compensation Committee Interlocks and Insider Participation**

In 2010, the Compensation Committee of our Board of Directors consisted of Messrs. Razzouk, Harlan and Guillet. None of our executive officers served as a director or member of the compensation committee of another entity which had an executive officer that served as a director or member of our Compensation Committee. In addition, there are no other such potential Compensation Committee interlocks.

**Table of Contents****Compensation of Directors for Fiscal Year 2010**

The following table provides compensation information for the year ended December 31, 2010, for each member of our Board of Directors. Shares and share prices discussed in this proxy statement have been adjusted to reflect our three-for-two stock split, in the form of a 50% stock dividend, effective as of November 12, 2010.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(2)</sup> <sub>(3)</sub>	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Deferred Compensation Earnings	Nonqualified Compensation (\$)	All Other Compensation (\$)	Total (\$)
Ronald J. Mittelstaedt <sup>(1)</sup>								
Robert H. Davis	45,000	150,836						195,836
Edward E. Ned Guillet	43,500	150,836						194,336
Michael W. Harlan	49,500	150,836						200,336
William J. Razzouk	45,000	150,836						195,836

(1) Directors who are officers or employees of Waste Connections do not currently receive any compensation as directors or for attending meetings of the Board of Directors or its committees.

(2) In February 2010, each of our non-employee directors received an annual grant of 7,116 restricted stock units with a grant date fair value of \$150,575 and an additional ten restricted stock units with a grant date fair value of \$261, which were issued as dividend equivalent units in connection with Waste Connections' first quarterly cash dividend that was paid on November 12, 2010, the aggregate grant date fair value of which is shown in the Stock Awards column. The restricted stock units granted in February were granted under our Second Amended and Restated 2004 Equity Incentive Plan (as amended and restated), while the dividend equivalent units granted in November were granted under our Third Amended and Restated 2004 Equity Incentive Plan. Amounts shown do not reflect compensation actually received by the director. Instead, the amounts shown are the combined grant date fair values of the 2010 awards computed in accordance with generally accepted accounting principles, excluding estimates of forfeitures related to service-based vesting conditions. A discussion of the value of stock awards is set forth under Note 1 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on February 9, 2011.

The table below shows the aggregate numbers of stock awards (in the form of restricted stock units) and option awards outstanding for each non-employee director as of December 31, 2010.

<b>Name</b>	<b>Aggregate Stock Awards Outstanding as of December 31, 2010 (#)</b>	<b>Aggregate Option Awards Outstanding as of December 31, 2010 (#)</b>
Robert H. Davis	3,568	0
Edward E. Ned Guillet	3,568	0
Michael W. Harlan	3,568	62,250
William J. Razzouk	3,568	0

(3) No option awards were made to any of our directors as compensation for their service as directors or for attending meetings of the Board of Directors or its committees in 2010. See the Principal Stockholders table on page 14 for details on the amount of our common stock beneficially owned by each of our directors as of March 22, 2011.

In 2010, each independent director received a monthly cash retainer of \$2,125 plus a fee of \$4,500 for attending each Board meeting and each committee meeting (unless held in conjunction with a full Board

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meeting) in person. Committee chairs received the following additional cash compensation, which amounts are added to their monthly retainers: Audit Committee Chair - \$500, Compensation Committee Chair - \$125, and Nominating and Corporate Governance Committee Chair - \$125.

For 2011, the Board has increased the additional cash compensation received by committee chairs, so that the following amounts would be added to their monthly retainers: Audit Committee Chair - \$625, Compensation Committee Chair - \$417, and Nominating and Corporate Governance Committee Chair - \$208.

The monthly cash retainer is intended to compensate independent directors for participation in meetings held by conference call and for incidental participation in company affairs between meetings. Each Board member is also eligible for reimbursement of reasonable expenses incurred.

Other than Mr. Guillet, who the Board of Directors elected on March 1, 2007, to fill a new directorship it created, we granted each independent director an option to purchase shares of our common stock at the time of his initial election or appointment. Historically, we have also granted each independent director an option to purchase between 16,875 and 45,000 shares of our common stock each year during which the director served on the Board of Directors. However, consistent with our intention of granting restricted stock units in lieu of stock options to our management team, we grant each independent director restricted stock unit awards with a targeted value of approximately \$150,000 for each year during which the director served on the Board of Directors. On February 11, 2010, we granted each independent director 7,116 restricted stock units under our Second Amended and Restated 2004 Equity Incentive Plan (as amended and restated) and no options. The restricted stock units vested in two successive, equal installments upon the February 11, 2010 grant date and the first anniversary of the grant date. In addition, each director received an additional ten restricted stock units, which were issued under our Third Amended and Restated 2004 Equity Incentive Plan as dividend equivalent units in connection with Waste Connections' first quarterly cash dividend that was paid on November 12, 2010, and which vested on February 11, 2011.

**Directors' Equity Ownership**

The Board of Directors has a policy that requires each non-management director of the company to own a number of shares of the company's common stock having a market value of at least \$200,000, as measured by current market value or purchase price, whichever is higher. Unless otherwise satisfied, current directors and new directors will achieve this requirement by retaining one half of all restricted stock unit grants as they vest, measured on an after-tax basis, until the value of their holdings reaches the required level.

**Table of Contents****PRINCIPAL STOCKHOLDERS**

The following table shows the amount of our common stock beneficially owned, as of March 22, 2011, by: (i) each person or entity that we know owns more than five percent of our common stock; (ii) our named executive officers, or NEOs, and each of our directors and nominees; and (iii) all of our current directors and executive officers as a group. An asterisk in the Percent of Class column indicates beneficial ownership of less than one percent by a director or nominee. Shares and share prices discussed in this proxy statement have been adjusted to reflect our three-for-two stock split, in the form of a 50% stock dividend, effective as of November 12, 2010.

