

These financial statements for Waste Connections, Inc. are also included in the Form 10-Q for the quarterly period ended March 31, 2018 filed on SEDAR on May 2, 2018 in its entirety.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands of U.S. dollars, except share and per share amounts)

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
ASSETS		
Current assets:		
Cash and equivalents	\$ 217,537	\$ 433,815
Accounts receivable, net of allowance for doubtful accounts of \$16,780 and \$17,154 at March 31, 2018 and December 31, 2017, respectively	555,285	554,458
Current assets held for sale	1,509	1,596
Prepaid expenses and other current assets	195,318	186,999
Total current assets	<u>969,649</u>	<u>1,176,868</u>
Restricted cash	77,008	122,652
Restricted investments	44,230	44,360
Property and equipment, net	4,924,263	4,820,934
Goodwill	4,772,949	4,681,774
Intangible assets, net	1,077,560	1,087,436
Long-term assets held for sale	12,267	12,625
Other assets, net	85,292	68,032
	<u>\$ 11,963,218</u>	<u>\$ 12,014,681</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 287,894	\$ 330,523
Book overdraft	18,965	19,223
Accrued liabilities	260,542	278,039
Deferred revenue	156,528	145,197
Current portion of contingent consideration	14,462	15,803
Current liabilities held for sale	2,071	2,155
Current portion of long-term debt and notes payable	1,675	11,659
Total current liabilities	<u>742,137</u>	<u>802,599</u>
Long-term debt and notes payable	3,878,698	3,899,572
Long-term portion of contingent consideration	43,199	31,482
Other long-term liabilities	307,205	316,191
Deferred income taxes	711,241	690,767
Total liabilities	<u>5,682,480</u>	<u>5,740,611</u>
Commitments and contingencies (Note 17)		
Equity:		
Common shares: 263,467,240 shares issued and 263,327,956 shares outstanding at March 31, 2018; 263,660,803 shares issued and 263,494,670 shares outstanding at December 31, 2017	4,147,475	4,187,568
Additional paid-in capital	109,613	115,743
Accumulated other comprehensive income	56,893	108,413
Treasury shares: 139,284 and 166,133 shares at March 31, 2018 and December 31, 2017, respectively	-	-
Retained earnings	<u>1,961,297</u>	<u>1,856,946</u>
Total Waste Connections' equity	<u>6,275,278</u>	<u>6,268,670</u>
Noncontrolling interest in subsidiaries	<u>5,460</u>	<u>5,400</u>
Total equity	<u>\$ 11,963,218</u>	<u>\$ 12,014,681</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME
(Unaudited)
(In thousands of U.S. dollars, except share and per share amounts)

	<u>Three months ended March 31,</u>	
	<u>2018</u>	<u>2017</u>
Revenues	\$ 1,140,131	\$ 1,091,266
Operating expenses:		
Cost of operations	659,803	643,380
Selling, general and administrative	131,308	129,051
Depreciation	133,185	125,240
Amortization of intangibles	26,098	25,510
Impairments and other operating items	1,030	141,681
Operating income	<u>188,707</u>	<u>26,404</u>
Interest expense	(32,370)	(29,131)
Interest income	1,155	449
Other income (expense), net	(387)	1,017
Foreign currency transaction loss	<u>(221)</u>	<u>(590)</u>
Income (loss) before income tax provision	156,884	(1,851)
Income tax (provision) benefit	<u>(31,852)</u>	<u>16,871</u>
Net income	125,032	15,020
Less: Net income attributable to noncontrolling interests	<u>(163)</u>	<u>(146)</u>
Net income attributable to Waste Connections	<u>\$ 124,869</u>	<u>\$ 14,874</u>
Earnings per common share attributable to Waste Connections' common shareholders:		
Basic	<u>\$ 0.47</u>	<u>\$ 0.06</u>
Diluted	<u>\$ 0.47</u>	<u>\$ 0.06</u>
Shares used in the per share calculations:		
Basic	<u>263,827,963</u>	<u>263,061,945</u>
Diluted	<u>264,588,069</u>	<u>263,903,223</u>
Cash dividends per common share	<u>\$ 0.14</u>	<u>\$ 0.12</u>

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WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands of U.S. dollars)

	Three months ended March 31,	
	2018	2017
Net income	\$ 125,032	\$ 15,020
Other comprehensive income (loss), before tax:		
Interest rate swap amounts reclassified into interest expense	(599)	1,081
Fuel hedge amounts reclassified into cost of operations	(1,148)	964
Changes in fair value of interest rate swaps	11,769	1,027
Changes in fair value of fuel hedges	615	(3,224)
Foreign currency translation adjustment	<u>(59,331)</u>	<u>17,434</u>
Other comprehensive income (loss), before tax	(48,694)	17,282
Income tax (expense) benefit related to items of other comprehensive income (loss)	<u>(2,826)</u>	<u>304</u>
Other comprehensive income (loss), net of tax	<u>(51,520)</u>	<u>17,586</u>
Comprehensive income	73,512	32,606
Less: Comprehensive income attributable to noncontrolling interests	<u>(163)</u>	<u>(146)</u>
Comprehensive income attributable to Waste Connections	<u>\$ 73,349</u>	<u>\$ 32,460</u>

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WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
THREE MONTHS ENDED MARCH 31, 2018
(Unaudited)
(In thousands of U.S. dollars, except share amounts)

Waste Connections' Equity

	Common Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Retained Earnings	Noncontrolling Interests	Total
	Shares	Amount			Shares	Amount			
Balances at December 31, 2017	263,494,670	\$ 4,187,568	\$ 115,743	\$ 108,413	166,133	\$ -	\$ 1,856,946	\$ 5,400	\$ 6,274,070
Sale of common shares held in trust	26,849	1,947	-	-	(26,849)	-	-	-	1,947
Vesting of restricted share units	452,700	-	-	-	-	-	-	-	-
Vesting of performance-based restricted share units	154,181	-	-	-	-	-	-	-	-
Restricted share units released from deferred compensation plan	114	-	-	-	-	-	-	-	-
Tax withholdings related to net share settlements of equity-based compensation	(206,084)	-	(14,121)	-	-	-	-	-	(14,121)
Equity-based compensation	-	-	7,991	-	-	-	-	-	7,991
Repurchase of common shares	(594,474)	(42,040)	-	-	-	-	-	-	(42,040)
Cash dividends on common shares	-	-	-	-	-	-	(36,814)	-	(36,814)
Amounts reclassified into earnings, net of taxes	-	-	-	(1,301)	-	-	-	-	(1,301)
Changes in fair value of cash flow hedges, net of taxes	-	-	-	9,112	-	-	-	-	9,112
Foreign currency translation adjustment	-	-	-	(59,331)	-	-	-	-	(59,331)
Cumulative effect adjustment from adoption of new accounting pronouncement	-	-	-	-	-	-	16,296	-	16,296
Distributions to noncontrolling interests	-	-	-	-	-	-	-	(103)	(103)
Net income	-	-	-	-	-	-	124,869	163	125,032
Balances at March 31, 2018	<u>263,327,956</u>	<u>\$ 4,147,475</u>	<u>\$ 109,613</u>	<u>\$ 56,893</u>	<u>139,284</u>	<u>\$ -</u>	<u>\$ 1,961,297</u>	<u>\$ 5,460</u>	<u>\$ 6,280,738</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
THREE MONTHS ENDED MARCH 31, 2017
(Unaudited)
(In thousands of U.S. dollars, except share amounts)

Waste Connections' Equity

	Common Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Retained Earnings	Noncontrolling Interests	Total
	Shares	Amount			Shares	Amount			
Balances at December 31, 2016	262,802,843	\$ 4,174,808	\$ 102,220	\$ (43,001)	224,929	\$ -	\$ 1,413,488	\$ 7,362	\$ 5,654,877
Sale of common shares held in trust	42,366	2,369	-	-	(28,244)	-	-	-	2,369
Vesting of restricted share units	527,679	-	-	-	-	-	-	-	-
Vesting of performance-based restricted share units	122,796	-	-	-	-	-	-	-	-
Restricted share units released from deferred compensation plan	34,038	-	-	-	-	-	-	-	-
Tax withholdings related to net share settlements of equity-based compensation	(244,434)	-	(13,030)	-	-	-	-	-	(13,030)
Equity-based compensation	-	-	7,555	-	-	-	-	-	7,555
Exercise of options and warrants	49,954	1,946	-	-	-	-	-	-	1,946
Cash dividends on common shares	-	-	-	-	-	-	(31,707)	-	(31,707)
Amounts reclassified into earnings, net of taxes	-	-	-	1,391	-	-	-	-	1,391
Changes in fair value of cash flow hedges, net of taxes	-	-	-	(1,239)	-	-	-	-	(1,239)
Foreign currency translation adjustment	-	-	-	17,434	-	-	-	-	17,434
Cumulative effect adjustment from adoption of new accounting pronouncement	-	-	1,384	-	-	-	(1,384)	-	-
Net income	-	-	-	-	-	-	14,874	146	15,020
Balances at March 31, 2017	263,335,242	\$ 4,179,123	\$ 98,129	\$ (25,415)	196,685	\$ -	\$ 1,395,271	\$ 7,508	\$ 5,654,616

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WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands of U.S. dollars)

	Three months ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 125,032	\$ 15,020
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of assets and impairments	2,863	129,887
Depreciation	133,185	125,240
Amortization of intangibles	26,098	25,510
Foreign currency transaction loss	221	590
Deferred income taxes, net of acquisitions	20,957	(26,528)
Amortization of debt issuance costs	1,076	1,013
Share-based compensation	9,180	12,990
Interest income on restricted investments	(120)	(137)
Interest accretion	3,665	3,424
Adjustments to contingent consideration	702	11,313
Payment of contingent consideration recorded in earnings	(11)	-
Net change in operating assets and liabilities, net of acquisitions	(15,601)	(10,844)
Net cash provided by operating activities	<u>307,247</u>	<u>287,478</u>
Cash flows from investing activities:		
Payments for acquisitions, net of cash acquired	(311,964)	(344,265)
Capital expenditures for property and equipment	(91,216)	(91,205)
Proceeds from disposal of assets	1,002	18,815
Change in restricted investments, net of interest income	-	(1,423)
Other	(104)	(650)
Net cash used in investing activities	<u>(402,282)</u>	<u>(418,728)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	35,625	436,086
Principal payments on notes payable and long-term debt	(106,812)	(170,374)
Payment of contingent consideration recorded at acquisition date	(2,205)	(5,290)
Change in book overdraft	(295)	20,047
Proceeds from option and warrant exercises	-	1,946
Payments for repurchase of common shares	(42,040)	-
Payments for cash dividends	(36,814)	(31,707)
Tax withholdings related to net share settlements of equity-based compensation	(14,121)	(13,030)
Debt issuance costs	(2,188)	(633)
Proceeds from sale of common shares held in trust	1,947	2,369
Other	(103)	-
Net cash provided by (used in) financing activities	<u>(167,006)</u>	<u>239,414</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>18</u>	<u>87</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(262,023)	108,251
Cash, cash equivalents and restricted cash at beginning of period	556,467	169,112
Plus (less): change in cash held for sale	101	(27)
Cash, cash equivalents and restricted cash at end of period	<u>\$ 294,545</u>	<u>\$ 277,336</u>
Non-cash financing activities:		
Liabilities assumed and notes payable issued to sellers of businesses acquired	\$ 64,622	\$ 146,537
Non-cash consideration received for asset sales	\$ -	\$ 8,132

The accompanying notes are an integral part of these condensed consolidated financial statements.

