



WASTE CONNECTIONS REPORTS FOURTH QUARTER RESULTS AND PROVIDES 2017 OUTLOOK

Fourth Quarter 2016 Highlights

- Revenue of \$1.049 billion, exceeding outlook
- Reports 3.7% solid waste core price + volume growth
- Net income attributable to Waste Connections of \$85.6 million, or \$0.49 per share
- Adjusted net income attributable to Waste Connections* of \$120.3 million, or \$0.68 per share, up 38.8% per share
- Adjusted EBITDA* of \$325.4 million, or 31.0% of revenue, exceeding outlook

Full-Year 2016 Highlights

- Revenue of \$3.376 billion
- Reports 4.7% solid waste core price + volume growth
- Net cash provided by operating activities of \$795.3 million
- Adjusted free cash flow* of \$550.9 million, or 16.3% of revenue

Looking at 2017

- Expects revenue of approximately \$4.45 billion, excluding additional divestitures and acquisitions
- Expects more than 15% YoY growth in adjusted free cash flow per share

TORONTO, ONTARIO, February 21, 2017 - Waste Connections, Inc. (TSX/NYSE: WCN) ("Waste Connections" or the "Company") today announced its results for the fourth quarter of 2016. Revenue in the fourth quarter, which included \$497.9 million from the Progressive Waste acquisition completed on June 1, 2016, totaled \$1.049 billion, up from \$531.9 million in the year ago period. Operating income, which included \$23.0 million of impairments and other items primarily related to the expected divestiture of certain assets acquired in the Progressive Waste acquisition and \$16.0 million of items also related to that transaction, was \$139.2 million compared to \$101.7 million in the fourth quarter of 2015, which included acquisition-related transaction costs of \$2.9 million associated with the acquisition of Rock River Environmental Services.

Net income attributable to Waste Connections in the fourth quarter was \$85.6 million, or \$0.49 per share on a diluted basis of 175.9 million shares. In the year ago period, the Company reported net income attributable to Waste Connections of \$52.1 million, or \$0.42 per share on a diluted basis of 123.1 million shares.

Adjusted net income attributable to Waste Connections* in the fourth quarter was \$120.3 million, or \$0.68 per share, versus \$59.8 million, or \$0.49 per share, in the prior year period. Adjusted EBITDA* in the fourth quarter was \$325.4 million, as compared to adjusted EBITDA* of \$175.6 million in the prior year period. Adjusted net income attributable to Waste Connections, adjusted net income attributable to Waste Connections per diluted share and adjusted EBITDA, all non-GAAP measures, primarily exclude the impact of acquisition-related items and impairments and other operating items, as reflected in the detailed reconciliation in the attached tables.

"Our acquisition of Progressive Waste made 2016 a transformational year for Waste Connections. More importantly, our culture and operating playbook enabled us to drive significant improvements in safety, quality of revenue and operating performance within these operations, all pacing 12 to 18 months ahead of our initial expectations. This was evident in the fourth quarter as our results once again exceeded expectations. This underlying strength, together with the previously announced acquisition of Groot Industries and continuing improvements in recycled commodity values and E&P waste activity, should position us well for 2017," said Ronald J. Mittelstaedt, Chairman and Chief Executive Officer.

* A non-GAAP measure; see accompanying Non-GAAP Reconciliation Schedule.

Mr. Mittelstaedt added, "Free cash flow generation is synonymous with our name. Waste Connections' industry-leading 50% conversion of EBITDA to free cash flow should drive a more than 15% year-over-year increase in free cash flow per share in 2017, and our strong financial profile provides us the flexibility to fund a continuing, above average amount of expected acquisition activity while increasing the return of capital to shareholders."

For the year ended December 31, 2016, revenue was \$3.376 billion, as compared to revenue of \$2.117 billion in 2015. Operating income, which included \$118.3 million of items primarily related to the Progressive Waste acquisition and \$27.7 million of impairments and other items, was \$452.3 million, compared to operating loss of \$61.5 million in the prior year. In 2015, the Company recorded net impairment charges of approximately \$497.1 million against its E&P segment.

Net income attributable to Waste Connections in 2016 was \$246.5 million, or \$1.60 per share on a diluted basis of 154.1 million shares. In 2015, the Company reported net loss attributable to Waste Connections of \$95.8 million, or \$0.78 per share on a diluted basis of 123.5 million shares.