Name of Beneficial Owner <sup>(1)</sup>	Amount and Nature of Beneficial Ownership <sup>(2)</sup>	Percent of Class
T. Rowe Price Associates, Inc. <sup>(3)</sup>	8,470,301	7.46%
BlackRock, Inc. <sup>(4)</sup>	6,602,435	5.81
Dos Mil Doscientos Uno, Ltd. <sup>(5)</sup>	6,236,713	5.49
Steven F. Bouck	425,647 <sup>(6)</sup>	0.37
Darrell W. Chambliss	147,100	0.13
Worthing F. Jackman	141,542 <sup>(7)</sup>	0.12
Michael W. Harlan	82,909 <sup>(8)</sup>	*
Eric M. Merrill	57,096 <sup>(9)</sup>	0.05
Ronald J. Mittelstaedt	43,833 <sup>(10)</sup>	0.03
William J. Razzouk	33,565	*
Edward E. Ned Guillet	32,847	*
Robert H. Davis	11,809	*
All executive officers and directors as a group (17 persons)	1,071,721 <sup>(11)</sup>	0.94

(1) Beneficial ownership is determined in accordance with the rules of the SEC. In general, a person who has voting power and/or investment power with respect to securities is treated as the beneficial owner of those securities. Except as otherwise indicated by footnote, we believe that the persons named in this table have sole voting and investment power with respect to the shares of common stock shown.

(2) Shares of common stock subject to options and/or warrants currently exercisable or exercisable within 60 days after March 22, 2011, shares of common stock into which convertible securities are convertible within 60 days after March 22, 2011, and shares which will become issuable within 60 days after March 22, 2011, pursuant to outstanding restricted stock units count as outstanding for computing the percentage beneficially owned by the person holding such options, warrants, convertible securities and restricted stock units, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(3) The share ownership of T. Rowe Price Associates, Inc. is based on a Schedule 13G/A filed with the SEC on February 14, 2011. T. Rowe Price Associates, Inc. has sole voting power with respect to 2,189,239 shares and sole dispositive power with respect to all shares. The address of T. Rowe Price Associates, Inc. is 100 E. Pratt

Street, Baltimore, Maryland 21202.

- (4) The share ownership of BlackRock, Inc. is based on a Schedule 13G filed with the SEC on February 9, 2011. BlackRock, Inc. has sole voting and dispositive power with respect to all shares. The address of BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022.
- (5) The share ownership of Dos Mil Doscientos Uno, Ltd. is based on a Schedule 13G/A filed with the SEC on January 27, 2010. Dos Mil Doscientos Uno, Ltd. has sole voting and dispositive power with respect to all shares. The address of Dos Mil Doscientos Uno, Ltd. is Ronda Universitat, 31 1-1, Barcelona, Spain 08007.
- (6) Includes 235,061 shares subject to options exercisable within 60 days of March 22, 2011. Excludes 5,850 shares owned by Mr. Bouck's two sons as to which Mr. Bouck disclaims beneficial ownership.

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- (7) Includes 99,376 shares subject to options exercisable within 60 days after March 22, 2011.
- (8) Includes 62,250 shares subject to options exercisable within 60 days after March 22, 2011.
- (9) Includes 27,000 shares subject to options exercisable within 60 days after March 22, 2011.
- (10) Includes 43,833 shares held by Mittelstaedt Enterprises, L.P., of which Mr. Mittelstaedt is a limited partner. Excludes 3,524 shares held by the Mittelstaedt Irrevocable Trust dated 6/18/97 and 20,250 shares held by RDM Positive Impact Foundation as to which Mr. Mittelstaedt disclaims beneficial ownership.
- (11) Includes 423,687 shares subject to options exercisable within 60 days after March 22, 2011.



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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

Throughout this proxy statement, the individuals who served as our Chief Executive Officer and our Chief Financial Officer during 2010, as well as our three other most highly compensated executive officers in 2010, are referred to as the NEOs.

**Executive Summary**

Waste Connections' executive compensation program is designed to align the interests of senior management with stockholders by tying a significant portion of their compensation to the company's annual operating and financial performance and longer term stockholder returns. While the key components of our executive officer compensation have remained substantially unchanged over the past several years, the Compensation Committee periodically evaluates them to ensure they are meeting the objectives discussed below. The Compensation Committee's most recent review in 2009 concluded that the company had achieved above-median performance relative to its comparator group for well below median compensation.

The Compensation Committee viewed the company's performance in 2010 to be outstanding. The company achieved strong financial performance as highlighted by the following:

Revenue increased 10.8% to \$1.32 billion, net income grew 23.0% to \$135.1 million, and diluted earnings per share increased 27.5%;

We deployed \$215.8 million for capital expenditures and acquisitions to reinvest in and expand our business;

We returned \$166.3 million of capital to stockholders through the repurchase of approximately 6.9 million shares of common stock;

We initiated a regular quarterly cash dividend of \$0.075 per share; and

We maintained a strong financial position, again ending the year below our targeted leverage ratio and positioning the company for continued growth and return of capital.

This performance for the year was reflected in the company's total shareholder return, or TSR, which increased 24.1%, compared to the TSR for the S&P 500 Index, which increased 15.0% over that same period. For the three year period ending December 31, 2010, our 33.9% TSR also compared favorably to the approximately 8.3% TSR of the S&P 500 Index.

In 2010, performance and equity-based compensation made up approximately 81% of the total direct compensation of our CEO, and 74% of the combined total direct compensation of our other NEOs. We achieved a weighted-average of greater than 105% of targeted performance goals. This achievement, together with increases in targeted annual bonuses and bonus multipliers, resulted in performance and equity-based compensation for our NEOs increasing from prior year levels.

**Our Compensation Philosophy and Objectives**

The Compensation Committee's philosophy with respect to the compensation of the NEOs does not differ materially from the philosophy that applies to other executive officers. The Compensation Committee believes that compensation paid to NEOs should be closely aligned with our performance on both a short-term and long-term basis, linked to specific, measurable results intended to create value for stockholders and should assist us in attracting and retaining key executives critical to our long-term success.

In establishing compensation for NEOs, the Compensation Committee's objectives are to:

Attract and retain individuals with superior leadership ability and managerial talent by providing competitive compensation and rewarding outstanding performance;

Ensure that NEO compensation is aligned with our corporate strategies, business objectives and the long-term interests of our stockholders;

Provide an incentive to achieve key strategic and financial performance measures by linking incentive award opportunities to the achievement of performance goals in these areas; and

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Provide a balanced approach to compensation policies and practices which does not promote excessive risk-taking.