WASTE CONNECTIONS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER GALLON
AMOUNTS)

1. BASIS OF PRESENTATION AND SUMMARY

The accompanying condensed consolidated financial statements relate to Waste Connections, Inc. and its subsidiaries (“WCI” or the “Company”) for the three month periods ended March 31, 2018 and 2017. In the opinion of management, the accompanying balance sheets and related interim statements of net income, comprehensive income, cash flows and equity include all adjustments, consisting only of normal recurring items, necessary for their fair statement in conformity with U.S. generally accepted accounting principles (“GAAP”). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Examples include accounting for landfills, self-insurance accruals, income taxes, allocation of acquisition purchase price, contingent consideration accruals and asset impairments. An additional area that involves estimation is when the Company estimates the amount of potential exposure it may have with respect to litigation, claims and assessments in accordance with the accounting guidance on contingencies. Actual results for all estimates could differ materially from the estimates and assumptions that the Company uses in the preparation of its condensed consolidated financial statements.

Interim results are not necessarily indicative of results for a full year. These interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

2. REPORTING CURRENCY

The functional currency of the Company, as the parent corporate entity, and its operating subsidiaries in the United States, is the U.S. dollar. The functional currency of the Company’s Canadian operations is the Canadian dollar. The reporting currency of the Company is the U.S. dollar. The Company’s consolidated Canadian dollar financial position is translated to U.S. dollars by applying the foreign currency exchange rate in effect at the consolidated balance sheet date. The Company’s consolidated Canadian dollar results of operations and cash flows are translated to U.S. dollars by applying the average foreign currency exchange rate in effect during the reporting period. The resulting translation adjustments are included in other comprehensive income or loss. Gains and losses from foreign currency transactions are included in earnings for the period.

3. NEW ACCOUNTING STANDARDS

Revenue From Contracts With Customers. In May 2014, the Financial Accounting Standards Board (the “FASB”) issued guidance to provide a single, comprehensive revenue recognition model for all contracts with customers. The revenue guidance contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017 for public entities, with early adoption permitted (but not earlier than the original effective date of the pronouncement). The Company adopted the amended guidance using the modified retrospective method as of January 1, 2018.

Under the new standard, the Company records revenue when control is transferred to the customer, generally at the time the Company provides waste collection services. The Company adopted the standard through the application of the portfolio approach. The Company selected a sample of customer contracts, by revenue type, to assess under the guidance of the new standard that are characteristically representative of each portfolio. The Company has completed its review of the sample contracts, and there was not a significant change to the pattern or timing of revenue recognition as a result of adopting the new standard.

The Company has identified all material contract types and costs that may be impacted by the new standard. The new standard did not have a material impact on operating revenues. However, upon adoption of the new standard, the Company recognized an asset from the capitalization of certain sales incentives as contract acquisition costs totaling \$16,296. Prior to adoption, the Company expensed approximately \$16,000 in sales incentives annually. Under the new standard, the sales incentive costs are being amortized to Selling, general and administrative expense over the expected life of the customer relationship, which ranges from one to five years. The Company recorded amortization expense of \$4,114 for sales incentives costs during the three months ended March 31, 2018. Additional areas of the new standard the Company evaluated for potential impact included volume discounts, free service periods,

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rebates and principal versus agent arrangements, none of which resulted in a material impact on the Company's consolidated financial statements.

Lease Accounting. In February 2016, the FASB issued guidance that requires lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. The new standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. The Company has not yet assessed the potential impact of implementing this new accounting standard on its consolidated financial statements.

Classification of Certain Cash Receipts and Cash Payments. In August 2016, the FASB issued guidance that addresses eight targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. The new standard is effective for public companies for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, provided that all of the amendments are adopted in the same period. The guidance requires application using a retrospective transition method. The Company adopted this guidance as of January 1, 2018. The adoption of this guidance did not have a material impact on the Company's statement of cash flows.

Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory. In October 2016, the FASB issued guidance that eliminates the exception for all intra-entity sales of assets other than inventory. As a result, a reporting entity would recognize the tax expense from the sale of the asset in the seller's tax jurisdiction when the transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. Any deferred tax asset that arises in the buyer's jurisdiction would also be recognized at the time of the transfer. The modified retrospective approach will be required for transition to the new guidance, with a cumulative-effect adjustment recorded in retained earnings as of the beginning of the period of adoption. The new guidance is effective for public business entities in fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted; however, the guidance can only be adopted in the first interim period of a fiscal year. The Company adopted this guidance as of January 1, 2018. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Statement of Cash Flows: Restricted Cash. In November 2016, the FASB issued guidance that requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. The new standard is effective for public companies for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company adopted this guidance as of January 1, 2018. All prior periods have been adjusted to conform to the current period presentation, which resulted in an increase in cash used in investing activities of \$45,568 and \$5,869 for the three months ended March 31, 2018 and 2017.

Stock Compensation: Scope of Modification Accounting. In May 2017, the FASB issued guidance to clarify when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. The new standard is effective prospectively for all companies for annual periods beginning on or after December 15, 2017. Early adoption is permitted. The Company adopted this guidance as of January 1, 2018. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities. In August 2017, the FASB issued guidance which improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and make certain targeted improvements to simplify the application of the hedge

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accounting guidance in current GAAP. The amendments in this update are intended to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and presentation of hedge results. The effective date for the standard is for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Accounting for the Tax Effects of the Tax Cuts and Jobs Act. On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Cuts and Jobs Act (the "Tax Act"). SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under Accounting Standards Codification 740 ("ASC 740"). In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

The Tax Act's one-time deemed repatriation transition tax (the "Transition Tax") on certain unrepatriated earnings of non-U.S. subsidiaries is a tax on previously untaxed accumulated and current earnings and profits of certain of the Company's non-U.S. subsidiaries. To determine the amount of the Transition Tax, the Company must determine, in addition to other factors, the amount of post-1986 earnings and profits of the relevant subsidiaries, as well as the amount of non-U.S. income taxes paid on such earnings. In 2017, the Company was able to make a reasonable estimate of the Transition Tax and recorded a provisional Transition Tax obligation of \$1,000; however, the Company continues to evaluate additional information in order to better estimate the Transition Tax obligation. Additionally, the Company has not concluded on its policy regarding the accounting for the tax impacts of global intangible low-taxed income, and the permanently reinvested amounts attributable to the Company's non-U.S. subsidiaries are considered provisional under SAB 118.

4. RECLASSIFICATION

As disclosed within other footnotes of the financial statements, interest income, restricted cash, restricted investments and segment information reported in the Company's prior year have been reclassified to conform with the 2018 presentation.

5. LANDFILL ACCOUNTING

At March 31, 2018, the Company's landfills consisted of 80 owned landfills, eight landfills operated under life-of-site operating agreements and four landfills operated under limited-term operating agreements. The Company's landfills had site costs with a net book value of \$2,788,443 at March 31, 2018. For the Company's landfills operated under limited-term operating agreements and life-of-site operating agreements, the owner of the property (generally a municipality) usually owns the permit and the Company operates the landfill for a contracted term. Where the contracted term is not the life of the landfill, the property owner is generally responsible for final capping, closure and post-closure obligations. The Company is responsible for all final capping, closure and post-closure liabilities at the landfills it operates under life-of-site operating agreements.

The Company's internal and third-party engineers perform surveys at least annually to estimate the remaining disposal capacity at its landfills. Many of the Company's existing landfills have the potential for expanded disposal capacity beyond the amount currently permitted. The Company's landfill depletion rates are based on the remaining disposal capacity, considering both permitted and probable expansion airspace, at the landfills it owns and landfills it operates, but does not own, under life-of-site agreements. The Company's landfill depletion rate is based on the term of the operating agreement at its operated landfill that has capitalized expenditures. Expansion airspace consists of additional disposal capacity being pursued through means of an expansion that has not yet been permitted. Expansion airspace that meets certain criteria is included in the estimate of total landfill airspace.

Based on remaining permitted capacity as of March 31, 2018, and projected annual disposal volumes, the average remaining landfill life for the Company's owned landfills and landfills operated under life-of-site operating agreements is estimated to be approximately 26 years. As of March 31, 2018, the Company is seeking to expand permitted capacity at 13 of its owned landfills and four landfills that it operates under life-of-site operating agreements, and considers the achievement of these expansions to be

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probable. Although the Company cannot be certain that all future expansions will be permitted as designed, the average remaining life, when considering remaining permitted capacity, probable expansion capacity and projected annual disposal volume, of the Company's owned landfills and landfills operated under life-of-site operating agreements is approximately 30 years, with lives ranging from approximately 1 to 158 years.

During the three months ended March 31, 2018 and 2017, the Company expensed \$44,760 and \$42,988, respectively, or an average of \$4.52 and \$4.55 per ton consumed, respectively, related to landfill depletion at owned landfills and landfills operated under life-of-site agreements.

The Company reserves for estimated final capping, closure and post-closure maintenance obligations at the landfills it owns and landfills it operates under life-of-site operating agreements. The Company calculates the net present value of its final capping, closure and post-closure liabilities by estimating the total obligation in current dollars, inflating the obligation based upon the expected date of the expenditure and discounting the inflated total to its present value using a credit-adjusted risk-free rate. Any changes in expectations that result in an upward revision to the estimated undiscounted cash flows are treated as a new liability and are inflated and discounted at rates reflecting current market conditions. Any changes in expectations that result in a downward revision (or no revision) to the estimated undiscounted cash flows result in a liability that is inflated and discounted at rates reflecting the market conditions at the time the cash flows were originally estimated. This policy results in the Company's final capping, closure and post-closure liabilities being recorded in "layers." The Company's discount rate assumption for purposes of computing 2018 and 2017 "layers" for final capping, closure and post-closure obligations was 4.75% for both years, which reflects the Company's long-term credit adjusted risk free rate as of the end of both 2017 and 2016. The Company's inflation rate assumption is 2.5% for the years ending December 31, 2018 and 2017. The resulting final capping, closure and post-closure obligations are recorded on the condensed consolidated balance sheet along with an offsetting addition to site costs which is amortized to depletion expense as the remaining landfill airspace is consumed. Interest is accreted on the recorded liability using the corresponding discount rate. During the three months ended March 31, 2018 and 2017, the Company expensed \$3,146 and \$2,866 respectively, or an average of \$0.32 and \$0.30 per ton consumed, respectively, related to final capping, closure and post-closure accretion expense.

The following is a reconciliation of the Company's final capping, closure and post-closure liability balance from December 31, 2017 to March 31, 2018:

Final capping, closure and post-closure liability at December 31, 2017	\$ 237,817
Adjustments to final capping, closure and post-closure liabilities	(13,344)
Liabilities incurred	3,762
Accretion expense associated with landfill obligations	3,146
Closure payments	(35)
Assumption of closure liabilities from acquisitions	2,517
Foreign currency translation adjustment	(771)
Final capping, closure and post-closure liability at March 31, 2018	<u>\$ 233,092</u>

Liabilities incurred of \$3,762 for the three months ended March 31, 2018, represent non-cash increases to final capping, closure and post-closure liabilities. The adjustment to final capping, closure and post-closure liabilities primarily consisted of decreases in estimated closure and post closure costs at several of the Company's landfills, most notably its Chiquita Canyon landfill, and changes to engineering estimates related to proposed expansions as well as timing of closure events and total site capacity. These decreases were partially offset by increases in estimated post closure costs and adjustments to reduce the remaining lives at certain sites. The Company performs its annual review of its cost and capacity estimates in the first quarter of each year.

At March 31, 2018 and December 31, 2017, \$55,994 and \$56,090 of the Company's restricted cash and investments balance was for purposes of securing its performance of future final capping, closure and post-closure obligations.

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6. ACQUISITIONS

In January 2018, the Company acquired Bay Disposal, LLC and Hampton Roads Recovery Center, LLC (collectively, “Bay Disposal & Recycling”), which provides solid waste collection, disposal, transfer and recycling services in southeastern Virginia and northeastern North Carolina. Additionally, in March 2018, the Company acquired Right Away Disposal (“RAD”), which provides solid waste collection, disposal, transfer and recycling services in Arizona. The purchase price for RAD included contingent consideration of \$11,593, representing the fair value of up to \$12,582 of amounts payable to the former owners based on the achievement of certain operating targets specified in the asset purchase agreement. The fair value of the contingent consideration was determined using probability assessments of the expected future cash flows over the three-year period in which the obligation is expected to be settled, and applying a discount rate of 2.7%.