Adjusted net income attributable to Waste Connections* in 2016 was \$395.2 million, or \$2.57 per share, compared to \$244.9 million, or \$1.98 per share, in the prior year. Adjusted EBITDA* in 2016 was \$1.071 billion, as compared to \$710.6 million in the prior year.

2017 OUTLOOK

Waste Connections also announced its outlook for 2017, which assumes no change in the current economic environment. The Company's outlook excludes any impact from additional divestitures and acquisitions that may close during the year, and expensing of transaction-related items. The outlook provided below is forward looking, and actual results may differ materially depending on risks and uncertainties detailed at the end of this release and in our periodic filings with the Securities and Exchange Commission and the securities commissions or similar regulatory authorities in Canada. Certain components of the outlook for 2017 are subject to quarterly fluctuations. See reconciliation in the attached tables.

- Revenue is estimated to be approximately \$4.45 billion.
- Adjusted EBITDA* is estimated to be approximately \$1.41 billion, or about 31.7% of revenue.
- Adjusted free cash flow* is estimated to be approximately \$725 million, or about 16.3% of revenue

*A non-GAAP measure; see accompanying Non-GAAP Reconciliation Schedule.

CONFERENCE CALL

Waste Connections will be hosting a conference call related to fourth quarter earnings and 2017 outlook on February 22nd at 8:30 A.M. Eastern Time. The call will be broadcast live over the Internet at www.streetevents.com or through a link on our website at www.wasteconnections.com. A playback of the call will be available at both of these websites.

About Waste Connections

Waste Connections is an integrated solid waste services company that provides waste collection, transfer, disposal and recycling services in mostly exclusive and secondary markets in the United States and Canada. Through its R360 Environmental Solutions subsidiary, Waste Connections is also a leading provider of non-hazardous oilfield waste treatment, recovery and disposal services in several of the most active natural resource producing areas in the United States, including the Permian, Bakken and Eagle Ford Basins. Waste Connections serves more than six million residential, commercial, industrial, and exploration and production customers in 40 states and the District of Columbia in the U.S., and five provinces in Canada. The Company also provides intermodal services for the movement of cargo and solid waste containers in the Pacific Northwest.

For more information, visit the Waste Connections web site at www.wasteconnections.com. Copies of financial literature, including this release, are available on the Waste Connections website or through contacting us directly at (905) 532-7510. Investors can also obtain these materials and other documents filed with the Securities and Exchange Commission (SEC) and the Canadian securities regulators free of charge at the SEC's website, www.sec.gov, and at the System for Electronic Document Analysis and Retrieval (SEDAR) maintained by the Canadian Securities Administrators at www.sedar.com.

Safe Harbor and Forward-Looking Information

This press release contains forward-looking statements (which include "forward-looking information" as that term is defined in applicable securities laws in Canada) within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 (PSLRA). These forward-looking statements are neither historical facts nor assurances of future performance and reflect Waste Connections' current beliefs and expectations regarding future events and operating performance. These forward-looking statements are often identified by the words "may," "might," "believes," "thinks," "expects," "intends" or other words of similar meaning. All of the forward-looking statements included in this press release are made pursuant to the safe harbor provisions of the PSLRA and applicable securities laws in Canada. Forward-looking statements involve risks and uncertainties. Forward-looking statements in this press release include, but are not limited to, statements about expected 2017 financial results, capital expenditures, adjusted free cash flow, outlook and related assumptions, potential operating trends and acquisition activity and return of capital to shareholders of the Company. Important factors that could cause actual results to differ, possibly materially, from those indicated by the forward-looking statements include, without limitation, the following: the possibility that any of the anticipated benefits of the combination of the Company and Waste Connections US, Inc. (f/k/a Waste Connections, Inc.) will not be realized; the ability of the combined company to successfully achieve business objectives, including integrating the two companies or the effects of unexpected costs, liabilities or delays; the potential benefits and synergies of the transaction; and expectations for other economic, business and/or competitive factors. In addition, you should carefully consider the risks and uncertainties and other factors that may affect future results of the combined company that are disclosed in filings that have been made by the Company (including, under its former name, Progressive Waste Solutions Ltd.) and by Waste Connections US, Inc. (including, under its former name, Waste Connections, Inc.) with the Securities and Exchange Commission and the securities commissions or similar regulatory authorities in Canada. You should not place undue reliance on forward-looking statements, which speak only as of the date of this press release. Waste Connections undertakes no obligation to update the forward-looking statements set forth in this press release, whether as a result of new information, future events, or otherwise, unless required by applicable securities laws.