Our overall compensation program is structured to attract and retain highly qualified executive officers by paying them competitively, consistent with our success. We believe that compensation should be structured to ensure that a significant portion is directly related to our stock's performance and other factors that directly and indirectly influence stockholder value. Accordingly, our approach to compensation is to provide a base salary, annual performance-based compensation tied to goals that are intended to link NEO compensation to our annual operating and financial performance, and long-term equity grants intended to align NEO compensation with stockholder returns over a longer period and to aid in retention. The Compensation Committee allocates total compensation between cash and equity based on comparisons with other companies and the judgment of the Committee members. The balance between cash and equity compensation among NEOs and other members of the senior executive team is evaluated annually.

### **Approach to Compensation**

The Compensation Committee has the primary authority for the consideration and determination of the compensation we pay to our executive officers and directors, including the amount of equity-based compensation. To aid the Compensation Committee in making its determination, the Chief Executive Officer meets with the Compensation Committee and provides recommendations annually to the Compensation Committee regarding the compensation of all executive officers, other than himself. The Compensation Committee also holds executive sessions not attended by any members of management or non-independent directors. The Compensation Committee is not bound to follow the Chief Executive Officer's recommendations. The Compensation Committee also has the authority to engage its own independent advisors to assist it in carrying out its duties.

In determining the level of base salary, performance-based compensation and long-term equity-based compensation paid to the NEOs, the Compensation Committee considers: (i) the compensation structure and practices of a peer group of companies that it believes are the company's leading competitors in the solid waste industry; (ii) a comparator group of companies, most of which are non-solid waste companies, with comparable financial profiles; and (iii) its own judgment as to an appropriate level of compensation for a company of our size and financial performance. The Compensation Committee uses compensation consultants from time to time to compare our compensation targets against median market levels.

For 2010, the Compensation Committee had available a tally sheet that included, for each officer (including the NEOs), current base salary, salary paid in 2009, bonus percentage, cash bonus paid in 2009, restricted stock units granted in 2009, dollar amount of 401(k) and Nonqualified Deferred Compensation Plan matches in 2009, payments and reimbursements for various expenses that could be considered perquisites, the value realized from the exercise of options and sale of the underlying stock in 2009, the value of vested and unvested unexercised options and unvested restricted stock units as of the end of the year, and the amount payable to each officer under various severance scenarios, including on a change in control. In determining the amount of compensation for the NEOs, the Compensation Committee does not take into account amounts realized from prior equity-based compensation grants because the Compensation Committee seeks to provide compensation that takes into account the cost of replacing the NEOs on a market competitive basis and what is equitable based on our performance. To some extent, appreciation reflected in the amounts realized from prior equity-based compensation grants confirms the Compensation Committee's success in aligning compensation with our stockholders' interests, thus validating our compensation philosophy.

We provide the Chief Executive Officer with greater compensation and benefits than that provided to the other NEOs to reflect his importance and value to us as well as the increased level of responsibility and risk faced by him as our

Chairman and Chief Executive Officer. Mr. Mittelstaedt's compensation also differs as a direct result of the Compensation Committee's review of the comparator group compensation data, and reflects the competitive nature of compensation paid to chief executive officers of companies within the comparator group. The Compensation Committee believes that Mr. Mittelstaedt's competitive compensation package is important to reward, motivate and retain him as a highly valued chief executive whose leadership and strategic vision have helped create value for stockholders since our inception.

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**Review of our Executive Compensation Program; Role of the Compensation Consultant**

The Compensation Committee periodically retains Pearl Meyer & Partners, or Pearl Meyer, a nationally known compensation consulting firm, to provide it with comparison group market data and information as to market practices and trends, to assess the competitiveness of the compensation we pay to our CEO and other executives, and compare the relative performance of the company against a comparator group of companies. The Compensation Committee retains Pearl Meyer directly, supervises all work assignments performed by them, and reviews and approves all work invoices received for payment. Pearl Meyer has not performed any other service for the company.

While the Compensation Committee does not specifically benchmark our compensation to a comparator group, it analyzes the compensation practices of a comparator group of companies to assess the company's competitiveness against median market levels. In doing so, it takes into account factors such as the relative size and financial performance of those companies and factors that differentiate us from them.

In 2004 with assistance from Pearl Meyer, the Compensation Committee reviewed key elements of our compensation program both in anticipation of the requirement that stock options be expensed and due to our evolution from an early growth stage to a more mature public company. The Compensation Committee requested that Pearl Meyer establish a comparator group, provide an analysis of how the compensation of our NEOs compared to that of named executive officers in the comparator group, advise the Compensation Committee on alternative forms of compensation and make recommendations to the Committee. As a result of this review, the Compensation Committee decided in 2004 to implement a series of changes to our compensation philosophy for the NEOs and other officers to become more competitive with median market compensation levels for the comparator group. We (i) increased base salary to more competitive levels over a three-year period with an objective to set base salaries close to the median of the comparator group by 2007, before adjustment for inflation and geographic differences; (ii) decreased equity-based compensation as a percentage of total compensation for these individuals relative to historic levels; and (iii) implemented a program to transition the equity-based compensation of these individuals from stock options to restricted stock unit awards.

In 2007, the Compensation Committee adopted the Senior Management Incentive Plan to govern the annual performance bonuses and the annual long-term equity incentive grants to the five individuals who were our NEOs at that time and to such other executives and employees as may be determined by the Compensation Committee. The Senior Management Incentive Plan, which was amended and restated in 2008 with approval by our stockholders (the Amended SMIP ), is explained in more detail below.

In 2009, the Compensation Committee again retained Pearl Meyer to perform an executive compensation analysis to re-evaluate the competitiveness of our executive compensation program given the growth in our company, in terms of revenue and enterprise value, since Pearl Meyer's previous study in 2004 and since two years had passed since the conclusion in 2007 of the three-year transition in our compensation philosophy described above. For the 2009 study, Pearl Meyer analyzed the market competitiveness compared to market consensus data of the following components for each of our NEOs:

Base salary;

Target total annual compensation (base salary plus cash performance bonuses); and

Target total direct compensation (total annual compensation plus equity-based compensation).