In addition to the acquisitions of Bay Disposal & Recycling and RAD, the Company acquired one immaterial non-hazardous solid waste collection business during the three months ended March 31, 2018. The total acquisition-related costs incurred during the three months ended March 31, 2018 for these acquisitions was \$2,385. These expenses are included in Selling, general and administrative expenses in the Company’s Condensed Consolidated Statements of Net Income.

In January 2017, the Company acquired Groot Industries, Inc. (“Groot”). At the time of the acquisition, Groot was the largest privately-owned solid waste services company in Illinois with total annual revenue of approximately \$200,000. Groot serves approximately 300,000 customers primarily in northern Illinois from a network of seven collection operations, six transfer stations and one recycling facility.

In addition to the acquisition of Groot, the Company acquired four individually immaterial non-hazardous solid waste collection businesses during the three months ended March 31, 2017. The total acquisition-related costs incurred during the three months ended March 31, 2017 for these acquisitions was \$1,744. These expenses are included in Selling, general and administrative expenses in the Company’s Condensed Consolidated Statements of Net Income.

The results of operations of these acquired businesses have been included in the Company’s Condensed Consolidated Financial Statements from their respective acquisition dates. The Company expects these acquired businesses to contribute towards the achievement of the Company’s strategy to expand through acquisitions. Goodwill acquired is attributable to the synergies and ancillary growth opportunities expected to arise after the Company’s acquisition of these businesses.

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The following table summarizes the consideration transferred to acquire these businesses and the preliminary amounts of identifiable assets acquired and liabilities assumed at the acquisition dates for the acquisitions consummated in the three months ended March 31, 2018 and 2017:

	<u>2018</u> <u>Acquisitions</u>	<u>2017</u> <u>Acquisitions</u>
Fair value of consideration transferred:		
Cash	\$ 311,964	\$ 344,265
Debt assumed	45,431	56,957
Notes issued to sellers	-	13,460
	<u>357,395</u>	<u>414,682</u>
Recognized amounts of identifiable assets acquired and liabilities assumed associated with businesses acquired:		
Accounts receivable	6,421	12,998
Prepaid expenses and other current assets	1,849	2,305
Property and equipment	212,689	138,831
Long-term franchise agreements and contracts	8,104	31,700
Customer lists	13,852	15,794
Other intangibles	-	27,261
Accounts payable and accrued liabilities	(2,314)	(13,345)
Deferred revenue	(2,523)	(3,176)
Contingent consideration	(11,593)	(15)
Other long-term liabilities	(2,517)	-
Deferred income taxes	(244)	(59,584)
Total identifiable net assets	<u>223,724</u>	<u>152,769</u>
Goodwill	<u>\$ 133,671</u>	<u>\$ 261,913</u>

Goodwill acquired during the three months ended March 31, 2018 and 2017, totaling \$133,428 and \$10,297, respectively, is expected to be deductible for tax purposes.

The fair value of acquired working capital related to four individually immaterial acquisitions completed during the twelve months ended March 31, 2018, is provisional pending receipt of information from the acquirees to support the fair value of the assets acquired and liabilities assumed. Any adjustments recorded relating to finalizing the working capital for these four acquisitions are not expected to be material to the Company's financial position.

The gross amount of trade receivables due under contracts acquired during the three months ended March 31, 2018, is \$6,780, of which \$359 is expected to be uncollectible. The gross amount of trade receivables due under contracts acquired during the three months ended March 31, 2017, is \$13,739, of which \$741 is expected to be uncollectible. The Company did not acquire any other class of receivable as a result of the acquisitions of these businesses.

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7. ASSETS HELD FOR SALE

As of March 31, 2018, assets classified as held for sale consist of certain operating markets in the Company's Southern segment. The assets held for sale have been recognized at the lower of cost or fair value less costs to sell, which resulted in recording an estimated loss on disposal of \$19,189 to Impairments and other operating items in the Condensed Consolidated Statements of Net Income during the year ended December 31, 2017. The expected consideration may include cash and non-monetary assets.

The Company's assets and liabilities held for sale as of March 31, 2018 and December 31, 2017, were comprised of the following:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Current assets held for sale:		
Cash and equivalents	\$ 91	\$ 192
Accounts receivable	1,206	1,185
Other current assets	212	219
	<u>\$ 1,509</u>	<u>\$ 1,596</u>
Long-term assets held for sale:		
Property and equipment	\$ 12,265	\$ 12,623
Other assets	2	2
	<u>\$ 12,267</u>	<u>\$ 12,625</u>
Current liabilities held for sale:		
Accounts payable	\$ 709	\$ 804
Accrued liabilities	223	215
Deferred revenue	1,139	1,136
	<u>\$ 2,071</u>	<u>\$ 2,155</u>

8. INTANGIBLE ASSETS, NET

Intangible assets, exclusive of goodwill, consisted of the following at March 31, 2018:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Accumulated Impairment Loss</u>	<u>Net Carrying Amount</u>
Finite-lived intangible assets:				
Long-term franchise agreements and contracts	\$ 486,726	\$ (132,830)	\$ -	\$ 353,896
Customer lists	416,724	(192,483)	-	224,241
Permits and other	316,189	(38,988)	-	277,201
	<u>1,219,639</u>	<u>(364,301)</u>	<u>-</u>	<u>855,338</u>
Indefinite-lived intangible assets:				
Solid waste collection and transportation permits	158,591	-	-	158,591
Material recycling facility permits	42,283	-	-	42,283
E&P facility permits	59,855	-	(38,507)	21,348
	<u>260,729</u>	<u>-</u>	<u>(38,507)</u>	<u>222,222</u>
Intangible assets, exclusive of goodwill	<u>\$ 1,480,368</u>	<u>\$ (364,301)</u>	<u>\$ (38,507)</u>	<u>\$ 1,077,560</u>

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The weighted-average amortization period of long-term franchise agreements and contracts acquired during the three months ended March 31, 2018 was 15.0 years. The weighted-average amortization period of customer lists acquired during the three months ended March 31, 2018 was 10.0 years.

Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2017:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Accumulated Impairment Loss</u>	<u>Net Carrying Amount</u>
Finite-lived intangible assets:				
Long-term franchise agreements and contracts	\$ 481,293	\$ (123,591)	\$ -	\$ 357,702
Customer lists	405,683	(180,440)	-	225,243
Permits and other	317,984	(35,715)	-	282,269
	<u>1,204,960</u>	<u>(339,746)</u>	<u>-</u>	<u>865,214</u>
Indefinite-lived intangible assets:				
Solid waste collection and transportation permits	158,591	-	-	158,591
Material recycling facility permits	42,283	-	-	42,283
E&P facility permits	59,855	-	(38,507)	21,348
	<u>260,729</u>	<u>-</u>	<u>(38,507)</u>	<u>222,222</u>
Intangible assets, exclusive of goodwill	<u>\$ 1,465,689</u>	<u>\$ (339,746)</u>	<u>\$ (38,507)</u>	<u>\$ 1,087,436</u>

Estimated future amortization expense for the next five years relating to finite-lived intangible assets is as follows:

For the year ending December 31, 2018	\$ 103,932
For the year ending December 31, 2019	\$ 92,936
For the year ending December 31, 2020	\$ 83,603
For the year ending December 31, 2021	\$ 68,887
For the year ending December 31, 2022	\$ 59,891

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9. LONG-TERM DEBT

The following table presents the Company's long-term debt as of March 31, 2018 and December 31, 2017:

	March 31, 2018	December 31, 2017
Revolver under Credit Agreement, bearing interest ranging from 2.83% to 3.70% ^(a)	\$ 172,183	\$ 192,101
Term loan under Credit Agreement, bearing interest at 3.08% ^(a)	1,637,500	1,637,500
2018 Senior Notes	50,000	50,000
2019 Senior Notes	175,000	175,000
2021 Senior Notes	100,000	100,000
New 2021 Senior Notes	150,000	150,000
2022 Senior Notes	125,000	125,000
2023 Senior Notes	200,000	200,000
2024 Senior Notes	150,000	150,000
2025 Senior Notes	375,000	375,000
2026 Senior Notes	400,000	400,000
2027 Senior Notes	250,000	250,000
Tax-exempt bonds, bearing interest ranging from 1.59% to 1.69% ^(a)	95,430	95,430
Notes payable to sellers and other third parties, bearing interest at 2.75% to 24.81% ^(a)	15,734	26,290
	<u>3,895,847</u>	<u>3,926,321</u>
Less – current portion	(1,675)	(11,659)
Less – debt issuance costs	(15,474)	(15,090)
	<u>\$ 3,878,698</u>	<u>\$ 3,899,572</u>

^(a) Interest rates represent the interest rates incurred at March 31, 2018.

2016 Master Note Purchase Agreement

On June 1, 2016 the Company entered into that certain Master Note Purchase Agreement (as supplemented by that certain First Supplement to the 2016 NPA dated as of February 13, 2017 (the “2016 First Supplement”) and as amended, restated, amended and restated, assumed, supplemented or modified from time to time, the “2016 NPA”) with certain accredited institutional investors.

On April 20, 2017, pursuant to the 2016 NPA, and the 2016 First Supplement, the Company issued and sold to certain accredited investors \$400,000 aggregate principal amount of senior unsecured notes consisting of \$150,000 aggregate principal amount, which will mature on April 20, 2024 with an annual interest rate of 3.24% (the “2024 Senior Notes”) and \$250,000 aggregate principal amount, which will mature on April 20, 2027 with an annual interest rate of 3.49% (the “2027 Senior Notes” and collectively with the 2024 Senior Notes, the “2017A Senior Notes”) in a private placement. The 2017A Senior Notes bear interest at fixed rates with interest payable in arrears semi-annually on the first day of October and April beginning on October 1, 2017, and on the respective maturity dates, until the principal thereunder becomes due and payable.

On March 21, 2018, the Company entered into that certain Amendment No. 1 to Master Note Purchase Agreement (the “2016 NPA First Amendment”), with each of the holders party thereto, which amended the 2016 NPA.

The 2016 NPA First Amendment, among other things, provided for certain amendments to the 2016 NPA to facilitate (i) certain conforming changes to align certain provisions of the 2016 NPA, the Assumed 2008 NPA (as defined below) and the Credit

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Agreement (as defined below) and (ii) the release of all subsidiary guarantors in relation to obligations under the 2016 NPA and the 2016 Senior Notes (as defined below) (the “2016 Release”).

Pursuant to the terms and conditions of the 2016 NPA, the Company has outstanding senior unsecured notes (the “2016 Senior Notes”) consisting of (i) \$150,000 of 2.39% senior notes due June 1, 2021 (the “New 2021 Senior Notes”), (ii) \$200,000 of 2.75% senior notes due June 1, 2023 (the “2023 Senior Notes”), (iii) \$400,000 of 3.03% senior notes due June 1, 2026 (the “2026 Senior Notes”) and (iv) \$400,000 of the 2017A Senior Notes. No new notes were issued by the Company in connection with the 2016 NPA First Amendment.

Under the terms and conditions of the 2016 NPA, the Company is authorized to issue and sell notes in the aggregate principal amount of \$1,500,000, inclusive of the outstanding \$1,150,000 aggregate principal amount of 2016 Senior Notes that have been issued and sold by the Company, provided that the purchasers of the 2016 Senior Notes shall not have any obligation to purchase any additional notes issued pursuant to the 2016 NPA.

The 2016 Senior Notes are unsecured obligations and rank *pari passu* with obligations under the Credit Agreement and the 2008 Senior Notes (defined below). Following the 2016 Release, there are currently no subsidiary guarantors in relation to the obligations under the 2016 NPA or the 2016 Senior Notes.