– financial tables attached –

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WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)
THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2015 AND 2016
(Uaudited)
(in thousands of U.S. dollars, except share and per share amounts)

| | Three months ended December 31, | | Twelve months ended December 31, | |
|---|------------------------------------|--------------------|-------------------------------------|--------------------|
| | 2015 | 2016 | 2015 | 2016 |
| Revenues | \$ 531,937 | \$ 1,048,622 | \$ 2,117,287 | \$ 3,375,863 |
| Operating expenses: | | | | |
| Cost of operations | 297,939 | 617,948 | 1,177,409 | 1,957,712 |
| Selling, general and administrative | 62,276 | 124,267 | 237,484 | 474,263 |
| Depreciation | 62,039 | 122,612 | 240,357 | 393,600 |
| Amortization of intangibles | 7,619 | 21,593 | 29,077 | 70,312 |
| Impairments and other operating items | 334 | 23,045 | 494,492 | 27,678 |
| Operating income (loss) | 101,730 | 139,157 | (61,532) | 452,298 |
| Interest expense | (16,850) | (27,418) | (64,236) | (92,709) |
| Other income (expense), net | 912 | 476 | (518) | 655 |
| Foreign currency transaction gain | - | 782 | - | 1,121 |
| Income (loss) before income tax provision | 85,792 | 112,997 | (126,286) | 361,365 |
| Income tax (provision) benefit | (33,404) | (27,294) | 31,592 | (114,044) |
| Net income (loss) | 52,388 | 85,703 | (94,694) | 247,321 |
| Less: Net income attributable to noncontrolling interests | (327) | (111) | (1,070) | (781) |
| Net income (loss) attributable to Waste Connections | <u>\$ 52,061</u> | <u>\$ 85,592</u> | <u>\$ (95,764)</u> | <u>\$ 246,540</u> |
| Earnings (loss) per common share attributable to Waste Connections' common shareholders: | | | | |
| Basic | <u>\$ 0.42</u> | <u>\$ 0.49</u> | <u>\$ (0.78)</u> | <u>\$ 1.61</u> |
| Diluted | <u>\$ 0.42</u> | <u>\$ 0.49</u> | <u>\$ (0.78)</u> | <u>\$ 1.60</u> |
| Shares used in the per share calculations: | | | | |
| Basic | <u>122,628,841</u> | <u>175,398,200</u> | <u>123,491,931</u> | <u>153,550,008</u> |
| Diluted | <u>123,141,503</u> | <u>175,929,810</u> | <u>123,491,931</u> | <u>154,054,331</u> |
| Cash dividends per common share | <u>\$ 0.145</u> | <u>\$ 0.18</u> | <u>\$ 0.535</u> | <u>\$ 0.615</u> |

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Uaudited)
(in thousands of U.S. dollars, except share and per share amounts)