Following discussions with the Compensation Committee and management, Pearl Meyer established a comparator group consisting of the following companies: AECOM Technology Corporation; The Brink's Company; Cintas

Corporation; Covanta Holding Corporation; EMCOR Group, Inc.; IESI-BFC Ltd.; Iron Mountain, Inc.; J.B. Hunt Transport Services, Inc.; Jacobs Engineering Group Inc.; Kansas City Southern; Quanta Services, Inc.; Stericycle, Inc.; and United Rentals, Inc. Two solid waste services companies, Republic Services, Inc. and Waste Management, Inc., were included as additional reference companies. The comparator group was designed to include service-based or capital-intensive publicly traded companies with enterprise values of between \$2 billion and \$5 billion. In comparison to the enterprise values of the companies in the comparator group, Waste Connections' enterprise value fell below the median of the comparator group. In addition to publicly available proxy statement information for the comparator group companies, Pearl Meyer

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also incorporated four sources of general industry survey data, some of which is proprietary to Pearl Meyer, for compensation practices for companies with revenue ranging from \$500 million to \$2.5 billion. Using a weighted average of 50% for the comparator group data and 12.5% for each of the four sources of general industry survey data, Pearl Meyer then calculated market consensus data for each NEO position by matching each of our NEO positions, based on Pearl Meyer's understanding of the position's primary duties and responsibilities, to a similar position within Pearl Meyer's market consensus data.

As previously stated, the Compensation Committee seeks to provide base salaries, target total annual and target total direct compensation that is on average consistent with median market levels. To be considered competitive with median market levels, the Compensation Committee believes that our targeted executive compensation should be within a 5% to 15% range of the target market consensus 50th percentile. The results of the 2009 Pearl Meyer study found that:

our base salaries were, on average, positioned 17% below median market levels, with Messrs. Mittelstaedt and Jackman 20% or more below median market levels;

our target total annual compensation levels (base salary plus cash performance bonuses), on average, were positioned 22% below median market levels, with Messrs. Mittelstaedt, Bouck and Jackman 20% or more below median market levels;

our target total direct compensation levels (total annual compensation plus equity-based compensation), on average, were positioned 21% below median market levels, with Messrs. Mittelstaedt, Bouck and Jackman 20% or more below median market levels;

components of our pay mix as a percentage of total direct compensation were in-line with the market consensus data; and

our average total stockholder return over a one and three-year period ending December 31, 2008 was above the 75<sup>th</sup> percentile of the comparator group.

The Pearl Meyer study concluded that we have achieved above-median performance for well below median compensation. As a result and consistent with its objective to pay for performance, the Compensation Committee (i) approved an increase in target bonus percentages beginning in 2010 for participants in the Amended SMIP and other executives; (ii) modified the target bonus multiplier for participants in the Amended SMIP if the company's performance is above or below target; (iii) introduced a target bonus multiplier for executives and certain members of senior management who do not participate in the Amended SMIP to recognize their contribution to the company's continuing success; (iv) reduced the vesting period from five years to four years for restricted stock units granted to executives and certain members of senior management, consistent with the vesting period for other employees; and (v) agreed to increase base salaries to be considered competitive with median market levels by 2012. The Compensation Committee, in consultation with management, also decided to maintain the freeze on base salaries of Messrs. Mittelstaedt, Bouck, Chambliss and Jackman for 2010 at 2008-levels given continuing cost controls in light of the uncertain economic environment.

## **Elements of Compensation**

The Compensation Committee believes that a significant portion of the compensation of our NEOs should be aligned with our stockholders' interests and directly linked to performance. While the percentage of our NEOs' total compensation that is comprised by each component of our pay mix (base salary, performance bonuses, and equity-based compensation) is not specifically determined, the Compensation Committee generally targets

performance bonuses and equity-based compensation for our NEOs to constitute between 65% and 75% of total direct compensation should annual performance targets be attained, which is consistent with market consensus data and differs on position. The Compensation Committee has complete discretion to determine compensation levels irrespective of whether or not we have successfully met annual performance targets.

**Base Salary.** Our compensation program includes base salaries to compensate executive officers for services rendered each year. Base salaries comprise the stable part of the compensation program that is not



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dependent on our performance. We also believe this element is beneficial in attracting and retaining high-performing and experienced executives. Base salaries for our NEOs in 2010 were as follows:

Name	Annual Base Salary
Ronald J. Mittelstaedt	\$ 538,200
Worthing F. Jackman	\$ 320,850
Steven F. Bouck	\$ 398,475
Darrell W. Chambliss	\$ 346,725
Eric M. Merrill	\$ 278,307

Except for Mr. Merrill's base salary which increased from \$270,000 to \$285,000 beginning June 1, 2010, base salaries for our CEO and other NEOs remained unchanged during 2010 pursuant to a wage freeze we implemented in October 2008 in response to a deteriorating economic environment at that time.

**Performance Bonuses.** Our compensation program includes a performance bonus to reward executive officers based on our performance and the individual executive's contribution to that performance. Under our Amended SMIP, each participant has an opportunity to earn an annual performance bonus based on a targeted percentage of the participant's annual base salary for the year. The objective of the annual performance bonus is to provide participants with an incentive to manage the company to achieve certain targeted levels of financial performance based on budgeted revenue each year.

**Equity-Based Compensation.** We believe that equity ownership in our company is important to tie the ultimate level of an executive officer's compensation to the performance of our stock and stockholder gains while creating an incentive for sustained growth and employee retention. To meet these objectives, our senior management team receives equity-based compensation.

Since 2007, the Compensation Committee has only granted restricted stock unit awards to our NEOs; no stock options have been granted to our NEOs since 2006. The Compensation Committee believes that the use of restricted stock unit awards will reduce the overall compensation cost to us compared to the cost of granting options at levels consistent with previous years, yet will offer our NEOs a competitive and more stable level of equity-based compensation, providing them the opportunity to be owners of and to share in the success of the company. In 2010, our restricted stock unit grants for our NEOs were authorized and made on February 11, 2010, and vest in equal increments over four years.