The 2016 Senior Notes are subject to representations, warranties, covenants and events of default customary for a private placement of senior unsecured notes. Upon the occurrence of an event of default, payment of the 2016 Senior Notes may be accelerated by the holders of the 2016 Senior Notes. The 2016 Senior Notes may also be prepaid by the Company at par plus a make-whole amount determined by the amount of excess, if any, of the discounted value of the remaining scheduled payments with respect to the called principal of such 2016 Senior Notes minus the amount of such called principal, provided that the make whole shall in no event be less than zero. The discounted value is determined using market-based discount rates. In addition, the Company will be required to offer to prepay the 2016 Senior Notes upon certain changes in control. The 2016 NPA also contemplates certain offers of prepayments for specified tax reasons or certain noteholder sanctions events.

2008 Master Note Purchase Agreement

On June 1, 2016, pursuant to the terms of the Agreement and Plan of Merger dated as of January 18, 2016, Water Merger Sub LLC, a Delaware limited liability company and a wholly-owned subsidiary of Progressive Waste Solutions Ltd., merged with and into Waste Connections US, Inc. (f/k/a Waste Connections, Inc.), a Delaware corporation (“Old Waste Connections”) with Old Waste Connections continuing as the surviving corporation and an indirect wholly-owned subsidiary of Waste Connections, Inc. (f/k/a Progressive Waste Solutions Ltd.), a corporation organized under the laws of Ontario, Canada (the “Progressive Waste acquisition”). Prior to the closing of the Progressive Waste acquisition, Old Waste Connections, certain subsidiaries of Old Waste Connections (together with Old Waste Connections, the “Obligors”) and certain holders of the 2008 Senior Notes (defined below) entered into that certain Amendment No. 6 (the “Sixth Amendment”) to that certain Master Note Purchase Agreement, dated July 15, 2008 (the “2008 NPA”). Following the closing of the Progressive Waste acquisition, the Company entered into that certain Assumption and Exchange Agreement (as amended, restated, amended and restated, supplemented or modified from time to time, the “Assumption Agreement”) with Old Waste Connections, to and in favor of the holders of the notes issued from time to time under the 2008 NPA as amended by Amendment No. 1 to the 2008 NPA dated as of July 20, 2009, as supplemented by First Supplement to the 2008 NPA dated as of October 26, 2009, as amended by Amendment No. 2 to the 2008 NPA dated as of November 24, 2010, as supplemented by Second Supplement to the 2008 NPA dated as of April 1, 2011, as amended by Amendment No. 3 to the 2008 NPA dated as of October 12, 2011, as amended by Amendment No. 4 to the 2008 NPA dated as of August 9, 2013, as amended by Amendment No. 5 to the 2008 NPA dated as of February 20, 2015, as supplemented by Third Supplement to the 2008 NPA dated as of June 11, 2015 and as modified by the Assumption Agreement (the 2008 NPA, as so amended, restated, amended and restated, supplemented or otherwise modified from time to time “Assumed 2008 NPA”). The term “Progressive Waste” is used herein in the context of references to Progressive Waste Solutions Ltd. and its shareholders prior to the completion of the Progressive Waste acquisition on June 1, 2016.

On March 21, 2018, the Company entered into that certain Amendment No. 7 to the Assumed 2008 NPA (the “2008 NPA Seventh Amendment”), with each of the holders party thereto, which amended the Assumed 2008 NPA. The 2008 NPA Seventh Amendment, among other things, provides certain amendments to the Assumed 2008 NPA to facilitate (i) certain conforming changes

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to align the provisions of the Assumed 2008 NPA, the 2016 NPA and the Credit Agreement and (ii) the release of all subsidiary guarantors in relation to obligations under the Assumed 2008 NPA and the 2008 Senior Notes (the “2008 Release”).

Pursuant to the terms and conditions of the Assumed 2008 NPA, the Company has outstanding senior unsecured notes (the “2008 Senior Notes”) consisting of \$50,000 of 4.00% senior notes due 2018 (the “2018 Senior Notes”), \$175,000 of 5.25% senior notes due 2019 (the “2019 Senior Notes”), \$100,000 of 4.64% senior notes due 2021 (the “2021 Senior Notes”), \$125,000 of 3.09% senior notes due 2022 (the “2022 Senior Notes”) and \$375,000 of 3.41% senior notes due 2025 (the “2025 Senior Notes”).

Under the terms and conditions of the Assumed 2008 NPA, the Company is authorized to issue and sell notes in the aggregate principal amount of \$1,250,000, inclusive of the outstanding \$825,000 aggregate principal amount of 2008 Senior Notes assumed by the Company on June 1, 2016, provided that the purchasers of the 2008 Senior Notes shall not have any obligation to purchase any additional notes issued pursuant to the Assumed 2008 NPA.

The 2008 Senior Notes are unsecured obligations and rank *pari passu* with obligations under the Credit Agreement and the 2016 Senior Notes. Following the 2008 Release, there are no subsidiary guarantors in relation to the Company’s obligations under the Assumed 2008 NPA or the 2008 Senior Notes.

The 2008 Senior Notes are subject to representations, warranties, covenants and events of default customary for a private placement of senior unsecured notes. Upon the occurrence of an event of default, payment of the 2008 Senior Notes may be accelerated by the holders of the 2008 Senior Notes. The 2008 Senior Notes may also be prepaid by the Company at par plus a make-whole amount determined by the amount of excess, if any, of the discounted value of the remaining scheduled payments with respect to the called principal of such 2008 Senior Notes minus the amount of such called principal, provided that the make whole shall in no event be less than zero. The discounted value is determined using market-based discount rates. In addition, the Company will be required to offer to prepay the 2008 Senior Notes upon certain changes in control; however, no such prepayment offer was accepted in connection with the Progressive Waste acquisition. The Assumed 2008 NPA also contemplates certain offers of prepayments for specified tax reasons or certain noteholder sanctions events.

Credit Agreement

Details of the Credit Agreement are as follows:

	March 31, 2018	December 31, 2017
<i>Revolver under Credit Agreement</i>		
Available	\$ 1,173,985	\$ 1,149,813
Letters of credit outstanding	\$ 216,332	\$ 220,586
Total amount drawn, as follows:	\$ 172,183	\$ 192,101
Amount drawn – Canadian prime rate loan	\$ 7,756	\$ 16,739
Interest rate applicable - Canadian prime rate loan	3.70%	3.45%
Amount drawn – Canadian bankers’ acceptance	\$ 164,427	\$ 175,362
Interest rate applicable – Canadian bankers’ acceptance	2.83%	2.64%
Commitment – rate applicable	0.15%	0.15%
<i>Term loan under Credit Agreement</i>		
Amount drawn – U.S. based LIBOR loan	\$ 1,637,500	\$ 1,637,500
Interest rate applicable – U.S. based LIBOR loan	3.08%	2.77%

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On June 1, 2016, the Company entered into that certain Revolving Credit and Term Loan Agreement with Bank of America, N.A., acting through its Canada Branch, as global agent, the swing line lender and letter of credit issuer, Bank of America, N.A., as the U.S. Agent and a letter of credit issuer, the lenders (the “Lenders”) and any other financial institutions from time to time party thereto.

On March 21, 2018 the Revolving Credit and Term Loan Agreement was amended and restated in its entirety pursuant to an Amended and Restated Revolving Credit and Term Loan Agreement (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) entered into by the Company and the Lenders and any other financial institutions from time to time party thereto. Entry into the Credit Agreement, among other things, facilitated the release of each of the Company’s subsidiaries guaranteeing the obligations under the Revolving Credit and Term Loan Agreement. There are no subsidiary guarantors under the Credit Agreement. The Credit Agreement has a scheduled maturity date of March 21, 2023.

Pursuant to the terms and conditions of the Credit Agreement, the Lenders remain committed to providing a \$3,200,000 credit facility to the Company, consisting of (i) revolving advances up to an aggregate principal amount of \$1,562,500 at any one time outstanding, and (ii) a term loan in an aggregate principal amount of \$1,637,500, which term loan was fully drawn at closing of the Revolving Credit and Term Loan Agreement and remained and continued to be fully drawn at closing of the Credit Agreement. As part of the aggregate commitments under the revolving advances, the Credit Agreement provides for letters of credit to be issued at the request of the Company in an aggregate amount not to exceed \$500,000 and for swing line loans to be issued at the request of the Company in an aggregate amount not to exceed the lesser of \$75,000 and the aggregate commitments under the revolving advances. This swing line sublimit is part of, and not in addition to, the aggregate commitments under the revolving advances. Existing letters of credit in place under the Revolving Credit and Term Loan Agreement are continued and now deemed issued under and governed by the terms of the Credit Agreement. Subject to certain specified conditions and additional deliveries, the Company has the option to request increases in the aggregate commitments for revolving advances and one or more additional term loans, provided that (i) the aggregate principal amount of such requests does not exceed \$500,000 and (ii) the aggregate principal amount of commitments and term loans under the credit facility does not exceed \$3,700,000.

Advances are available under the Credit Agreement in U.S. dollars and Canadian dollars. Interest accrues on the term loan at a LIBOR rate or a base rate, at the Company’s option, plus an applicable margin. Interest accrues on revolving advances, at the Company’s option, (i) at a LIBOR rate or a base rate for U.S. dollar borrowings, plus an applicable margin, and (ii) at the Canadian prime rate for Canadian dollar borrowings, plus an applicable margin. Canadian dollar borrowings are also available by way of bankers' acceptances or BA equivalent loans (“BA loans”), subject to the payment of a drawing fee. The fees for letters of credit in US dollars and Canadian dollars are also based on the applicable margin. The applicable margin used in connection with interest rates and fees is based on the Company’s Leverage Ratio (as defined below). The applicable margin for LIBOR rate loans, drawing fees for bankers' acceptance and BA loans and letter of credit fees ranges from 1.00% to 1.50%, and the applicable margin for base rate loans, Canadian prime rate loans and swing line loans ranges from 0.00% to 0.50%. The Company will also pay a fee based on its Leverage Ratio (as defined below) on the actual daily unused amount of the aggregate revolving commitments.

The borrowings under the Credit Agreement are unsecured. The Credit Agreement contains customary representations, warranties, covenants and events of default, including, among others, a change of control event of default and limitations on the incurrence of indebtedness and liens, new lines of business, mergers, transactions with affiliates and burdensome agreements. During the continuance of an event of default, the Lenders may take a number of actions, including, among others, declaring the entire amount then outstanding under the Credit Agreement to be due and payable. The Credit Agreement includes a financial covenant limiting, as of the last day of each fiscal quarter, the ratio of (a) (i) Consolidated Total Funded Debt (as defined in the Credit Agreement) as of such date less (ii) the sum of cash and cash equivalents of the Company and its subsidiaries on a dollar-for-dollar basis as of such date in excess of \$50,000 up to a maximum of \$200,000 (such that the maximum amount of reduction pursuant to this calculation does not exceed \$150,000) to (b) Consolidated EBITDA (as defined in the Credit Agreement), measured for the preceding 12 months (the “Leverage Ratio”), to not more than 3.50 to 1.00 (or 3.75 to 1.00 during material acquisition periods, subject to certain limitations). The Credit Agreement also includes a financial covenant requiring the ratio of Consolidated EBIT (as defined in the Credit Agreement) to Consolidated Total Interest Expense (as defined in the Credit Agreement), in each case, measured for the preceding 12 months, to be not less than 2.75 to 1.00.

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10. SEGMENT REPORTING

The Company's revenues are generated from the collection, transfer, recycling and disposal of non-hazardous solid waste and the treatment, recovery and disposal of non-hazardous E&P waste. No single contract or customer accounted for more than 10% of the Company's total revenues at the consolidated or reportable segment level during the periods presented.