| | December 31, 2015 | December 31, 2016 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and equivalents | \$ 10,974 | \$ 154,382 |
| Accounts receivable, net of allowance for doubtful accounts of \$7,738 and \$13,160 at December 31, 2015 and 2016, respectively | 255,192 | 485,138 |
| Deferred income taxes | 49,727 | 89,177 |
| Current assets held for sale | - | 6,339 |
| Prepaid expenses and other current assets | <u>46,534</u> | <u>97,533</u> |
| Total current assets | 362,427 | 832,569 |
| Property and equipment, net | 2,738,288 | 4,738,055 |
| Goodwill | 1,422,825 | 4,390,261 |
| Intangible assets, net | 511,294 | 1,067,158 |
| Restricted assets | 46,232 | 63,406 |
| Long-term assets held for sale | - | 33,989 |
| Other assets, net | <u>40,732</u> | <u>67,664</u> |
| | <u>\$ 5,121,798</u> | <u>\$ 11,193,102</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 115,206 | \$ 251,253 |
| Book overdraft | 12,357 | 10,955 |
| Accrued liabilities | 136,018 | 269,402 |
| Deferred revenue | 90,349 | 134,081 |
| Current portion of contingent consideration | 22,217 | 21,453 |
| Current liabilities held for sale | - | 3,383 |
| Current portion of long-term debt and notes payable | <u>2,127</u> | <u>1,650</u> |
| Total current liabilities | 378,274 | 692,177 |
| Long-term debt and notes payable | 2,147,127 | 3,616,760 |
| Long-term portion of contingent consideration | 27,177 | 30,373 |
| Other long-term liabilities | 124,943 | 331,074 |
| Deferred income taxes | <u>452,493</u> | <u>867,841</u> |
| Total liabilities | 3,130,014 | 5,538,225 |
| Commitments and contingencies | | |
| Equity: | | |
| Common shares: 122,375,955 shares issued and outstanding at December 31, 2015; 175,426,824 shares issued and 175,201,895 shares outstanding at December 31, 2016 | 1,224 | 4,174,808 |
| Additional paid-in capital | 736,652 | 102,220 |
| Accumulated other comprehensive loss | (12,171) | (43,001) |
| Treasury shares: 0 and 224,929 shares at December 31, 2015 and 2016, respectively | - | - |
| Retained earnings | <u>1,259,495</u> | <u>1,413,488</u> |
| Total Waste Connections' equity | 1,985,200 | 5,647,515 |
| Noncontrolling interest in subsidiaries | 6,584 | 7,362 |
| Total equity | <u>1,991,784</u> | <u>5,654,877</u> |
| | <u>\$ 5,121,798</u> | <u>\$ 11,193,102</u> |

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
TWELVE MONTHS ENDED DECEMBER 31, 2015 AND 2016
(Uaudited)
(in thousands of U.S. dollars)

| | Twelve months ended December 31, | |
|--|----------------------------------|-------------|
| | 2015 | 2016 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ (94,694) | \$ 247,321 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Loss on disposal of assets and impairments | 518,657 | 26,741 |
| Depreciation | 240,357 | 393,600 |
| Amortization of intangibles | 29,077 | 70,312 |
| Foreign currency transaction gain | - | (1,121) |
| Deferred income taxes, net of acquisitions | (132,454) | 42,298 |
| Amortization of debt issuance costs | 3,097 | 4,847 |
| Share-based compensation | 20,318 | 44,772 |
| Interest income on restricted assets | (428) | (477) |
| Interest accretion | 6,761 | 10,505 |
| Excess tax benefit associated with equity-based compensation | (2,069) | (5,196) |
| Payment of contingent consideration recorded in earnings | - | (493) |
| Adjustments to contingent consideration | (22,180) | (2,623) |
| Net change in operating assets and liabilities, net of acquisitions | 10,557 | (35,174) |
| Net cash provided by operating activities | 576,999 | 795,312 |
| Cash flows from investing activities: | | |
| Payments for acquisitions, net of cash acquired | (230,517) | (17,131) |
| Cash acquired in the Progressive Waste acquisition | - | 65,768 |
| Capital expenditures for property and equipment | (238,833) | (344,723) |
| Proceeds from disposal of assets | 2,883 | 4,604 |
| Change in restricted assets, net of interest income | (2,225) | (428) |
| Other | (1,842) | (4,485) |
| Net cash used in investing activities | (470,534) | (296,395) |
| Cash flows from financing activities: | | |
| Proceeds from long-term debt | 1,489,500 | 3,469,289 |
| Principal payments on notes payable and long-term debt | (1,429,195) | (3,714,044) |
| Payment of contingent consideration recorded at acquisition date | (2,190) | (16,322) |
| Change in book overdraft | (89) | (1,305) |
| Proceeds from option and warrant exercises | 572 | - |
| Excess tax benefit associated with equity-based compensation | 2,069 | 5,196 |
| Payments for repurchase of common shares | (91,165) | - |
| Payments for cash dividends | (65,990) | (92,547) |
| Tax withholdings related to net share settlements of restricted share units | (6,447) | (11,497) |
| Distributions to noncontrolling interests | (42) | (3) |
| Debt issuance costs | (6,867) | (13,506) |
| Proceeds from sale of common shares held in trust | - | 19,870 |
| Net cash used in financing activities | (109,844) | (354,869) |
| Effect of exchange rates changes on cash and equivalents | - | (598) |
| Net increase (decrease) in cash and equivalents | (3,379) | 143,450 |
| Cash and equivalents at beginning of period | 14,353 | 10,974 |
| Less: cash held for sale | - | (42) |
| Cash and equivalents at end of period | \$ 10,974 | \$ 154,382 |