The Compensation Committee generally makes company-wide annual grants of equity-based compensation to our executive officers and other employees in late January or in February. This timing coincides with a number of events that make that timing optimum from the Compensation Committee's standpoint: first, the Compensation Committee has available financial results from the previous year; second, making the grants at this time allows management to notify employees of the amount of their annual grant award at or around the same time that management notifies employees of the amount of their cash performance bonus with respect to the previous year, which we typically pay in February.

**Amended and Restated Senior Management Incentive Plan**

In 2008, our Board of Directors adopted the Amended SMIP, which was subsequently approved by our stockholders. The Amended SMIP is a performance-based incentive compensation plan similar to the Senior Management Incentive Plan adopted in 2007. Under the Amended SMIP, designated senior executives of the company are eligible to receive performance bonus payments and equity-based compensation. In 2010, each participant had the opportunity to earn up to 200% of his targeted performance bonus based on our achievement of certain targeted levels of financial performance established by the Compensation Committee and based on recommendations of the Chief Executive Officer. Each targeted performance goal is weighted in order to calculate an overall percentage achievement against targeted performance goals; the resulting percentage is then used as a multiplier to determine the annual performance bonus earned.

The performance goals for 2010, which the Compensation Committee adopted in March 2010, were measured against achievement of targeted levels of: (1) EBITDA, weighted at 20%; (2) operating income, or EBIT, weighted at 20%; (3) operating income as a percentage of revenue, or EBIT Margin, weighted at 30%;

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and (4) net cash provided by operating activities, or CFFO, as a percentage of revenue, weighted at 30%. Because the operating budget adopted by the Board of Directors is a compilation of stretch goals set for each operating location, the targeted performance goals reflect a percentage or factor of the final budget, as set forth below:

	<b>Original 2010 Budget</b>	<b>2010 Factor</b>	<b>2010 Targeted Performance Goal</b>
<b>EBITDA</b>	\$ 413.4M	97.0%	\$ 401.0M
<b>EBIT</b>	\$ 267.6M	97.0%	\$ 259.5M
<b>EBIT Margin</b>	20.7%	N/A	20.1%
<b>CFFO Margin</b>	24.5%	97.5%	23.9%

Under the terms of the Amended SMIP, the Compensation Committee, in its complete and sole discretion, may adjust the targeted performance goals if an acquisition, significant new contract or extraordinary event results in a significant impact relative to the goals in order to exclude or reduce the impact of that acquisition, contract or event. For these purposes, the Compensation Committee determines operating income by adjusting for any gains or losses on disposal of assets, and determines EBITDA by adding depreciation and amortization to operating income. The Compensation Committee chose these measures of performance because they are widely used by investors as valuation measures in the solid waste industry and because the targeted goals encourage improving free cash flow and returns on invested capital.

For 2010, the target bonuses were set at 115% of the Chief Executive Officer's base salary and 75% of the base salary of each of the other participants, and a multiplier is used so that if the company achieves 100% of its target, the participants receive 100% of their performance bonuses. The multiplier may result in the participants being paid a greater or lesser percentage of their targeted performance bonuses (from 200% to 0%), based on their position and whether the company's performance is greater or less than 100% of the target, in accordance with the following sliding scale:

<b>% Target</b>	<b>Target %</b>	<b>Bonus as % of Base Salary</b>	
<b>Achievement</b>	<b>Multiplier</b>	<b>CEO</b>	<b>Other Participants</b>
105% or Higher	200%	230%	150%
104%	180%	207%	135%
103%	160%	184%	120%
102%	140%	161%	105%
101%	120%	138%	90%
100%	100%	115%	75%
99%	80%	92%	60%
98%	60%	69%	45%
97%	40%	46%	30%
96%	20%	23%	15%
95%	0%	0%	0%

Payments under this program are contingent on continued employment at the time of payout, subject to the terms of any applicable employment agreements.

**Table of Contents****2010 Adjusted Target Goals and Results**

Adjusted targeted performance goals and adjusted results and corresponding target percentages for 2010 were as follows:

	<b>Adjusted Target<sup>(1)</sup></b>	<b>Actual Results</b>	<b>Actual Results as % of Target</b>	<b>Weighting</b>	<b>Target Achievement</b>
<b>EBITDA</b>	\$ 402.0M	\$ 422.5M	105.1%	20%	21.0%
<b>EBIT</b>	\$ 259.9M	\$ 275.0M	105.8%	20%	21.2%
<b>EBIT Margin</b>	19.9%	20.8%	104.5%	30%	31.4%
<b>CFFO Margin</b>	23.4%	24.9%	106.2%	30%	31.9%
<b>Overall Achievement</b>					105.4%

(1) The Compensation Committee adjusted the targets for 2010 to reflect the impact of acquisitions completed during the year, costs associated with organized labor efforts at one location, and costs associated with early redemption of debt.

For 2010, targeted and actual annual performance bonuses as a percentage of each participant's annual base salary were as follows:

<b>Name</b>	<b>Targeted Bonus % of Base Salary</b>	<b>Actual Bonus % of Base Salary</b>
Ronald J. Mittelstaedt	230%	230%
Worthing F. Jackman	150%	150%
Steven F. Bouck	150%	150%
Darrell W. Chambliss	150%	150%

Actual annual incentive bonus amounts earned by the NEOs for 2010 under the Amended SMIP are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

In lieu of paying an annual performance bonus in cash, the Compensation Committee, in its complete and sole discretion, may choose to pay the annual performance bonus in restricted stock units issued under our Third Amended and Restated 2004 Equity Incentive Plan or any succeeding plan we adopt. If restricted stock units are issued, their value, as determined by the Compensation Committee, will be at least 125% of the earned cash bonus to compensate for the risk and vesting period associated with the underlying stock. Mr. Merrill, who became an NEO in 2008, is not a participant in the Amended SMIP. Instead, Mr. Merrill participates in the Management Incentive Compensation Program, or the MICP. Pursuant to the MICP, Mr. Merrill is eligible to receive a maximum annual cash bonus equal to 150% of his targeted annual bonus, which was 45% of his eligible base salary in 2010, which is payable if the

Board of Directors determines, in its sole and exclusive discretion, that such year's financial objectives have been fully met. For 2010, Mr. Merrill's MICP bonus was based on four metrics: (i) EBITDA, weighted at 20%; (ii) EBIT, weighted at 20%; (iii) EBIT Margin, weighted at 30%; and (iv) CFFO Margin, weighted at 30%. The target performance goals for each of the metrics are consistent with the adjusted target goals under the Amended SMIP. Due to the Company's performance during 2010, Mr. Merrill's actual bonus equaled 64.4% of his eligible base salary, representing achievement of 143% of his targeted annual bonus.