The Company manages its operations through five geographic operating segments and its E&P segment, which includes the majority of the Company's E&P waste treatment and disposal operations. The Company's five geographic operating segments and its E&P segment comprise the Company's reportable segments. Each operating segment is responsible for managing several vertically integrated operations, which are comprised of districts. In the third quarter of 2017, the Company moved a district from the Eastern segment to the Canada segment as a significant amount of its revenues are received from Canadian-based customers. The segment information presented herein reflects the realignment of this district.

Under the current orientation, the Company's Southern segment services customers located in Alabama, Arkansas, Florida, Louisiana, Mississippi, southern Oklahoma, western Tennessee and Texas; the Company's Western segment services customers located in Alaska, California, Idaho, Montana, Nevada, Oregon, Washington and western Wyoming; the Company's Eastern segment services customers located in Illinois, Iowa, Kentucky, Maryland, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, eastern Tennessee, Vermont, Virginia and Wisconsin; the Company's Canada segment services customers located in the state of Michigan and in the provinces of Alberta, British Columbia, Manitoba, Ontario, Québec and Saskatchewan; and the Company's Central segment services customers located in Arizona, Colorado, Kansas, Minnesota, Missouri, Nebraska, New Mexico, Oklahoma, South Dakota, western Texas, Utah and eastern Wyoming. The E&P segment services E&P customers located in Arkansas, Louisiana, New Mexico, North Dakota, Oklahoma, Texas, Wyoming and along the Gulf of Mexico.

The Company's Chief Operating Decision Maker evaluates operating segment profitability and determines resource allocations based on several factors, of which the primary financial measure is segment EBITDA. The Company defines segment EBITDA as earnings before interest, taxes, depreciation, amortization, impairments and other operating items, other income (expense) and foreign currency transaction gain (loss). Segment EBITDA is not a measure of operating income, operating performance or liquidity under GAAP and may not be comparable to similarly titled measures reported by other companies. The Company's management uses segment EBITDA in the evaluation of segment operating performance as it is a profit measure that is generally within the control of the operating segments. A reconciliation of segment EBITDA to Income (loss) before income tax provision is included at the end of this Note 10.

Summarized financial information concerning the Company's reportable segments for the three months ended March 31, 2018 and 2017, is shown in the following tables:

Three Months Ended March 31, 2018	Revenue	Intercompany Revenue^(b)	Reported Revenue	Segment EBITDA^(c)
Southern	\$ 308,955	\$ (35,616)	\$ 273,339	\$ 68,907
Western	275,121	(29,958)	245,163	72,658
Eastern	287,839	(45,960)	241,879	67,433
Canada	191,687	(21,713)	169,974	59,266
Central	175,200	(21,410)	153,790	58,421
E&P	57,621	(1,635)	55,986	28,679
Corporate ^(a)	-	-	-	(6,344)
	<u>\$ 1,296,423</u>	<u>\$ (156,292)</u>	<u>\$ 1,140,131</u>	<u>\$ 349,020</u>

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Three Months Ended March 31, 2017	Revenue	Intercompany Revenue^(b)	Reported Revenue	Segment EBITDA^(c)
Southern	\$ 317,339	\$ (37,216)	\$ 280,123	\$ 68,940
Western	264,001	(28,411)	235,590	75,569
Eastern	270,674	(41,705)	228,969	64,629
Canada	187,954	(22,401)	165,553	58,121
Central	163,812	(19,503)	144,309	52,652
E&P	39,066	(2,344)	36,722	14,545
Corporate ^(a)	-	-	-	(15,621)
	<u>\$ 1,242,846</u>	<u>\$ (151,580)</u>	<u>\$ 1,091,266</u>	<u>\$ 318,835</u>

- (a) Corporate functions include accounting, legal, tax, treasury, information technology, risk management, human resources, training and other administrative functions. Amounts reflected are net of allocations to the six operating segments.
- (b) Intercompany revenues reflect each segment's total intercompany sales, including intercompany sales within a segment and between segments. Transactions within and between segments are generally made on a basis intended to reflect the market value of the service.
- (c) For those items included in the determination of segment EBITDA, the accounting policies of the segments are the same as those described in the Company's most recent Annual Report on Form 10-K.

Total assets for each of the Company's reportable segments at March 31, 2018 and December 31, 2017, were as follows:

	March 31, 2018	December 31, 2017
Southern	\$ 2,694,866	\$ 2,718,296
Western	1,542,251	1,573,955
Eastern	2,240,584	2,024,527
Canada	2,580,194	2,677,557
Central	1,430,485	1,297,118
E&P	974,266	981,980
Corporate	500,572	741,248
Total Assets	<u>\$ 11,963,218</u>	<u>\$ 12,014,681</u>

The following tables show changes in goodwill during the three months ended March 31, 2018 and 2017, by reportable segment:

	Southern	Western	Eastern	Canada	Central	E&P	Total
Balance as of December 31, 2017	\$ 1,436,320	\$ 397,508	\$ 804,133	\$1,575,538	\$ 468,275	\$ -	\$ 4,681,774
Goodwill acquired	604	640	95,702	-	36,725	-	133,671
Impact of changes in foreign currency	-	-	-	(42,496)	-	-	(42,496)
Balance as of March 31, 2018	<u>\$ 1,436,924</u>	<u>\$ 398,148</u>	<u>\$ 899,835</u>	<u>\$1,533,042</u>	<u>\$ 505,000</u>	<u>\$ -</u>	<u>\$ 4,772,949</u>

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	<u>Southern</u>	<u>Western</u>	<u>Eastern</u>	<u>Canada</u>	<u>Central</u>	<u>E&P</u>	<u>Total</u>
Balance as of December 31, 2016	\$ 1,470,023	\$ 376,537	\$ 533,160	\$1,465,274	\$ 467,924	\$ 77,343	\$ 4,390,261
Goodwill acquired	11,736	-	246,491	3,316	370	-	261,913
Impairment loss	-	-	-	-	-	(77,343)	(77,343)
Goodwill adjustment for assets sold	-	-	321	-	-	-	321
Goodwill adjustment for assets held for sale	(29,000)	-	-	-	-	-	(29,000)
Goodwill reclassified as assets held for sale	(29,295)	-	-	-	-	-	(29,295)
Impact of changes in foreign currency	-	-	-	12,788	-	-	12,788
Balance as of March 31, 2017	<u>\$ 1,423,464</u>	<u>\$ 376,537</u>	<u>\$ 779,972</u>	<u>\$1,481,378</u>	<u>\$ 468,294</u>	<u>\$ -</u>	<u>\$ 4,529,645</u>

A reconciliation of the Company's primary measure of segment profitability (segment EBITDA) to Income (loss) before income tax provision in the Condensed Consolidated Statements of Net Income is as follows:

	Three months ended	
	March 31,	
	<u>2018</u>	<u>2017</u>
Southern segment EBITDA	\$ 68,907	\$ 68,940
Western segment EBITDA	72,658	75,569
Eastern segment EBITDA	67,433	64,629
Canada segment EBITDA	59,266	58,121
Central segment EBITDA	58,421	52,652
E&P segment EBITDA	28,679	14,545
Subtotal reportable segments	355,364	334,456
Unallocated corporate overhead	(6,344)	(15,621)
Depreciation	(133,185)	(125,240)
Amortization of intangibles	(26,098)	(25,510)
Impairments and other operating items	(1,030)	(141,681)
Interest expense	(32,370)	(29,131)
Interest income	1,155	449
Other income (expense), net	(387)	1,017
Foreign currency transaction loss	(221)	(590)
Income (loss) before income tax provision	<u>\$ 156,884</u>	<u>\$ (1,851)</u>

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The following tables reflect a breakdown of the Company's revenue and inter-company eliminations for the periods indicated:

Three months ended March 31, 2018				
	Revenue	Intercompany Revenue	Reported Revenue	% of Reported Revenue
Solid waste collection	\$ 809,646	\$ (2,399)	\$ 807,247	70.8%
Solid waste disposal and transfer	370,929	(149,568)	221,361	19.4
Solid waste recycling	23,485	(972)	22,513	2.0
E&P waste treatment, recovery and disposal	58,359	(2,749)	55,610	4.9
Intermodal and other	34,004	(604)	33,400	2.9
Total	\$ 1,296,423	\$ (156,292)	\$ 1,140,131	100.0%

Three months ended March 31, 2017				
	Revenue	Intercompany Revenue	Reported Revenue	% of Reported Revenue
Solid waste collection	\$ 768,346	\$ (2,200)	\$ 766,146	70.2%
Solid waste disposal and transfer	357,025	(143,441)	213,584	19.6
Solid waste recycling	43,889	(2,584)	41,305	3.8
E&P waste treatment, recovery and disposal	39,821	(2,968)	36,853	3.4
Intermodal and other	33,765	(387)	33,378	3.0
Total	\$ 1,242,846	\$ (151,580)	\$ 1,091,266	100.0%

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Company recognizes all derivatives on the Condensed Consolidated Balance Sheets at fair value. All of the Company's derivatives have been designated as cash flow hedges; therefore, the effective portion of the changes in the fair value of derivatives will be recognized in accumulated other comprehensive income (loss) ("AOCIL") until the hedged item is recognized in earnings. The ineffective portion of the changes in the fair value of derivatives will be immediately recognized in earnings. The Company classifies cash inflows and outflows from derivatives within operating activities on the Condensed Consolidated Statements of Cash Flows.

One of the Company's objectives for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the variable interest rates of certain borrowings issued under the Credit Agreement. The Company's strategy to achieve that objective involves entering into interest rate swaps. The interest rate swaps outstanding at March 31, 2018 were specifically designated to the Credit Agreement and accounted for as cash flow hedges.

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At March 31, 2018, the Company's derivative instruments included 14 interest rate swap agreements as follows:

<u>Date Entered</u>	<u>Notional Amount</u>	<u>Fixed Interest Rate Paid*</u>	<u>Variable Interest Rate Received</u>	<u>Effective Date</u>	<u>Expiration Date</u>
April 2014	\$ 100,000	1.800%	1-month LIBOR	July 2014	July 2019
May 2014	\$ 50,000	2.344%	1-month LIBOR	October 2015	October 2020
May 2014	\$ 25,000	2.326%	1-month LIBOR	October 2015	October 2020
May 2014	\$ 50,000	2.350%	1-month LIBOR	October 2015	October 2020
May 2014	\$ 50,000	2.350%	1-month LIBOR	October 2015	October 2020
April 2016	\$ 100,000	1.000%	1-month LIBOR	February 2017	February 2020
June 2016	\$ 75,000	0.850%	1-month LIBOR	February 2017	February 2020
June 2016	\$ 150,000	0.950%	1-month LIBOR	January 2018	January 2021
June 2016	\$ 150,000	0.950%	1-month LIBOR	January 2018	January 2021
July 2016	\$ 50,000	0.900%	1-month LIBOR	January 2018	January 2021
July 2016	\$ 50,000	0.890%	1-month LIBOR	January 2018	January 2021
August 2017	\$ 100,000	1.900%	1-month LIBOR	July 2019	July 2022
August 2017	\$ 200,000	2.200%	1-month LIBOR	October 2020	October 2025
August 2017	\$ 150,000	1.950%	1-month LIBOR	February 2020	February 2023

* Plus applicable margin.

Another of the Company's objectives for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the price of diesel fuel. The Company's strategy to achieve that objective involves periodically entering into fuel hedges that are specifically designated to certain forecasted diesel fuel purchases and accounted for as cash flow hedges.

At March 31, 2018, the Company's derivative instruments included one fuel hedge agreement as follows:

<u>Date Entered</u>	<u>Notional Amount (in gallons per month)</u>	<u>Diesel Rate Paid Fixed (per gallon)</u>	<u>Diesel Rate Received Variable</u>	<u>Effective Date</u>	<u>Expiration Date</u>
July 2016	1,000,000	\$2.6345	DOE Diesel Fuel Index*	January 2018	December 2018

* If the national U.S. on-highway average price for a gallon of diesel fuel ("average price"), as published by the U.S. Department of Energy ("DOE"), exceeds the contract price per gallon, the Company receives the difference between the average price and the contract price (multiplied by the notional number of gallons) from the counterparty. If the average price is less than the contract price per gallon, the Company pays the difference to the counterparty.