ADDITIONAL STATISTICS
(in thousands of U.S. dollars, except where noted)

Solid Waste Internal Growth: The following table reflects a breakdown of the components of our solid waste internal growth for the three and twelve months ended December 31, 2016:

| | Three months ended December 31, 2016 | Twelve months ended December 31, 2016 |
|-------------------------------------|---|--|
| Solid Waste Internal Growth: | | |
| Core Price | 2.7% | 2.8% |
| Surcharges | (0.1%) | (0.3%) |
| Volume | 1.0% | 1.9% |
| Recycling | 0.4% | 0.1% |
| Total Solid Waste Internal Growth | <u>4.0%</u> | <u>4.5%</u> |

Revenue Breakdown: The following table reflects a breakdown of our revenue for the three month periods ended December 31, 2015 and 2016:

| | Three Months Ended December 31, 2015 | | | |
|--|--------------------------------------|----------------------------------|--------------------------|----------------------|
| | Revenue | Inter- company Elimination | Reported Revenue | % |
| | | | | |
| Solid Waste Collection | \$ 354,601 | \$ (1,472) | \$ 353,129 | 66.4% |
| Solid Waste Disposal and Transfer | 175,565 | (67,714) | 107,851 | 20.3% |
| Solid Waste Recycling | 11,678 | (271) | 11,407 | 2.1% |
| E&P Waste Treatment, Recovery and Disposal | 45,427 | (2,278) | 43,149 | 8.1% |
| Intermodal and Other | <u>16,401</u> | - | <u>16,401</u> | 3.1% |
| Total | <u>\$ 603,672</u> | <u>\$ (71,735)</u> | <u>\$ 531,937</u> | <u>100.0%</u> |

| | Three Months Ended December 31, 2016 | | | |
|--|--------------------------------------|----------------------------------|----------------------------|----------------------|
| | Revenue | Inter- company Elimination | Reported Revenue | % |
| | | | | |
| Solid Waste Collection | \$ 739,986 | \$ (2,195) | \$ 737,791 | 70.3% |
| Solid Waste Disposal and Transfer | 350,482 | (135,713) | 214,769 | 20.5% |
| Solid Waste Recycling | 31,580 | (2,387) | 29,193 | 2.8% |
| E&P Waste Treatment, Recovery and Disposal | 35,027 | (2,859) | 32,168 | 3.1% |
| Intermodal and Other | <u>34,962</u> | (261) | <u>34,701</u> | 3.3% |
| Total | <u>\$ 1,192,037</u> | <u>\$ (143,415)</u> | <u>\$ 1,048,622</u> | <u>100.0%</u> |

Contribution from Acquisitions: The following table reflects revenues from acquisitions, net of divestitures, for the three and twelve month periods ended December 31, 2015 and 2016:

| | Three months ended December 31, | | Twelve months ended December 31, | |
|--------------------------|------------------------------------|--------------------------|-------------------------------------|----------------------------|
| | 2015 | 2016 | 2015 | 2016 |
| | | | | |
| Solid waste, net | \$ 17,619 | \$ 507,332 | \$ 30,969 | \$ 1,266,395 |
| E&P waste, net | 3,222 | - | 26,728 | - |
| Acquisitions, net | <u>\$ 20,841</u> | <u>\$ 507,332</u> | <u>\$ 57,697</u> | <u>\$ 1,266,395</u> |

ADDITIONAL STATISTICS (continued)
 (in thousands of U.S. dollars, except where noted)