### **Equity-Based Compensation**

Under the Amended SMIP, each participant also receives an annual long-term incentive grant of restricted stock units based on the performance of both the company and the individual, subject to a vesting schedule approved by the Compensation Committee. The size of the grant is targeted at approximately 200% of base salary for Mr. Mittelstaedt and 150% of base salary for Messrs. Jackman, Bouck and Chambliss. For 2010, the size of the grant for Mr. Mittelstaedt was approximately 206% of his base salary, and the size of the grants for Messrs. Jackman, Bouck and Chambliss was approximately 155% of their respective base salaries. Mr. Merrill, who does not participate in the Amended SMIP, received a grant in 2010 that was approximately 134% of his eligible salary. The objective of the long-term incentive grant is to supplement each recipient's base salary and

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annual performance bonus in order to maintain total compensation at the Compensation Committee's targeted percentile of the comparator group and vest in equal increments over four years.

### **Stock Ownership Guidelines**

To encourage long-term stock ownership, our Board of Directors expects each participant in the Amended SMIP to retain at least 50% of all after-tax shares of common stock received from long-term incentive grants awarded under the Amended SMIP until such NEO meets and maintains the following stock ownership thresholds, as valued by the Compensation Committee:

For the Chief Executive Officer and President, three times such participant's base salary; and

For other participating NEOs, two and one-half times such participant's base salary.

### **Non-Equity Incentive Plan, Defined Contribution Plan, Nonqualified Deferred Compensation Plan Compensation and Other Benefits**

Other than cash performance bonuses, we do not provide non-equity incentive plan compensation, nor do we provide defined benefit retirement plans to our NEOs. The NEOs are entitled to participate in a company-sponsored 401(k) profit sharing plan on the same terms as all employees. We make matching contributions of 50% of every dollar of a participating employee's pre-tax contributions until the employee's contributions equal five percent of the employee's eligible compensation, subject to certain limitations imposed by the United States Internal Revenue Code, or the IRC. Employees are eligible to participate in the 401(k) plan beginning on the June 1 or December 1 first following completion of one full year of employment. Our matching contributions vest over five years.

The NEOs and certain other highly compensated employees are also entitled to participate in the Nonqualified Deferred Compensation Plan, which we put in place to mitigate the impact of our officers and other highly compensated employees being unable to make the maximum contribution permitted under the 401(k) plan due to certain limitations imposed by the IRC. The Nonqualified Deferred Compensation Plan allows an eligible employee to voluntarily defer receipt of up to 80% of the employee's base salary, and up to 100% of bonuses, commissions and restricted stock unit grants. We make a matching contribution of 50% of every dollar of a participating employee's deferred compensation until the employee's contributions equal five percent of the employee's eligible compensation, less the amount of any match we make on behalf of the employee under the company-sponsored 401(k) plan, subject to the limits stated in the Nonqualified Deferred Compensation Plan. Our matching contributions are 100% vested when made. The company also credits an amount reflecting a deemed return to each participant's deferred compensation account periodically, based on the returns of various mutual funds or measurement funds selected by the participant, except in the case of restricted stock units that are deferred, which are credited as shares of company common stock. The earnings on an employee's deferred compensation may exceed or fall short of market rate returns, depending on the performance of the funds selected compared to the markets in general.

We also offer a number of benefits to the NEOs pursuant to benefit programs that provide for broad-based employee participation. In addition to the 401(k) plan described above, the benefits include medical, prescription drugs, dental and vision insurance, long-term disability insurance, life and accidental death and dismemberment insurance, health and dependent flexible spending accounts, a cafeteria plan and employee assistance benefits. These generally available benefits do not specifically factor into decisions regarding an individual executive's total compensation or equity-based compensation package. These benefits are designed to help us attract and retain employees as we compete for talented individuals in the marketplace, where such benefits are commonly offered.

### **Perquisites and Other Personal Benefits**

The material components of our NEOs' compensation are described above. We do not provide our NEOs extensive perquisites. Those that are provided are summarized in the Summary Compensation Table and the accompanying footnotes, in accordance with SEC reporting requirements. Perquisites are valued at the incremental cost to the company.



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### **Clawback Provisions**

We do not currently have a policy requiring a fixed course of action with respect to compensation adjustments following later restatements of financial results beyond what is required under the Sarbanes-Oxley Act. Under those circumstances, the Compensation Committee would evaluate whether compensation adjustments are appropriate based upon the facts and circumstances surrounding the restatement. Under the Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, companies are required to adopt a policy to recover certain compensation in the event of a material accounting restatement. We will adopt a policy as required by the Dodd-Frank Act when final regulations have been provided by the SEC and the New York Stock Exchange.

### **Tax Deductibility Considerations**

Within our performance-based compensation program, we aim to compensate the NEOs in a manner that is tax effective, but we do not let tax considerations drive compensation decisions. Section 162(m) of the IRC generally disallows an income tax deduction to publicly held corporations for compensation in excess of \$1,000,000 paid for any fiscal year to the corporation's covered employees, which is defined in Section 162(m) as the Chief Executive Officer and the three other most highly compensated executive officers, other than the Chief Financial Officer. However, the statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met. The Compensation Committee in the past has attempted to structure the compensation of our executive officers to avoid the loss of the deductibility of any compensation, even though Section 162(m) does not preclude the payment of compensation in excess of \$1,000,000. However, we do not have a policy that requires all of our compensation to be deductible for purposes of Section 162(m). In certain situations, the Compensation Committee may approve compensation that will not meet these requirements in order to assure competitive total compensation for the NEOs. Bonuses paid under the Amended SMIP and compensation deemed paid with respect to stock option awards, direct stock issuances and restricted stock unit awards under the Third Amended and Restated 2004 Equity Incentive Plan may be subject to the \$1,000,000 limitation, unless considered performance-based compensation. For example, the restricted stock unit awards we grant to our covered employees do not qualify as performance-based compensation because they vest over time rather than based on performance.