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The fair values of derivative instruments designated as cash flow hedges as of March 31, 2018, were as follows:

Derivatives Designated as Cash Flow Hedges	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Prepaid expenses and other current assets ^(a)	\$ 7,448	Accrued liabilities ^(a)	\$ (318)
	Other assets, net	23,018		
Fuel hedges	Prepaid expenses and other current assets ^(b)	3,347		
Total derivatives designated as cash flow hedges		<u>\$ 33,813</u>		<u>\$ (318)</u>

(a) Represents the estimated amount of the existing unrealized gains and losses, respectively, on interest rate swaps as of March 31, 2018 (based on the interest rate yield curve at that date), included in AOCIL expected to be reclassified into pre-tax earnings within the next 12 months. The actual amounts reclassified into earnings are dependent on future movements in interest rates.

(b) Represents the estimated amount of the existing unrealized gains on the fuel hedge as of March 31, 2018 (based on the forward DOE diesel fuel index curve at that date), included in AOCIL expected to be reclassified into pre-tax earnings within the next 12 months. The actual amounts reclassified into earnings are dependent on future movements in diesel fuel prices.

The fair values of derivative instruments designated as cash flow hedges as of December 31, 2017, were as follows:

Derivatives Designated as Cash Flow Hedges	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Prepaid expenses and other current assets	\$ 5,193	Accrued liabilities	(903)
	Other assets, net	15,182	Other long-term liabilities	(493)
Fuel hedges	Prepaid expenses and other current assets	3,880		
Total derivatives designated as cash flow hedges		<u>\$ 24,255</u>		<u>\$ (1,396)</u>

The following table summarizes the impact of the Company's cash flow hedges on the results of operations, comprehensive income (loss) and AOCIL for the three months ended March 31, 2018 and 2017:

Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized as AOCIL on Derivatives, Net of Tax (Effective Portion) ^(a)		Statement of Net Income Classification	Amount of (Gain) or Loss Reclassified from AOCIL into Earnings, Net of Tax (Effective Portion) ^{(b),(c)}	
	Three Months Ended March 31,			Three Months Ended March 31,	
	2018	2017		2018	2017
Interest rate swaps	\$ 8,651	\$ 755	Interest expense	\$ (441)	\$ 795
Fuel hedges	461	(1,994)	Cost of operations	(860)	596
Total	<u>\$ 9,112</u>	<u>\$ (1,239)</u>		<u>\$ (1,301)</u>	<u>\$ 1,391</u>

(a) In accordance with the derivatives and hedging guidance, the effective portions of the changes in fair values of interest rate swaps and fuel hedges have been recorded in equity as a component of AOCIL. As the critical terms of the interest rate swaps match the underlying debt being hedged, no ineffectiveness is recognized on these swaps and, therefore, all unrealized changes in fair value are recorded in AOCIL. Because changes in the actual price of diesel fuel and changes in the DOE index price do not offset exactly each reporting period, the Company assesses whether the fuel hedges are highly effective using the cumulative dollar offset approach.

(b) Amounts reclassified from AOCIL into earnings related to realized gains and losses on interest rate swaps are recognized when interest payments or receipts occur related to the swap contracts, which correspond to when interest payments are made on the Company's hedged debt.

(c) Amounts reclassified from AOCIL into earnings related to realized gains and losses on the fuel hedges are recognized when settlement payments or receipts occur related to the hedge contracts, which correspond to when the underlying fuel is consumed.

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The Company measures and records ineffectiveness on the fuel hedges in Cost of operations in the Condensed Consolidated Statements of Net Income on a monthly basis based on the difference between the DOE index price and the actual price of diesel fuel purchased, multiplied by the notional number of gallons on the contracts. There was no significant ineffectiveness recognized on the fuel hedges during the three months ended March 31, 2018 and 2017.

See Note 15 for further discussion on the impact of the Company's hedge accounting to its consolidated comprehensive income (loss) and AOCIL.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist primarily of cash and equivalents, trade receivables, restricted cash and investments, trade payables, debt instruments, contingent consideration obligations, interest rate swaps and fuel hedges. As of March 31, 2018 and December 31, 2017, the carrying values of cash and equivalents, trade receivables, restricted cash and investments, trade payables and contingent consideration are considered to be representative of their respective fair values. The carrying values of the Company's debt instruments, excluding certain notes as listed in the table below, approximate their fair values as of March 31, 2018 and December 31, 2017, based on current borrowing rates, current remaining average life to maturity and borrower credit quality for similar types of borrowing arrangements, and are classified as Level 2 within the fair value hierarchy. The carrying values and fair values of the Company's debt instruments where the carrying values do not approximate their fair values as of March 31, 2018 and December 31, 2017, are as follows:

	<u>Carrying Value at</u>		<u>Fair Value* at</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
2018 Senior Notes	\$ 50,000	\$ 50,000	\$ 50,004	\$ 50,223
2019 Senior Notes	\$ 175,000	\$ 175,000	\$ 180,398	\$ 182,547
2021 Senior Notes	\$ 100,000	\$ 100,000	\$ 103,194	\$ 104,985
New 2021 Senior Notes	\$ 150,000	\$ 150,000	\$ 144,936	\$ 146,855
2022 Senior Notes	\$ 125,000	\$ 125,000	\$ 122,247	\$ 124,532
2023 Senior Notes	\$ 200,000	\$ 200,000	\$ 190,623	\$ 194,660
2024 Senior Notes	\$ 150,000	\$ 150,000	\$ 147,947	\$ 149,133
2025 Senior Notes	\$ 375,000	\$ 375,000	\$ 363,852	\$ 375,311
2026 Senior Notes	\$ 400,000	\$ 400,000	\$ 376,054	\$ 388,760
2027 Senior Notes	\$ 250,000	\$ 250,000	\$ 247,152	\$ 250,029

*Senior Notes are classified as Level 2 within the fair value hierarchy. Fair value is based on quotes of bonds with similar ratings in similar industries.

For details on the fair value of the Company's interest rate swaps, fuel hedges, restricted cash and investments and contingent consideration, refer to Note 14.

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13. NET INCOME PER SHARE INFORMATION

The following table sets forth the calculation of the numerator and denominator used in the computation of basic and diluted net income per common share attributable to the Company's shareholders for the three months ended March 31, 2018 and 2017:

	Three months ended March 31,	
	2018	2017
Numerator:		
Net income attributable to Waste Connections for basic and diluted earnings per share	\$ 124,869	\$ 14,874
Denominator:		
Basic shares outstanding	263,827,963	263,061,945
Dilutive effect of equity-based awards	760,106	841,278
Diluted shares outstanding	264,588,069	263,903,223

14. FAIR VALUE MEASUREMENTS

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

The Company's financial assets and liabilities recorded at fair value on a recurring basis include derivative instruments and restricted cash and investments. The Company's derivative instruments are pay-fixed, receive-variable interest rate swaps and pay-fixed, receive-variable diesel fuel hedges. The Company's interest rate swaps are recorded at their estimated fair values based on quotes received from financial institutions that trade these contracts. The Company verifies the reasonableness of these quotes using similar quotes from another financial institution as of each date for which financial statements are prepared. The Company uses a discounted cash flow ("DCF") model to determine the estimated fair value of the diesel fuel hedges. The assumptions used in preparing the DCF model include: (i) estimates for the forward DOE index curve; and (ii) the discount rate based on risk-free interest rates over the term of the hedge contracts. The DOE index curve used in the DCF model was obtained from financial institutions that trade these contracts and ranged from \$3.01 to \$3.02 at March 31, 2018 and from \$2.95 to \$3.00 at December 31, 2017. The weighted average DOE index curve used in the DCF model was \$3.01 and \$2.96 at March 31, 2018 and December 31, 2017, respectively. Significant increases (decreases) in the forward DOE index curve would result in a significantly higher (lower) fair value measurement. For the Company's interest rate swaps and fuel hedges, the Company also considers the Company's creditworthiness in its determination of the fair value measurement of these instruments in a net liability position and the counterparties' creditworthiness in its determination of the fair value measurement of these instruments in a net asset position. The Company's restricted cash and investments are valued at quoted market prices in active markets for similar assets, which the Company receives from the financial institutions that hold such investments on its behalf. The Company's restricted cash and investments measured at fair value are invested primarily in U.S. government and agency securities, money market accounts and Canadian bankers' acceptance notes.

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The Company's assets and liabilities measured at fair value on a recurring basis at March 31, 2018 and December 31, 2017, were as follows:

	Fair Value Measurement at March 31, 2018 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap derivative instruments – net asset position	\$ 30,148	\$ -	\$ 30,148	\$ -
Fuel hedge derivative instrument – net asset position	\$ 3,347	\$ -	\$ -	\$ 3,347
Restricted cash and investments	\$ 119,913	\$ -	\$ 119,913	\$ -
Contingent consideration	\$ (57,661)	\$ -	\$ -	\$ (57,661)

	Fair Value Measurement at December 31, 2017 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swap derivative instruments – net asset position	\$ 18,979	\$ -	\$ 18,979	\$ -
Fuel hedge derivative instrument – net liability position	\$ 3,880	\$ -	\$ -	\$ 3,880
Restricted cash and investments	\$ 165,592	\$ -	\$ 165,592	\$ -
Contingent consideration	\$ (47,285)	\$ -	\$ -	\$ (47,285)

The following table summarizes the changes in the fair value for Level 3 derivatives for the three months ended March 31, 2018 and 2017:

	Three Months Ended March 31,	
	2018	2017
Beginning balance	\$ 3,880	\$ (264)
Realized (gains) losses included in earnings	(1,148)	964
Unrealized gains included in AOCIL	615	(3,224)
Ending balance	<u>\$ 3,347</u>	<u>\$ (2,524)</u>

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The following table summarizes the changes in the fair value for Level 3 liabilities related to contingent consideration for the three months ended March 31, 2018 and 2017:

	Three Months Ended March 31,	
	2018	2017
Beginning balance	\$ 47,285	\$ 51,826
Contingent consideration recorded at acquisition date	11,593	15
Payment of contingent consideration recorded at acquisition date	(2,205)	(5,290)
Payment of contingent consideration recorded in earnings	(11)	-
Adjustments to contingent consideration	702	11,313
Interest accretion expense	400	463
Foreign currency translation adjustment	(103)	-
Ending balance	<u>\$ 57,661</u>	<u>\$ 58,327</u>

15. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) includes changes in the fair value of interest rate swaps and fuel hedges that qualify for hedge accounting. The components of other comprehensive income (loss) and related tax effects for the three months ended March 31, 2018 and 2017 are as follows:

	Three months ended March 31, 2018		
	Gross	Tax effect	Net of tax
Interest rate swap amounts reclassified into interest expense	\$ (599)	\$ 158	\$ (441)
Fuel hedge amounts reclassified into cost of operations	(1,148)	288	(860)
Changes in fair value of interest rate swaps	11,769	(3,118)	8,651
Changes in fair value of fuel hedge	615	(154)	461
Foreign currency translation adjustment	(59,331)	-	(59,331)
	<u>\$ (48,694)</u>	<u>\$ (2,826)</u>	<u>\$ (51,520)</u>

	Three months ended March 31, 2017		
	Gross	Tax effect	Net of tax
Interest rate swap amounts reclassified into interest expense	\$ 1,081	\$ (286)	\$ 795
Fuel hedge amounts reclassified into cost of operations	964	(368)	596
Changes in fair value of interest rate swaps	1,027	(272)	755
Changes in fair value of fuel hedges	(3,224)	1,230	(1,994)
Foreign currency translation adjustment	17,434	-	17,434
	<u>\$ 17,282</u>	<u>\$ 304</u>	<u>\$ 17,586</u>

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A rollforward of the amounts included in AOCIL, net of taxes, for the three months ended March 31, 2018 and 2017, is as follows:

	Fuel Hedges	Interest Rate Swaps	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2017	\$ 2,907	\$ 13,951	\$ 91,555	\$ 108,413
Amounts reclassified into earnings	(860)	(441)	-	(1,301)
Changes in fair value	461	8,651	-	9,112
Foreign currency translation adjustment	-	-	(59,331)	(59,331)
Balance at March 31, 2018	<u>\$ 2,508</u>	<u>\$ 22,161</u>	<u>\$ 32,224</u>	<u>\$ 56,893</u>

	Fuel Hedges	Interest Rate Swaps	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2016	\$ (164)	\$ 8,094	\$ (50,931)	\$ (43,001)
Amounts reclassified into earnings	596	795	-	1,391
Changes in fair value	(1,994)	755	-	(1,239)
Foreign currency translation adjustment	-	-	17,434	17,434
Balance at March 31, 2017	<u>\$ (1,562)</u>	<u>\$ 9,644</u>	<u>\$ (33,497)</u>	<u>\$ (25,415)</u>

See Note 11 for further discussion on the Company's derivative instruments.