Other Cash Flow Items: The following table reflects cash interest and cash taxes for the three and twelve-month periods ended December 31, 2015 and 2016:

| | Three months ended December 31, | | Twelve months ended December 31, | |
|-----------------|------------------------------------|-----------|-------------------------------------|-----------|
| | | | 2015 | 2016 |
| | Cash Interest Paid | \$ 21,472 | \$ 31,416 | \$ 55,674 |
| Cash Taxes Paid | | 21,695 | 33,084 | 102,279 |
| | | | | 69,589 |

Debt to Book Capitalization as of December 31, 2016: 39%

Internalization for the three months ended December 31, 2016: 52%

Days Sales Outstanding for the three months ended December 31, 2016: 43 (31 net of deferred revenue)

Share Information for the three months ended December 31, 2016:

| | |
|---|-------------|
| Basic shares outstanding | 175,398,200 |
| Dilutive effect of options and warrants | 35,791 |
| Dilutive effect of restricted share units | 495,819 |
| Diluted shares outstanding | 175,929,810 |

NON-GAAP RECONCILIATION SCHEDULE
(in thousands of U.S. dollars, except where noted)

Reconciliation of Adjusted EBITDA:

Adjusted EBITDA, a non-GAAP financial measure, is provided supplementally because it is widely used by investors as a performance and valuation measure in the solid waste industry. Management uses adjusted EBITDA as one of the principal measures to evaluate and monitor the ongoing financial performance of Waste Connections' operations. Waste Connections defines adjusted EBITDA as net income (loss) attributable to Waste Connections, plus net income attributable to noncontrolling interests, plus or minus income tax provision (benefit), plus interest expense, plus depreciation and amortization expense, plus closure and post-closure accretion expense, plus or minus any loss or gain on impairments and other operating items, plus other expense, less other income, plus foreign currency transaction loss, less foreign currency transaction gain. Waste Connections further adjusts this calculation to exclude the effects of other items management believes impact the ability to assess the operating performance of its business. This measure is not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate adjusted EBITDA differently.

| | Three months ended December 31, | | Twelve months ended December 31, | |
|---|------------------------------------|-------------------|-------------------------------------|---------------------|
| | 2015 | 2016 | 2015 | 2016 |
| Net income (loss) attributable to Waste Connections | \$ 52,061 | \$ 85,592 | \$ (95,764) | \$ 246,540 |
| Plus: Net income attributable to noncontrolling interests | 327 | 111 | 1,070 | 781 |
| Plus (less): Income tax provision (benefit) | 33,404 | 27,294 | (31,592) | 114,044 |
| Plus: Interest expense | 16,850 | 27,418 | 64,236 | 92,709 |
| Plus: Depreciation and amortization | 69,658 | 144,205 | 269,434 | 463,912 |
| Plus: Closure and post-closure accretion | 1,058 | 3,027 | 3,978 | 8,936 |
| Plus: Impairments and other operating items | 334 | 23,045 | 494,492 | 27,678 |
| Plus/Less: Other expense (income), net | (912) | (476) | 518 | (655) |
| Less: Foreign currency transaction gain | - | (782) | - | (1,121) |
| Adjustments: | | | | |
| Plus: Transaction-related expenses (a) | 2,863 | 1,015 | 4,235 | 47,842 |
| Plus: Pre-existing Progressive Waste share-based grants (b) | - | 4,466 | - | 14,289 |
| Plus: Severance-related and other expenses (c) | - | 4,036 | - | 44,336 |
| Plus: Synergy bonus (d) | - | 6,498 | - | 11,798 |
| Adjusted EBITDA | <u>\$ 175,643</u> | <u>\$ 325,449</u> | <u>\$ 710,607</u> | <u>\$ 1,071,089</u> |
| As % of revenues | 33.0% | 31.0% | 33.6% | 31.7% |

- (a) Reflects the addback of acquisition-related transaction costs, including excise tax payments related to the Progressive Waste acquisition.
- (b) Reflects share-based compensation costs, including changes in fair value, associated with share-based awards granted by Progressive Waste outstanding at the time of the Progressive Waste acquisition.
- (c) Reflects the addback of severance-related expenses and other items, including certain professional fees, in connection with the Progressive Waste acquisition.
- (d) Reflects the addback of bonuses accrued pursuant to the Company's Synergy Bonus Program adopted on July 19, 2016 in conjunction with the Progressive Waste acquisition.