### **Severance and Change in Control Arrangements**

The provisions regarding severance and change in control contained in each NEO's employment agreement are described elsewhere in this proxy statement, under Potential Payments Upon Termination or Change in Control. With slight variations, the agreements for our NEOs other than Mr. Merrill generally provide for severance payments under various conditions in an amount approximately equal to three times the NEO's base salary and bonus, plus the maximum bonus available for the year of termination under the officer's employment agreement and the Amended SMIP. Mr. Merrill's employment agreement generally provides for a severance payment under various conditions in an amount approximately equal to the lesser of his base salary for a period of one year and his base salary for the remainder of the term of his employment agreement, plus the pro-rated maximum bonus available to him for the year of termination under his employment agreement and the MICP. The Compensation Committee believes that these levels of severance are appropriate in light of what it understands is the level of severance offered by the comparator group, and because our relatively low base salaries would result in payments comparable to those that peer companies would pay given a lower multiple but higher base.

The primary factor considered in establishing the change in control benefits was the competitive marketplace. In the case of payment of a multiple of the employee's annual base salary and bonus in the event of a change in control, the Compensation Committee believes that this is appropriate because such payment generally motivates the executive to act in the best interests of the stockholders by removing the distraction of post change in control uncertainties faced by

such executive with regard to his or her compensation. In addition, the company believes that the multiple of the payment is appropriate because the company's executives have base salaries and bonuses that are low relative to their industry peers; therefore, the multiple would result in payments comparable to those that peer companies would pay given a lower multiple but higher base and bonus. In the case of payment of a bonus in the event of a change in control, the company adopted this approach because, in addition to the rationale discussed above, it would be impractical and potentially unfair, following a change in control, to continue to measure the company's performance based on goals and targets previously set for an independent, freestanding company. In the

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case of accelerated vesting of stock options, the company in the past used stock options to provide compensation only to the extent the company's stock price increased over the term of the option. In the case of full value awards, such as restricted stock units, the company uses such awards to enable recipients to share in both the risk and rewards of stock ownership through stock depreciation or appreciation and provide a type of compensation used by competitors. Immediate vesting upon a change in control permits recipients of such awards to participate in any price appreciation associated with a change in control on the basis similar to that available to stockholders as a whole, without the necessity of placing receipt of that compensatory element at the risk of the actions of an acquirer.

The Compensation Committee reserves the right to alter severance payment levels going forward, though this action would require the consent of each NEO to an amendment to his existing employment agreement.

The employment agreements were entered into as of March 1, 2004, with Mr. Mittelstaedt, April 11, 2003, with Mr. Jackman, October 1, 2004, with Mr. Bouck, June 1, 2000, with Mr. Chambliss, and June 1, 2007, with Mr. Merrill. In the cases of Messrs. Mittelstaedt, Bouck, Chambliss and Merrill, earlier employment agreements with the company also contained single trigger change in control provisions. On April 28, 2010, we disclosed in definitive additional proxy materials filed with the SEC that the Compensation Committee will use its reasonable best efforts to negotiate with the NEOs amendments or modifications to their existing agreements to remove the single trigger provisions within the 24-month period following April 28, 2010. The Compensation Committee has also determined not to enter into additional employment or other agreements in the future with company executive officers that contain single trigger change in control provisions.

## **Compensation Committee Report**

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based on the review and discussions referred to above, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be incorporated into both our Annual Report on Form 10-K and Proxy Statement on Schedule 14A for the fiscal year ended December 31, 2010.

This report is submitted on behalf of the Compensation Committee.

**William J. Razzouk, Chairman**  
**Edward E. Ned Guillet**  
**Michael W. Harlan**

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**COMPENSATION RISK ASSESSMENT**

We believe our compensation policies and practices are not reasonably likely to have a material adverse effect on the company. We believe our approach to setting performance targets, evaluating performance, and establishing payouts does not promote excessive risk-taking. We believe that the components of our pay mix—base salary, annual cash incentive bonuses, and long-term equity grants—appropriately balance near-term performance improvement with sustainable long-term value creation.

We considered the following elements of our compensation policies and practices when evaluating whether such policies and practices encourage our employees to take unreasonable risks:

annual performance targets are established by each operating location and region and on a company-wide basis to encourage decision-making that is in the best long-term interests of both the company and our stockholders;

we adjust performance targets to exclude the benefit or detriment of extraordinary events to ensure our employees are compensated on results within their control or influence;

we adjust performance targets to include acquisitions and new contracts not reflected in the originally approved operating budget in order to achieve targeted returns on deployed capital;

we set annual performance goals to avoid targets that, if not achieved, result in a large percentage loss of compensation;

payouts under our performance-based plans remain at the discretion of our Board of Directors even if targeted performance levels are achieved;

payouts under our performance-based plans can result in some compensation at levels below full target achievement, rather than an all-or-nothing approach;

our NEOs receive annual cash incentive bonus awards only after cash incentive bonus awards payable to other employees have been made;

we use restricted stock units rather than stock options for equity awards because restricted stock units retain value even in a depressed market so that recipient employees are less likely to take unreasonable risks to get, or keep, options in-the-money ;

time-based vesting over four years for equity-based compensation accounts for a time horizon of risk and ensures that participating employee interests are aligned with the long-term interests of our stockholders; and

stock ownership guidelines require members of our Board of Directors and NEOs to maintain certain ownership levels in our common stock, which aligns a portion of their personal wealth to the long-term performance of the company.

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The following table summarizes the total compensation earned by each of our NEOs in 2010, 2009 and 2008.