16. SHAREHOLDERS' EQUITY

Share split

On April 26, 2017, the Company announced that its Board of Directors approved a split of its common shares on a three-for-two basis, which was approved by its shareholders at the Company's Annual and Special Meeting of Shareholders on May 23, 2017. Shareholders of record on June 7, 2017 received from the Company's transfer agent on June 16, 2017, one additional common share for every two common shares held. All share and per share amounts for all periods presented have been retroactively adjusted to reflect the share split.

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Share-Based Compensation

Restricted Share Units

A summary of activity related to restricted share units (“RSUs”) during the three-month period ended March 31, 2018, is presented below:

	Unvested Shares
Outstanding at December 31, 2017	1,042,014
Granted	452,285
Forfeited	(18,083)
Vested and issued	(452,700)
Vested and deferred	(3,653)
Outstanding at March 31, 2018	<u>1,019,863</u>

The weighted average grant-date fair value per share for the common shares underlying the RSUs granted during the three-month period ended March 31, 2018 was \$69.09.

Recipients of RSUs who participate in the Company’s Nonqualified Deferred Compensation Plan may have elected in years prior to 2015 to defer some or all of their RSUs as they vest until a specified date or dates they choose. At the end of the deferral periods, unless a qualified participant makes certain other elections, the Company issues to recipients who deferred their RSUs common shares of the Company underlying the deferred RSUs. At March 31, 2018 and 2017, the Company had 355,110 and 355,711 vested deferred RSUs outstanding, respectively.

Performance-Based Restricted Share Units

A summary of activity related to performance-based restricted share units (“PSUs”) during the three-month period ended March 31, 2018, is presented below:

	Unvested Shares
Outstanding at December 31, 2017	514,461
Granted	211,471
Forfeited	(34)
Vested and issued	(154,181)
Outstanding at March 31, 2018	<u>571,717</u>

During the three months ended March 31, 2018, the Compensation Committee granted PSUs with three-year performance-based metrics that the Company must meet before those awards may be earned, and the performance period for those grants ends on December 31, 2020. During the same period, the Compensation Committee also granted PSUs with a one-year performance-based metric that the Company must meet before those awards may be earned, with the awards then subject to time-based vesting for the remaining three years of their four-year vesting period. The Compensation Committee will determine the achievement of performance results and corresponding vesting of PSUs for each performance period. The weighted average grant-date fair value per share for the common shares underlying all PSUs granted during the three-month period ended March 31, 2018 was \$69.16.

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Deferred Share Units

A summary of activity related to deferred share units (“DSUs”) during the three-month period ended March 31, 2018, is presented below:

	<u>Vested Shares</u>
Outstanding at December 31, 2017	13,138
Granted	<u>4,038</u>
Outstanding at March 31, 2018	<u><u>17,176</u></u>

The DSUs consist of a combination of DSU grants outstanding under the Progressive Waste share-based compensation plans that were continued by the Company following the Progressive Waste acquisition and DSUs granted by the Company since the Progressive Waste acquisition. The weighted average grant-date fair value per share for the common shares underlying the DSUs granted during the three-month period ended March 31, 2018 was \$70.47.

Other Restricted Share Units

RSU grants outstanding under the Progressive Waste share-based compensation plans were continued by the Company following the Progressive Waste acquisition and allow for the issuance of shares or cash settlement to employees upon vesting. A summary of activity related to Progressive Waste RSUs during the three-month period ended March 31, 2018, is presented below:

Outstanding at December 31, 2017	158,510
Cash settled	(26,618)
Forfeited	<u>(238)</u>
Outstanding at March 31, 2018	<u><u>131,654</u></u>

A summary of vesting activity related to Progressive Waste RSUs during the three-month period ended March 31, 2018, is presented below:

Vested at December 31, 2017	138,054
Vested over remaining service period	5,236
Cash settled	(26,618)
Forfeited	<u>(238)</u>
Vested at March 31, 2018	<u><u>116,434</u></u>

No RSUs under the Progressive Waste share-based compensation plans were granted subsequent to June 1, 2016.

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Other Performance-Based Restricted Share Units

PSU grants outstanding under the Progressive Waste share-based compensation plans were continued by the Company following the Progressive Waste acquisition and allow for cash settlement only to employees upon vesting based on achieving target results. A summary of activity related to Progressive Waste PSUs during the three-month period ended March 31, 2018, is presented below:

Outstanding at December 31, 2017	55,602
Cash settled, net of notional dividend	(26,614)
Forfeited	(1,909)
Outstanding at March 31, 2018	<u>27,079</u>

A summary of vesting activity related to Progressive Waste PSUs during the three-month period ended March 31, 2018, is presented below:

Vested at December 31, 2017	28,407
Vested over remaining service period	1,872
Cash settled, net of notional dividend	(26,614)
Forfeited	(1,909)
Vested at March 31, 2018	<u>1,756</u>

No PSUs under the Progressive Waste share-based compensation plans were granted subsequent to June 1, 2016.

Share Based Options

Share based options outstanding under the Progressive Waste share-based compensation plans were continued by the Company following the Progressive Waste acquisition and allow for the issuance of shares or cash settlement to employees upon vesting. A summary of activity related to Progressive Waste share based options during the three-month period ended March 31, 2018, is presented below:

Outstanding at December 31, 2017	236,616
Cash settled	(1,000)
Outstanding at March 31, 2018	<u>235,616</u>

No share based options under the Progressive Waste share-based compensation plans were granted subsequent to June 1, 2016. All outstanding share based options were vested as of December 31, 2017.

Normal Course Issuer Bid

On July 24, 2017, the Board of Directors of the Company approved, subject to receipt of regulatory approvals, the annual renewal of the Company's normal course issuer bid (the "NCIB") to purchase up to 13,181,806 of the Company's common shares during the period of August 8, 2017 to August 7, 2018 or until such earlier time as the NCIB is completed or terminated at the option of the Company. The renewal followed on the conclusion of the Company's original NCIB that expired August 7, 2017 under which no shares were repurchased. The Company received Toronto Stock Exchange (the "TSX") approval for its annual renewal of the NCIB on August 2, 2017. Under the NCIB, the Company may make share repurchases only in the open market, including on the New York Stock Exchange (the "NYSE"), the TSX, and/or alternative Canadian trading systems, at the prevailing market price at the time of the transaction.

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In accordance with TSX rules, any daily repurchases made through the TSX and alternative Canadian trading systems would be limited to a maximum of 80,287 common shares, which represents 25% of the average daily trading volume on the TSX of 321,151 common shares for the period from February 1, 2017 to July 31, 2017. The TSX rules also allow the Company to purchase, once a week, a block of common shares not owned by any insiders, which may exceed such daily limit. The maximum number of shares that can be purchased per day on the NYSE will be 25% of the average daily trading volume for the four calendar weeks preceding the date of purchase, subject to certain exceptions for block purchases.

The timing and amounts of any repurchases pursuant to the NCIB will depend on many factors, including the Company's capital structure, the market price of the common shares and overall market conditions. All common shares purchased under the NCIB shall be immediately cancelled following their repurchase.

During the three months ended March 31, 2018, the Company repurchased 594,474 common shares pursuant to the NCIB at an aggregate cost of \$42,040. For the three months ended March 31, 2017, the Company did not repurchase any common shares pursuant to the NCIB. As of March 31, 2018, the remaining maximum number of shares available for repurchase under the program was 12,587,332.

Cash Dividend

In October 2017, the Company announced that its Board of Directors increased its regular quarterly cash dividend by \$0.02, from \$0.12 to \$0.14 per share. Cash dividends of \$36,814 and \$31,707 were paid during the three months ended March 31, 2018 and 2017, respectively.

17. COMMITMENTS AND CONTINGENCIES

In the normal course of its business and as a result of the extensive governmental regulation of the solid waste and E&P waste industries, the Company is subject to various judicial and administrative proceedings involving Canadian regulatory authorities as well as U.S. federal, state and local agencies. In these proceedings, an agency may subpoena the Company for records, or seek to impose fines on the Company or revoke or deny renewal of an authorization held by the Company, including an operating permit. From time to time, the Company may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills, transfer stations, and E&P waste treatment, recovery and disposal operations, or alleging environmental damage or violations of the permits and licenses pursuant to which the Company operates.

In addition, the Company is a party to various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the normal operation of the Company's business. Except as noted in the matters described below, as of March 31, 2018, there is no current proceeding or litigation involving the Company or its property that the Company believes could have a material adverse effect on its business, financial condition, results of operations or cash flows.

Lower Duwamish Waterway Superfund Site Allocation Process

In November 2012, the Company's subsidiary, Northwest Container Services, Inc. ("NWCS"), was named by the U.S. Environmental Protection Agency, Region 10 (the "EPA") as a potentially responsible party ("PRP"), along with more than 100 others, under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or the "Superfund" law) with respect to the Lower Duwamish Waterway Superfund Site (the "LDW Site"). Listed on the National Priorities List in 2001, the LDW Site is a five-mile stretch of the Duwamish River flowing into Elliott Bay in Seattle, Washington. A group of PRPs known as the Lower Duwamish Working Group ("LDWG") and consisting of the City of Seattle, King County, the Port of Seattle, and Boeing Company conducted a Remedial Investigation/Feasibility Study for the LDW Site. On December 2, 2014, the EPA issued its Record of Decision (the "ROD") describing the selected clean-up remedy, and therein estimated that clean-up costs (in present value dollars as of November 2014) would total approximately \$342,000. However, it is possible that additional costs could be incurred based upon various factors. The EPA estimates that it will take seven years to implement the clean-up. The ROD also requires ten years of monitoring following the clean-up, and provides that if clean-up goals have not been met by the end of this period, then additional clean-up activities, at additional cost, may be required at that time. Implementation of the clean-up will not begin until after the ongoing Early Action Area ("EAA") clean-ups have been completed. Typically, costs for monitoring may be in addition to those

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expended for the clean-up. While three of the EAA clean-ups have been completed to date, some work remains to be done on three other EAAs. Implementation of the clean-up also must await additional baseline sampling throughout the LDW Site and the preparation of a remedial design for performing the clean-up. On April 27, 2016, the LDWG entered into a third amendment of its Administrative Order on Consent with the EPA (the “AOC 3”) in which it agreed to perform the additional baseline sediment sampling and certain technical studies needed to prepare the actual remedial design.