NON-GAAP RECONCILIATION SCHEDULE (continued)
 (in thousands of U.S. dollars, except where noted)

Reconciliation of Adjusted Free Cash Flow:

Adjusted free cash flow, a non-GAAP financial measure, is provided supplementally because it is widely used by investors as a valuation and liquidity measure in the solid waste industry. Management uses adjusted free cash flow as one of the principal measures to evaluate and monitor the ongoing financial performance of Waste Connections' operations. Waste Connections defines adjusted free cash flow as net cash provided by operating activities, plus proceeds from disposal of assets, plus or minus change in book overdraft, plus excess tax benefit associated with equity-based compensation, less capital expenditures for property and equipment and distributions to noncontrolling interests. Waste Connections further adjusts this calculation to exclude the effects of items management believes impact the ability to assess the operating performance of its business. This measure is not a substitute for, and should be used in conjunction with, GAAP liquidity or financial measures. Other companies may calculate adjusted free cash flow differently.

| | Three months ended December 31, | | Twelve months ended December 31, | |
|--|------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2015 | 2016 | 2015 | 2016 |
| Net cash provided by operating activities | \$ 113,671 | \$ 256,481 | \$ 576,999 | \$ 795,312 |
| Less: Change in book overdraft | (154) | (7,355) | (89) | (1,305) |
| Plus: Proceeds from disposal of assets | 1,207 | 1,578 | 2,883 | 4,604 |
| Plus: Excess tax benefit associated with equity-based compensation | 83 | 45 | 2,069 | 5,196 |
| Less: Capital expenditures for property and equipment | (70,454) | (139,789) | (238,833) | (344,723) |
| Less: Distributions to noncontrolling interests | - | - | (42) | (3) |
| Adjustments: | | | | |
| Payment of contingent consideration recorded in earnings (a) | - | 80 | - | 493 |
| Transaction-related expenses (b) | - | 3,480 | - | 45,228 |
| Severance-related and other expenses (c) | - | 4,005 | - | 82,526 |
| Tax effect (d) | - | (7,846) | - | (36,384) |
| Adjusted free cash flow | <u>\$ 44,353</u> | <u>\$ 110,679</u> | <u>\$ 342,987</u> | <u>\$ 550,944</u> |
| As % of revenues | 8.3% | 10.6% | 16.2% | 16.3% |

- (a) Reflects the addback of acquisition-related payments for contingent consideration that were recorded as expenses in earnings and as a component of cash flows from operating activities as the amounts paid exceeded the fair value of the contingent consideration recorded at the acquisition date.
- (b) Reflects the addback of acquisition-related transaction costs, including excise tax payments, related to the Progressive Waste acquisition.
- (c) Reflects the addback of severance-related expenses and other items, including certain professional fees, in connection with the Progressive Waste acquisition.
- (d) The aggregate tax effect of footnotes (a) through (c) is calculated based on the applied tax rates for the respective periods.

NON-GAAP RECONCILIATION SCHEDULE (continued)
 (in thousands of U.S. dollars, except per share amounts)

Reconciliation of Net Income attributable to Waste Connections to Adjusted Net Income attributable to Waste Connections and Adjusted Net Income per Diluted Share attributable to Waste Connections:

Adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections, both non-GAAP financial measures, are provided supplementally because they are widely used by investors as a valuation measure in the solid waste industry. Management uses adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections as one of the principal measures to evaluate and monitor the ongoing financial performance of Waste Connections' operations. Waste Connections provides adjusted net income attributable to Waste Connections to exclude the effects of items management believes impact the comparability of operating results between periods. Adjusted net income attributable to Waste Connections has limitations due to the fact that it excludes items that have an impact on the Company's financial condition and results of operations. Adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections are not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate these non-GAAP financial measures differently.