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Bonus (\$)	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$)	Plan Compensation (\$) <sup>(3)</sup>	Change in Pension Value and Non-Equity Incentive Deferred Compensation (\$)	Nonqualified Incentive Deferred Compensation (\$) <sup>(4)</sup>	All Other Compensation (\$)	Total (\$)
Ronald J. Mittelstaedt Chief Executive Officer and Chairman	2010	538,200		1,124,992		1,237,860			32,201 <sup>(5)</sup>	2,933,253
	2009	538,200		807,568		941,850			52,456	2,340,074
	2008	536,939		984,092		656,370			58,564	2,235,965
Worthing F. Jackman Executive Vice President	2010	320,850		504,104		481,275			6,292	1,312,521
	2009	320,850		481,448		280,744			5,750	1,088,792
	2008	319,640		463,594		195,533			7,852	986,619
Steven F. Bouck President	2010	398,475		625,212		597,713			20,843 <sup>(6)</sup>	1,642,243
	2009	398,475		597,904		348,666			14,888	1,359,933
	2008	397,741		568,826		242,839			10,131	1,219,537
Darrell W. Chambliss Executive Vice President and Chief Operating Officer	2010	346,725		543,267		520,087			6,125	1,416,204
	2009	346,725		520,267		303,384			2,831	1,173,207
	2008	345,417		472,631		211,301			8,056	1,037,405
Eric M. Merrill Senior Vice President	2010	278,307	183,400	366,333					8,995	837,035
	2009	270,000	120,000	273,099					3,016	666,115
	2008	258,942	100,000	288,700					2,959	650,601
People, Safety and Development										

(1) Amounts shown reflect salary earned by the NEOs for each year indicated and reflect that none of our NEOs received salary increases for 2010, other than Mr. Merrill, who received a base salary increase on June 1, 2010, as discussed further in the Compensation Discussion and Analysis.

(2) Stock awards consist of restricted stock units granted under our Second Amended and Restated 2004 Equity Incentive Plan (as amended and restated) and additional restricted stock units, which were issued under our Third Amended and Restated 2004 Equity Incentive Plan as dividend equivalent units in connection with our first

quarterly cash dividend that was paid on November 12, 2010. Amounts shown do not reflect compensation actually received by the NEO. Instead, the amounts shown are the grant date fair value of the awards computed in accordance with generally accepted accounting principles, excluding estimates of forfeitures related to service-based vesting conditions. A discussion of the value of stock awards is set forth under Note 1 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on February 9, 2011.

- (3) Amounts shown reflect annual incentive bonus awards earned by the NEOs under our Amended SMIP, which is discussed elsewhere in this proxy statement, under Compensation Discussion and Analysis. The amounts shown for 2010 were paid on February 11, 2011.
- (4) We make available for business use to our NEOs and others a private aircraft. Our general policy is not to permit employees, including the NEOs, to use the aircraft for purely personal use. Occasionally, employees or their relatives or spouses, including relatives or spouses of the NEOs, may derive personal benefit from travel on our aircraft incidental to a business function, such as when an NEO's spouse accompanies the officer to the location of an event the officer is attending for business purposes. For purposes of our Summary Compensation Table, we value the compensation benefit to the officer at the incremental cost to us of conferring the benefit, which consists of additional catering and fuel expenses. In the example given, the incremental cost would be nominal because the aircraft would have been used to travel to the event, and the basic costs of the trip would have been incurred, whether or not the NEO's spouse accompanied the officer on the trip. However, on the rare occasions when we permit an employee to use the aircraft for purely personal use, we value the compensation benefit to such employee (including NEOs) at the incremental cost to us of conferring the benefit, which consists of the average weighted fuel expenses, catering

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expenses, trip-related crew expenses, landing fees and trip-related hangar/parking costs. Since our aircraft is used primarily for business travel, the valuation excludes the fixed costs that do not change based on usage, such as pilots' compensation, the purchase cost of the aircraft and the cost of maintenance. Our valuation of personal use of aircraft as set forth in this proxy statement is calculated in accordance with SEC guidance, which may not be the same as valuation under applicable tax regulations.

- (5) Includes matching contributions by us to our 401(k) Plan on behalf of Mr. Mittelstaedt (\$2,484) and the following perquisites and other personal benefits: (i) restoration matching contributions by the company to the Nonqualified Deferred Compensation Plan for eligible employees on behalf of Mr. Mittelstaedt (\$3,634); (ii) health club membership (\$2,052); (iii) personal use of corporate aircraft incidental to a business function (see footnote (4) above) (\$3,100); (iv) purely personal use of corporate aircraft (see footnote (4) above) (\$14,331); and (v) professional association dues (\$6,600).
- (6) Includes matching contributions by us to our 401(k) Plan on behalf of Mr. Bouck (\$3,900) and the following perquisites and other personal benefits: (i) restoration matching contributions by the company to the Nonqualified Deferred Compensation Plan for eligible employees on behalf of Mr. Bouck (\$2,414); (ii) health club membership (\$2,388); (iii) personal use of corporate aircraft incidental to a business function (see footnote (4) above) (\$167); and (iv) professional association dues (\$11,975).

Table of Contents**GRANTS OF PLAN BASED AWARDS IN FISCAL YEAR 2010**

The following table summarizes the amount of awards under the Amended SMIP and equity awards granted in 2010 for each of the NEOs. Shares and share prices discussed in this proxy statement have been adjusted to reflect our three-for-two stock split, in the form of a 50% stock dividend, effective as of November 12, 2010.

Name	Grant Date	Estimated Potential Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards	All Other Option Awards	Exercise Price	Grant Date	Fair Value of Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Units (#) <sup>(2)</sup>	Options (#)	(\$/Sh)		(\$) <sup>(3)</sup>
Ronald J. Mittelstaedt	2/11/10							52,644				1,116,579
	11/12/10							423				11,074
			618,930	1,237,860								
Worthing F. Jackman	2/11/10							23,568				499,877
	11/12/10							207				5,419
			240,638	481,275								
Steven F. Bouck	2/11/10							29,231				619,990
	11/12/10											