On August 16, 2016, the EPA sent individual letters to each of the PRPs for the LDW Site, including NWCS, stating that it expects to initiate negotiations with all PRPs in early 2018 relating to a Remedial Design/Remedial Action (“RD/RA”) Consent Decree. An RD/RA Consent Decree provides for the cleanup of the entire site and is often referred to as a “global settlement.” In August 2014, NWCS entered into an Alternative Dispute Resolution Memorandum of Agreement with several dozen other PRPs and a neutral allocator to conduct a confidential and non-binding allocation of certain past response costs allegedly incurred at the LDW Site as well as the anticipated future response costs associated with the clean-up. The pre-remedial design work under the AOC 3 is now not expected to conclude until the end of 2019, and in March 2017, the PRPs provided the EPA with notice that the allocation is not scheduled to conclude until mid-2019. With recent extensions, the allocation is now scheduled to conclude in early 2020. In June 2017, attorneys for the EPA informed attorneys for several PRPs that it now expects to begin RD/RA negotiations in the late summer or early fall of 2018. The Company cannot provide assurance that the EPA’s schedule can be met or will be adjusted. NWCS is defending itself vigorously in this confidential allocation process. At this point, the Company is not able to determine the likelihood of the allocation process being completed as intended by the participating PRPs, its specific allocation, or the likelihood of the parties then negotiating a global settlement with the EPA. Thus, NWCS cannot reasonably determine the likelihood of any outcome in this matter, including its potential liability.

On February 11, 2016, NWCS received a letter (the “Letter”) from the United States Department of Commerce, National Oceanic and Atmospheric Administration (“NOAA”), describing certain investigatory activities conducted by the Elliott Bay Trustee Council (the “Council”). The Council consists of all of the natural resources trustees for the LDW Site as well as two nearby Superfund sites, the Harbor Island site and the Lockheed West site. The members of the Council include the United States, on behalf of the U.S. National Oceanic and Atmospheric Administration and the U.S. Department of the Interior, the Washington State Department of Ecology, and the Suquamish and Muckleshoot Indian Tribes (together, the “Trustees”). The Letter appears to allege that NWCS may be a potentially liable party that allegedly contributed to the release of hazardous substances that have injured natural resources at the LDW Site. Damages to natural resources are in addition to clean-up costs. The Letter, versions of which NWCS believes were sent to all or a group of the PRPs for the LDW Site, also notified its recipients of their opportunity to participate in the Trustees’ development of an Assessment Plan and the performance of a Natural Resources Damages Assessment (“NRDA”) in accordance with the Assessment Plan for both the LDW Site and the east and west waterways of the Harbor Island site. NWCS timely responded with correspondence to the NOAA Office of General Counsel, in which it declined the invitation at that time. NWCS does not know how other PRPs responded to the Letter, and has not received any further communication from NOAA or the Trustees. The Trustees have not responded to NWCS’ letter and NWCS is not aware of any further action by the Trustees with respect to the Assessment Plan and NRDA. At this point, the Company is not able to determine the likelihood or amount of an assessment of natural resource damages against NWCS in connection with this matter.

Los Angeles County, California Landfill Expansion Litigation

A. Chiquita Canyon, LLC Lawsuit Against Los Angeles County

In October 2004, the Company’s subsidiary, Chiquita Canyon, LLC (“CCL”), then under prior ownership, filed an application (the “Application”) with the County of Los Angeles (the “County”) Department of Regional Planning (“DRP”) for a conditional use permit (the “CUP”) to authorize the continued operation and expansion of the Chiquita Canyon Landfill (the “Landfill”). The Landfill has operated since 1972, and as a regional landfill, accepted approximately three million tons of materials for disposal and beneficial use in 2016. The Application requested expansion of the existing waste footprint on CCL’s contiguous property, an increase in maximum elevation, creation of a new entrance and new support facilities, construction of a facility for the County or another third-party operator to host household hazardous waste collection events, designation of an area for mixed organics/composting, and other modifications.

After many years of reviews and delays, upon the recommendation of County staff, the County’s Regional Planning Commission (the “Commission”) approved the Application on April 19, 2017, but imposed operating conditions, fees and exactions that

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substantially reduce the historical landfill operations and represent a large increase in aggregate taxes and fees. CCL objected to many of the requirements imposed by the Commission. Current estimates for new costs imposed on CCL under the CUP are in excess of \$300,000.

CCL appealed the Commission's decision to the County Board of Supervisors, but the appeal was not successful. At a subsequent hearing, on July 25, 2017, the Board of Supervisors approved the CUP. On October 20, 2017, CCL filed in the Superior Court of Los Angeles County a verified petition for writ of mandate and complaint against the County and the County Board of Supervisors captioned *Chiquita Canyon, LLC v. County of Los Angeles*, No. BS171262 (Los Angeles Co. Super Ct.) (the "Complaint" or the "lawsuit"). The Complaint challenges the terms of the CUP in 13 counts generally alleging that the County violated multiple California and federal statutes and California and federal constitutional protections. CCL seeks the following relief: (a) an injunction and writ of mandate against certain of the CUP's operational restrictions, taxes and fees, (b) a declaration that the challenged conditions are unconstitutional and in violation of state and federal statutes, (c) reimbursement for any such illegal fees paid under protest, (d) damages, (e) an award of just compensation for a taking, (f) attorney fees, and (g) all other appropriate legal and equitable relief.

On December 6, 2017, the County filed a demurrer to the Complaint arguing that the Complaint is legally insufficient to proceed. At an initial trial-setting hearing on February 8, 2018, the Superior Court suggested that the Complaint should be amended to separate the claims seeking a writ of mandamus against the County. CCL filed its First Amended Complaint on March 23, 2018. The County filed its demurrer to the First Amended Complaint on April 25, 2018. The hearing on the demurrer is set for July 17, 2018 and CCL's opposition to the demurrer is due July 3, 2018. CCL believes that it has meritorious arguments to resist the demurrer. CCL will vigorously prosecute the lawsuit. However, at this point, the Company is not able to determine the likelihood of any outcome in this matter.

B. CEQA Lawsuit Against Los Angeles County Challenging Environmental Review for Landfill Expansion

A separate lawsuit involving CCL and the Landfill was filed on August 24, 2017 by community activists alleging that the environmental review underlying the CUP was inadequate under state law. The Val Verde Civic Association, Citizens for Chiquita Canyon Landfill Compliance, and the Santa Clarita Organization for Planning the Environment filed a petition for writ of mandate in the Superior Court of California, County of Los Angeles against the County of Los Angeles, naming CCL as the real party in interest. The lawsuit seeks to overturn the County's approval of the CUP for the expansion of the Landfill and the certification of the final Environmental Impact Report, arguing that the report violates the California Environmental Quality Act. Pursuant to Condition No. 6 of the CUP, which requires CCL to defend, indemnify, and hold harmless the County, its agents, officers, and employees from any claim or proceeding against the County brought by any third party to attack, set aside, void, or annul the CUP approval, CCL has agreed to reimburse the County for its legal costs associated with defense of the lawsuit. As the real party in interest, CCL has a right to notice and an opportunity to be heard in opposition to the petition for writ of mandate. No trial date or briefing schedule on the petition for writ of mandate has been established by the court. CCL intends to vigorously defend the lawsuit as the real party in interest. However, at this point, the Company is not able to determine the likelihood of any outcome in this matter.

C. Solid Waste Management Fee Enforcement Order

On September 15, 2016, CCL received a letter from the County Department of Public Works ("DPW"), which alleged that from October 2011 to September 2014, CCL underpaid the County Solid Waste Management Fee in violation of the Los Angeles County Code. An invoice totaling more than \$5,100, which included certain fees and penalties, was attached to the letter, with 30-day payment terms.

On September 29, 2016, CCL submitted an initial response to the DPW letter. CCL filed a protective administrative appeal on October 13, 2016. DPW responded on July 23, 2017, after the CUP was approved, rejecting CCL's arguments and stating its intention to proceed with an enforcement order if the outstanding invoice was not paid. CCL responded on August 25, 2017, addressing each point raised by DPW and reiterated its position that no additional fees were due.

On August 30, 2017, DPW issued an enforcement order seeking payment of the Solid Waste Management Fee and the administrative penalties that had allegedly accrued through March 2015, together totaling more than \$5,100. CCL filed a timely administrative appeal of the order on September 28, 2017. CCL has negotiated with County Counsel to set a briefing schedule,

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hearing date for the appeal, and selection of a neutral hearing officer. CCL is now waiting for the County to propose a hearing officer and schedule. CCL also has a right to challenge in State court any decision of the hearing officer that is not supported by the law or substantial evidence. At this point, the Company is not able to determine the likelihood of any outcome in this matter.

D. December 11, 2017 Notice of Violation Regarding Certain CUP Conditions.

The County, through its DRP, issued a Notice of Violation, dated December 11, 2017 (the “NOV”), alleging that CCL violated certain conditions of the CUP, including Condition 79(B)(6) of the CUP by failing to pay an \$11,600 Bridge & Thoroughfare Fee (“B&T Fee”) that was purportedly due on July 25, 2017. The alleged B&T Fee was ostensibly to fund the construction of transportation infrastructure in the area of the Landfill. At the time the NOV was issued, CCL had already contested the legality of the B&T Fee in the October 20, 2017 Complaint filed against the County in Los Angeles County Superior Court.

On January 12, 2018, CCL filed an appeal of the alleged violations in the NOV. Subsequently, CCL filed additional legal arguments and exhibits contesting the NOV. On March 6, 2018, a DRP employee designated as Hearing Officer sustained the NOV, including the \$11,600 B&T Fee, and imposed an administrative penalty in the amount of \$83 and a noncompliance fee of \$0.75. Penalties will accrue at up to \$1 per day. On April 13, 2018, CCL filed in Los Angeles Superior Court a Petition for Writ of Administrative Mandamus against the County seeking to overturn the decision sustaining the NOV, contending that the NOV and decision are not supported by the facts or law. CCL also filed that day an Application for a Stay seeking to halt enforcement of the B&T Fee and penalty and the accrual of penalties. At this point, the Company is not able to determine the likelihood of any outcome in this matter.

Florida Default Judgment

On January 5, 2017, a state court in Miami, Florida entered a \$10,000 final judgment (“Judgment”) against the Company’s subsidiary, Progressive Waste Solutions of FL, Inc. (“Progressive”). The Judgment was the result of a default against Progressive for failure to respond to or otherwise defend itself against a complaint filed on July 21, 2015, prior to the closing of the Progressive Waste acquisition. The Company and Progressive learned of the Judgment on March 6, 2018. On March 20, 2018, Progressive filed a motion to set aside judgment and requested that the trial court (1) allow the case to proceed on the merits, (2) stay any efforts to execute or collect on the Judgment, and (3) dissolve any and all writs of garnishment. The trial judge denied the motion on April 10, 2018. Progressive will continue vigorously defending itself from the Judgment, including by filing an appeal of the April 10, 2018 order and posting a civil supersedeas bond to stop all efforts to collect on the Judgment pending the outcome of its appeal. At this time, the Company is unable to express an opinion on the likelihood of an unfavorable outcome to Progressive or express an opinion on the amount or range of potential loss in the event of an unfavorable outcome. As a result, the Company has not accrued any liability for the Judgment.

18. SUBSEQUENT EVENTS

In February 2018, the Company gave notice to redeem its Pennsylvania Economic Development Corporation IRB Bond with a remaining principal balance of \$35,000. The Company paid in full the principal and accrued interest on this bond on April 2, 2018. In February 2018, the Company gave notice to redeem its Mission Economic Development Corporation IRB Bond with a remaining principal balance of \$24,000. The Company paid in full the principal and accrued interest on this bond on April 2, 2018.

The Company redeemed its 2018 Senior Notes on April 2, 2018 using borrowings under its Credit Agreement.

On May 2, 2018, the Company announced that its Board of Directors approved a regular quarterly cash dividend of \$0.14 per Company common share. The dividend will be paid on May 30, 2018, to shareholders of record on the close of business on May 16, 2018.