| | Three months ended December 31, | | Twelve months ended December 31, | |
|--|------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2015 | 2016 | 2015 | 2016 |
| Reported net income (loss) attributable to Waste Connections | \$ 52,061 | \$ 85,592 | \$ (95,764) | \$ 246,540 |
| Adjustments: | | | | |
| Amortization of intangibles (a) | 7,619 | 21,593 | 29,077 | 70,312 |
| Impairments and other operating items (b) | 334 | 23,045 | 494,492 | 27,678 |
| Transaction-related expenses (c) | 2,863 | 1,015 | 4,235 | 47,842 |
| Pre-existing Progressive Waste share-based grants (d) | - | 4,466 | - | 14,289 |
| Severance-related and other expenses (e) | - | 4,036 | - | 44,336 |
| Synergy bonus (f) | - | 6,498 | - | 11,798 |
| Tax effect (g) | (3,062) | (25,951) | (182,945) | (69,581) |
| Impact of deferred tax adjustments (h) | - | - | (4,198) | 1,964 |
| Adjusted net income attributable to Waste Connections | <u>\$ 59,815</u> | <u>\$ 120,294</u> | <u>\$ 244,897</u> | <u>\$ 395,178</u> |

Diluted earnings (loss) per common share attributable to Waste Connections' common shareholders:

| | | | | |
|----------------------------|----------------|----------------|----------------|----------------|
| Reported net income (loss) | \$ 0.42 | \$ 0.49 | \$ (0.78) | \$ 1.60 |
| Adjusted net income | <u>\$ 0.49</u> | <u>\$ 0.68</u> | <u>\$ 1.98</u> | <u>\$ 2.57</u> |

Shares used in the per share calculations:

| | | | | |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
| Reported diluted shares | 123,141,503 | 175,929,810 | 123,491,931 | 154,054,331 |
| Adjusted diluted shares (i) | <u>123,141,503</u> | <u>175,929,810</u> | <u>123,871,636</u> | <u>154,054,331</u> |

- (a) Reflects the elimination of the non-cash amortization of acquisition-related intangible assets.
- (b) Reflects the addback of impairments and other operating items.
- (c) Reflects the addback of acquisition-related transaction costs, including excise tax payments related to the Progressive Waste acquisition.
- (d) Reflects share-based compensation costs, including changes in fair value, associated with share-based awards granted by Progressive Waste outstanding at the time of the Progressive Waste acquisition.
- (e) Reflects the addback of severance-related and other items, including certain professional fees, in connection with the Progressive Waste acquisition.
- (f) Reflects the addback of bonuses accrued pursuant to the Company's Synergy Bonus Program adopted on July 19, 2016 in connection with the Progressive Waste acquisition.
- (g) The aggregate tax effect of the adjustments in footnotes (a) through (f) is calculated based on the applied tax rates for the respective periods.
- (h) Reflects (1) the elimination in 2015 of an increase to the income tax benefit primarily associated with a decrease in our deferred tax liabilities resulting from the impairment of assets in our E&P segment that impacted the geographical apportionment of our state income taxes and (2) in 2016 reflects a change in the geographical apportionment of our deferred tax liabilities resulting from the Progressive Waste acquisition.
- (i) Reflects reported diluted shares adjusted for shares that were excluded from the reported diluted shares calculation due to reporting a net loss during the year ended December 31, 2015.

2017 OUTLOOK
NON-GAAP RECONCILIATION SCHEDULE
(in thousands of U.S. dollars, except where noted)

Reconciliation of Adjusted EBITDA:

| | 2017 Outlook | |
|---|---------------------|----------------------------------|
| | Estimate | Observation |
| Net income attributable to Waste Connections | \$ 463,000 | |
| Plus: Net income attributable to noncontrolling interests | 1,000 | |
| Plus: Income tax provision | 190,000 | Approximate 29.0% effective rate |
| Plus: Interest expense, net | 120,000 | |
| Plus: Depreciation and Depletion | 523,000 | Approximately 11.75% of revenue |
| Plus: Amortization | 102,000 | Approximately 2.30% of revenue |
| Plus: Closure and post-closure accretion | 11,000 | Approximately 0.25% of revenue |
| Adjusted EBITDA | <u>\$ 1,410,000</u> | Approximately 31.7% of revenue |

Reconciliation of Adjusted Free Cash Flow:

| | 2017 Outlook | |
|---|-------------------|--------------------------------|
| | Estimate | Observation |
| Net cash provided by operating activities | \$ 1,175,000 | Approximately 26.4% of revenue |
| Less: Capital expenditures | (450,000) | |
| Adjusted free cash flow | <u>\$ 725,000</u> | Approximately 16.3% of revenue |